



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 11/8/04

No.: 04-563

Agenda Item Type: Resolution

No.:

Communication

Roll Call

Submitted by: Merrill R. Stanley, Finance Director

SUBJECT—

Award the sale of Sewer Revenue Refunding Bonds, Series 2004H.

SYNOPSIS—

Award the sale of Sewer Revenue Refunding Bonds; Series 2004H, in the amount of \$14,790,000, and approving related bond documents and agreements. This is the final Council action in the process of refinancing city sewer debt issued prior to the July 1, 2004 restructuring of the Wastewater Reclamation Authority.

FISCAL IMPACT—

The City pledges that annual debt service will be paid from revenues of the City's Sanitary Sewer Fund. This is a revenue bond issue—not a general obligation bond issue. Hence, the debt does not count toward the City's constitutional debt limit.

RECOMMENDATION—

Approval

BACKGROUND—

On July 1, 2004, an Amended and Restated Agreement for the Des Moines Metropolitan Wastewater Reclamation Authority (WRA) went into effect. A key aspect of this agreement provides that the WRA's debt will no longer be issued in the name of the City of Des Moines. With this change, the credit pledged for WRA debt and city debt was altered significantly. As such, outstanding debt for both the WRA and City of Des Moines needs to be reissued under the new bond indentures.

A public hearing was held October 11, 2004 which began the process of refinancing outstanding city sanitary sewer revenue bonds, namely the Sewer Revenue Bonds 2002C and the Sewer Revenue of 1995A (State Revolving Fund – Loan 5). A Preliminary Official Statement was issued on November 1, 2004, advertising the sale. Interest rate bids will be received at 10:00AM on November 8, and Council will be requested to award the sale to the low bidder at that day's regular City Council meeting. The bonds have maintained the City's sewer revenue ratings of Aa3 from Moody's and AA from Standard & Poors.

A companion roll call on the City Council agenda for November 8, 2004, will award the sale of \$5,160,000 Sewer Revenue Bonds, Series 2004G, to finance the Southeast Ridge Trunk Sewer project. An additional action will be requested at the November 8 City Council meeting to authorize Sewer Revenue Capital Loan Notes in the amount of \$5,965,000 to finance the Upper Union Park Sewer Separation Project and the Clark Sanitary Station Pump Replacement Project.