



Agenda Item:

27A

COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 09/27/04
04-472

Communication No.:

Agenda Item Type: Resolution
No.:

Roll Call

Submitted by: Merrill R. Stanley, Finance Director

SUBJECT—

Setting the date for public hearing on October 11, 2004 for the issuance of Sewer Revenue Refunding Bonds.

SYNOPSIS—

Setting the date for public hearing on October 11, 2004 for the issuance of Sewer Revenue Refunding Bonds in an aggregate amount not to exceed \$20,650,000. This will begin the process of refinancing city sewer debt issued prior to the July 1, 2004 revisions to 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 credit pledges.

This action will set the date of public hearing for October 11, 2004 to begin 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 companion Roll Call will address the issuance of a new \$5,965,000 SRF loan to fund FY04 projects, and a third Roll Call will address the issuance of \$5,160,000 new money revenue bonds to finance upcoming projects.

The public hearing is scheduled for October 11, 2004 to provide the required public input prior to issuance. The timing of city refunding and new money issues will be coordinated in relation to the schedule of WRA financings to minimize confusion in the bond markets.