

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: February 24, 2014
	Agenda Item No. 51 Roll Call No. <u>14-0326</u> Communication No. <u>14-084</u> Submitted by: Scott E. Sanders, Assistant City Manager Finance Director

AGENDA HEADING:

Hold public hearing regarding the issuance of Sewer Revenue Capital Loan Notes in an amount not to exceed \$18,000,000, direct sale of notes and approval of preliminary offering statement.

SYNOPSIS:

Hold public hearing regarding the issuance of Sewer Revenue Capital Loan Notes in an amount not to exceed \$18,000,000, direct sale of notes and approval of preliminary offering statement. This issuance will refund the Series 2004G and Series 2004H Sewer Revenue Bonds and provide for \$4,200,000 in proceeds for new Sewer Enterprise projects.

FISCAL IMPACT:

Amount: Savings to the Sewer Enterprise estimated at more than \$800,000 in total realized over the next six (6) fiscal years. Additionally, \$4,200,000 of debt proceeds for sewer projects over the next 18 months.

Funding Source: Sanitary Sewer Debt and Capital Account EN101 PWK074013, page 236. This debt is secured solely from the net revenues of the Sewer Enterprise Fund and has no impact on the City’s General Obligation capacity.

ADDITIONAL INFORMATION:

The Sewer Revenue Bonds, Series 2004G has remaining principal payments of \$2,880,000 with interest rates between 4% and 5%. The final maturity was scheduled for June 1, 2019. The Sewer Revenue Bonds, Series 2004H has remaining principal payments of \$9,230,000 with interest rates at 5%. The final maturity was scheduled for June 1, 2020. The anticipated interest yields on the new debt also scheduled through 2020 should not exceed 2.9%.

This refunding will be structured to have a slightly more aggressive repayment schedule reflected in the average life being reduced from 3.6 years for the old debt compared to an average life of 2.9 years for the new debt. The interest savings will be realized over the next six (6) fiscal years and should amount to over \$800,000 if interest rates are favorable on March 12th.

The additional \$4,200,000 in debt proceeds will be used to finance the following sanitary sewer projects:

- Lining Sanitary Trunk and Lateral Sewers - \$2,500,000;

- Lower Oak Park and Highland Park Sewer Separation - \$1,000,000; and
- Hamilton and Birdland Pump Stations - \$700,000.

PREVIOUS COUNCIL ACTION(S):

Date: February 10, 2014

Roll Call Number: [14-0209](#)

Action: [On](#) authorization of a loan agreement and issuance of not to exceed \$18,000,000 Sewer Revenue Capital Loan Notes, (2-24-14). ([Council Communication No. 14-055](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: November 8, 2004

Roll Call Number: 04-2452

Action: Directing sale of \$5,160,000 Sewer Revenue Bonds, Series 2004G: ([Council Communication No. 04-562](#)) Moved by Vlassis to adopt. Motion Carried 7-0.

Date: November 8, 2004

Roll Call Number: 04-2449

Action: Directing sale of \$14,790,000 Sewer Revenue Refunding Bonds, Series 2004H. ([Council Communication No. 04-563](#)) Moved by Vlassis to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

February 24, 2014: Hold hearing and approval to proceed with issuance of 2014 Sewer Revenue Capital Loan Notes, direct sale of notes and approval of preliminary offering statement.

March 12, 2014: Special Council meeting to sell notes and award lowest bid.

March 24, 2014: Final approvals.

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