



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 11/8/04

Communication

No.: 04-565

Agenda Item Type: Resolution

Roll Call

No.:

Submitted by: Merrill R. Stanley, Finance Director

SUBJECT—

Approving Assignment and Assumption Agreement, Funding Trust Agreement, and Continuing Disclosure Certificate Related to Wastewater Reclamation Authority Bonds, and authorizing the redemption of certain outstanding Sewer Revenue Obligations of the City of Des Moines.

SYNOPSIS—

Approving Assignment and Assumption Agreement, Funding Trust Agreement, and Continuing Disclosure Certificate Related to Wastewater Reclamation Authority Bonds issued on October 28, 2004, to refund City of Des Moines Sewer Revenue Bonds and Sewer Revenue Capital Loan Notes originally issued in 1995 and 1996 on behalf of the WRA, to finance sewer related improvements. In addition, the redemption of certain City of Des Moines Sewer Revenue obligations is authorized.

FISCAL IMPACT—

Refinancing of WRA bonds resulted in present value savings of \$1,582,000.

RECOMMENDATION—

Approval

BACKGROUND—

As part of the formation of the new Des Moines Metropolitan Wastewater Reclamation Authority under the Amended and Restated 28E Agreement that became effective July 1, 2004, the refinancing of outstanding debt of the City Sanitary Sewer System and WRA was required. WRA debt needed to be refinanced because its debt had previously been issued in the name of the City of Des Moines. City Sanitary Sewer System debt needed to be refinanced because it had been issued under the same indenture as the WRA debt, which had changed substantially.

City Sewer/WRA debt came in two forms. One form is revenue bonds, which can be transferred from the City to the WRA only by refunding outstanding bonds and issuing new bonds. The second form is State Revolving Fund loans, could either be refinanced with new bonds or, with the agreement of the Iowa Finance Authority, could be transferred from the City to the WRA. Both of these options were used based on the economic benefit gained from each particular loan.

The attached Assignment and Assumption Agreement approves the assignment of Sewer Revenue Capital Loan Notes, Series 1995B (SRF4), Series 1995D (SRF6), and Series 1996E (SRF7) from the City to the WRA. The WRA will be responsible for future debt service payments on these loans.

The attached Funding Trust Agreement establishes an escrow account for the payment of principal and interest on refinanced Sewer Revenue Capital Loan Notes Series 1991 (SRF2) and Series 1992 (SRF3), as well as Sewer Revenue Bonds Series 1997C and Series 2002D. Cash to fund the escrow is being provided through the issuance of Acquisition Bonds by the WRA. The companion roll call and Paying Agent, Bond Registrar and Transfer Agent Agreement authorize the redemption of these four issues and appoint Wells Fargo Bank as the Registrar and Paying Agent for the refunded bonds.

The attached Continuing Disclosure Certificate commits the City to continue providing certain relevant financial information and system statistics to the financial markets for the remaining life of the bonds.