



City of Greensboro

Melvin Municipal
Office Building
300 W. Washington Street
Greensboro, NC 27401

Agenda Report

File Number: 2022-554

Agenda Item# I.18.

Agenda Date: 5/23/2022. **Department:** Financial & Administrative Services
Meeting Type: Council Meeting **Category:** General Business Agenda

Title: 2022-554 Ordinance in the amount of \$94,076,640, amending the FY21-22 Water Resources Enterprise Fund for Refinancing 2020 Revenue Bond Anticipation Note and Series 2012A Revenue Bonds

Council Priority: Place an 'x' in the box.

- Create an Environment to Promote Economic Development Opportunities and Job Creation
- Maintain Infrastructure and Provide Sustainable Growth Opportunities
- Promote Public Safety & Reduce Crime
- Exceptional Customer Service and a Diverse City Government Workforce
- Ensure Fiscal Stewardship, Transparency, & Accountability

Council District: All

Public Hearing: No

Advertising Date/By: N/A

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Contact 2 and Phone: Sarah Rupp, Ext 4905

PURPOSE:

To amend the Water Resources Enterprise Fund to provide appropriations in the amount of \$94,076,640 to allow recording of the 2022 Combined Enterprise System (CES) revenue bond issue to refinance an \$85.0 million short-term note issued in 2020 and Series 2012A CES Revenue Bonds.

BACKGROUND:

City Council has previously authorized establishment of Water Resources Bond Funds for the purpose of issuing short-term notes under an interest-only construction draw program and then redeeming the notes and converting them to 30-year revenue bonds. On May 19, 2020, an \$85 million note was authorized by City Council and issued for certain improvements to the City's water and wastewater system. The notes, along with earlier revenue bonds, funded upgrades to the Osborne Wastewater Treatment Plant to meet regulations regarding biologic nutrient removal (\$69

million), the Young's Mill Road outfall (\$16 million), Mitchell Water Plant improvements (\$23 million) and Hilltop Lift Stations (\$10 million).

City Council initiated the permanent financing of the existing note process by adopting a resolution on April 19, 2022 authorizing City staff to file an application with the Local Government Commission, as well as approving the financing team and making certain findings about the debt.

Following Local Government Commission consideration and authorization, the City will redeem the \$85 million note and convert it to permanent financing on June 9, 2022, along with refinancing outstanding 2012A revenue bonds for interest savings.

In summer 2022, the City Council will also be asked to authorize the issuance of another short-term note of up to \$175.0 million, to continue development of the Greensboro Randolph Megasite, the Townsend clearwell project and additional water and wastewater capital projects scheduled between 2023 and 2025.

BUDGET IMPACT:

Debt service on the revenue bonds will be paid from the Water Resources Fund budget and will require an increase in water and sewer rates in future years. Average annual debt service on the long-term bonds is projected at \$5.3 million over the next 30 years. Interest savings on refinancing the 2012A bonds are expected to be approximately \$84,500 per year with present value savings of \$422,000 over the remaining term of the bonds. .

ACCOUNT NUMBER:

N/A

RECOMMENDATION / ACTION REQUESTED:

It is recommended that City Council approve the attached ordinance in the amount of \$94,076,640 to provide appropriations to record the refinancing of the Combined Enterprise System Revenue Bond Anticipation Note, Series 2020 and Series 2012A CES Revenue Bonds.