

February 23, 2010

WASTEWATER UTILITY ENTERPRISE

An adjourned meeting of the Wastewater Utility Enterprise was held on Tuesday, February 23, 2010 at 7:20 p.m. in the Council Chambers of the City of Fort Collins City Hall. Roll Call was answered by the following Boardmembers: Hutchinson, Kottwitz, Manvel, Ohlson, Poppaw, and Roy.

Boardmembers Absent: Troxell.

Staff Members Present: Atteberry, Krajicek, Roy.

Ordinance No. 005

**Authorizing the Issuance of City of Fort Collins, Colorado,
Wastewater Utility Enterprise, Sewer Revenue Refunding Bonds,
Series 2010A, in the Maximum Aggregate Principal
Amount of \$4,100,000, Adopted on First Reading**

The following is staff's memorandum for this item.

“EXECUTIVE SUMMARY

The City will be paying off bonds with higher interest rates with new bonds that will have lower interest rates. The 2000 bonds carried interest rates of up to 5.50%. The refunding bonds in this ordinance are estimated to carry interest rates of between 3.00% – 4.00%. The present value savings on the lower rates are estimated to be approximately \$300,000. The final rates will be determined by selling the bonds via a private placement later this year.

BACKGROUND/DISCUSSION

After the passage of Amendment 1 (the TABOR Amendment) by the Colorado voters in 1992, the City established the Wastewater Utility Enterprise by an amendment to the City Charter. This amendment authorizes the City Council to establish enterprises to issue its own revenue bonds on behalf of the City. By doing so, the Enterprise is exempt from the requirements of the TABOR Amendment.

The City of Fort Collins and its Wastewater Utility Enterprise have issued bonds to raise funds to pay for needed capital improvements that provide wastewater distribution and wastewater treatment services to residents and businesses within the City. In 2000, the City issued \$5,665,000 of bonds to provide funding for improvements to the wastewater treatment facilities within the City. According to the provisions of the 2000 bonds, they are now eligible to be refinanced.

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The Bonds

Staff has estimated the debt payments on the \$4,100,000 into approximately level annual payments. The debt service schedule calls for the final payments for the bonds to occur in 2020.

Sources

Bond Proceeds	\$ 4,100,000
Accrued Interest	<u>68,000</u>
Total Sources	\$ 4,168,000

Uses

Refunded Bond Principal	\$ 4,040,000
Bond Counsel	40,000
Financial Advisor	12,000
Accrued Interest	68,000
Paying Agent and Misc. Costs	5,000
Contingency	<u>3,000</u>
Total Uses	\$ 4,168,000

The sources and uses of the funds are estimates and are subject to change as the market changes. The final sizing and structure of the bonds will be adjusted based on the response by the market.

The Ordinance provides the authority to sell the bonds to the best buyer for a period that ends on December 31, 2010. The Finance Department is planning to sell the bonds via a private placement sale during the first six months of 2010. Final amounts, rates, and costs will be determined after the private placement has been completed."

Chuck Seest, Finance Director, stated this Ordinance authorizes the issuance of \$4.1 million in sewer bonds, refunding the 2000 sewer bonds. Staff estimates a \$300,000 savings in selling these bonds before the end of the year.

Councilmember Ohlson noted this item was reviewed in great detail in the Finance Committee prior to coming before the Enterprise.

Boardmember Manvel made a motion, seconded by Boardmember Roy, to adopt Ordinance No. 005, on First Reading. Yeas: Hutchinson, Kottwitz, Manvel, Ohlson, Poppaw and Roy. Nays: none.

THE MOTION CARRIED.

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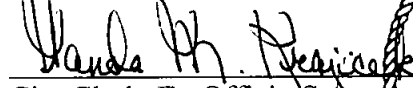
Adjournment

The meeting adjourned at 7:25 p.m.



Mayor, Ex Officio President

ATTEST:



City Clerk, Ex Officio Secretary

