

# CITY COUNCIL COMMUNICATION



**MEETING DATE:** February 23, 2021

**ITEM NUMBER:** 9.B

**SECOND READING:** March 16, 2021

**{{customfields.ResoOrdNumber}}**

**TYPE OF ITEM:** Consent

**PRESENTED BY:**

Jim Golden, Finance Administration, Jim.Golden@longmontcolorado.gov

**SUBJECT/AGENDA TITLE:**

An Ordinance Authorizing The Issuance Of The City Of Longmont Enterprise Water Revenue Bonds, Series 2021

**EXECUTIVE SUMMARY:** In November of 2020, Longmont voters approved a ballot question authorizing the issuance of a total of up to \$80 million of water utility enterprise bonds for the purpose of financing water system improvements including but not limited to the Nelson Flanders Water Treatment Plant Expansion Project and replacement of aging water system infrastructure like treated water storage and raw and treated water transmission lines. This ordinance authorizes the sale of up to \$55,000,000 of such bonds.

**COUNCIL OPTIONS:**

1. Approve ordinance on first reading and set for public hearing and 2<sup>nd</sup> reading
2. Do not approve the ordinance

**RECOMMENDED OPTIONS:**

Approve the ordinance on first reading and set for public hearing and 2<sup>nd</sup> reading.

**FISCAL IMPACT & FUND SOURCE FOR RECOMMENDED ACTION:**

The bonds are to be repaid with revenues from the water utility over a period of twenty years through 2041 at an estimated annual debt service ranging from \$3,244,500 to \$3,249,250.

**BACKGROUND AND ISSUE ANALYSIS:**

This ordinance will authorize the issuance of the 2021 Water Enterprise Revenue Bonds. The bond issue is projected to be a par amount of bonds of \$47,290,000. From a combination of par amount of bonds and a premium, it will generate \$55 million for water system improvements including but not limited to the Nelson Flanders Water Treatment Plant Expansion Project and replacement of aging water system infrastructure like treated water storage and raw and treated water transmission lines and approximately \$491,166 for underwriter's discount and issuance costs. The two projects for which these bond proceeds would likely be utilized are as follows:

WTR183 Price Park Tank Replacement	\$24,324,950
WTR189 Nelson-Flanders WTP Expansion	\$49,023,705

These projects are funded from a combination of cash funding and bond funding. A second bond issue for the remaining portion of the authorized \$80 million of bonds would take place in two to four years depending on the progress of these projects.

Our Financial Advisor, Hilltop Securities, estimates that the interest rate on the bond issue could be approximately 1.71% resulting in an annual payment of approximately \$3,245,000 beginning in 2022 through the year 2041. Water rate revenue will be used to make all debt payments.

The City Charter requires that city bonds be sold at public sale. The sale of the bonds is set for the morning of March 30, 2021.

Dee Wisor of Butler Snow, our bond counsel, has prepared the ordinance and thus approved it to form. Staff has reviewed the ordinance. The ordinance establishes, in Article II Section 213, parameters for the sale of the bonds (i.e. limits on the principal amount, interest rate, maturity and purchase price) and directs the Chief Financial Officer or City Manager to accept the best bid which is within these parameters. This is in accordance with the Supplemental Public Securities Act, which authorizes this type of delegation. Staff will report the results of the sale to the City Council at the meeting on the night of March 30<sup>th</sup>.

A credit assessment on the proposed bond has been requested from Standard & Poor's and Fitch.

Besides authorizing the bonds, the ordinance also authorizes the following documents prepared by bond counsel for the sale of the bonds:

- Official Statement
- Paying Agent Agreement
- Continuing Disclosure Certificate

A copy of these documents can be found in the office of the City Clerk. If there are questions on this item in advance of the meeting please contact Jim Golden at (303) 651-8629.

## **ATTACHMENTS:**

Ordinance