

AGENDA ITEM SUMMARY

FORT COLLINS CITY COUNCIL

ITEM NUMBER: 10

DATE: October 21, 2008

STAFF: Chuck Seest
Terri Bryant

SUBJECT

Second Reading of Ordinance No. 117, 2008, Appropriating Proceeds from the Issuance of City of Fort Collins, Colorado, Water Utility Enterprise, Water Revenue Refunding Bonds, Series 2008, in the Maximum Aggregate Principal Amount of \$19,000,000.

RECOMMENDATION

Staff recommends adoption of this Ordinance on Second Reading.

EXECUTIVE SUMMARY

Immediately following the October 21, 2008 Council meeting, the Board of the Water Utility Enterprise will consider on second reading Ordinance No. 006, which authorizes the issuance of City of Fort Collins Colorado, Water Utility Enterprise, Water Revenue Refunding Bonds, Series 2008, in the Maximum Aggregate Principal Amount of \$19,000,000. The bonds will be issued to refund, pay and discharge all of the outstanding Water Revenue Refunding Bonds and Improvement Bonds, Series 1998.

The City will be paying off higher cost bonds with new bonds that will have lower interest rates. All utility bonds are issued by the appropriate utility enterprise; however, the City Charter grants only the Council the power to appropriate the funds. Therefore, this action by the Council is necessary in order to appropriate the bond proceeds for the Water Utility. Authorizing the issuance of the bonds and appropriating the proceeds are both necessary to complete the bond transaction. The final rates will be determined by selling the bonds at a competitive sale later this year. This Ordinance, was unanimously adopted on First Reading on October 7, 2008.

ATTACHMENTS

1. Copy of First Reading Agenda Item Summary - October 7, 2008.
(w/o original attachments)

AGENDA ITEM SUMMARY

FORT COLLINS CITY COUNCIL

ITEM NUMBER: 12

DATE: October 7, 2008

STAFF: Chuck Seest
Terri Bryant

COPY

SUBJECT

First Reading of Ordinance No. 117, 2008, Appropriating Proceeds from the Issuance of City of Fort Collins, Colorado, Water Utility Enterprise, Water Revenue Refunding Bonds, Series 2008, in the Maximum Aggregate Principal Amount of \$19,000,000.

RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

FINANCIAL IMPACT

The Ordinance would appropriate in the Water Utility Fund proceeds from bonds proposed to be issued in Ordinance No. 006, of the Board of the Water Utility Enterprise, for the purpose of refunding, paying and discharging all of the Enterprise's outstanding Revenue Refunding Bonds and Improvement Bonds, Series 1998. The bonds being refunded have interest rates of 4.25% to 4.75%; the new bonds would result in an average interest rate of approximately 3.50%. Overall, the transaction is estimated to yield cashflow savings of \$1.2 million and net present value savings of \$1 million.

EXECUTIVE SUMMARY

After the regular Council meeting tonight, the Board of the Water Utility Enterprise will consider an ordinance which authorizes the issuance of City of Fort Collins Colorado, Water Utility Enterprise, Water Revenue Refunding Bonds, Series 2008, in the Maximum Aggregate Principal Amount of \$19,000,000. The Bonds will be issued to refund, pay and discharge all of the outstanding Water Revenue Refunding Bonds and Improvement Bonds, Series 1998.

The City will be paying off higher cost bonds with new bonds that will have lower interest rates. The passage of Amendment 1 (the TABOR Amendment) by the Colorado voters in 1992, required the City to form enterprises in order for its utilities to be able to issue municipal bonds without an election. Since that time, all utility bonds have been issued by the appropriate utility enterprise. However, the City Charter grants only the Council the power to appropriate the funds. Therefore, this action by the Council is necessary in order to appropriate the bond proceeds for the Water Utility. Authorizing the issuance of the bonds and appropriating the proceeds are both necessary to complete the bond transaction. The final rates will be determined by selling the bonds at a competitive sale later this year.

ORDINANCE NO. 117, 2008
OF THE COUNCIL OF THE CITY OF FORT COLLINS
APPROPRIATING PROCEEDS FROM THE ISSUANCE OF CITY OF FORT COLLINS,
COLORADO, WATER UTILITY ENTERPRISE, WATER REVENUE REFUNDING BONDS,
SERIES 2008, IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$19,000,000

WHEREAS, upon passage on first and second reading of Ordinance No. 006 of the Board of the City of Fort Collins, Colorado, Water Utility Enterprise (the "Bond Ordinance"), the Enterprise intends to issue City of Fort Collins, Colorado, Water Utility Enterprise, Water Revenue Refunding Bonds, Series 2008, in the Maximum Aggregate Principal Amount of \$19,000,000 (the "Bonds"); and

WHEREAS, the issuance of the Bonds and the appropriation of the Bond's proceeds are necessary to complete the refunding of the City's Water Revenue Refunding Bonds, Series 2008; and

WHEREAS, a portion of the Bonds proceeds, in the amount of \$19,000,000, was not included in the 2008 budget, and the appropriation of those proceeds is necessary to authorize the payment to the refunded bond escrow agent and of bond issuance costs; and

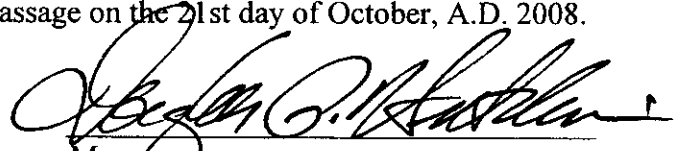
WHEREAS, Section 19.3(b) of Article V of the City Charter provides that an enterprise board of the City shall not exercise powers reserved to the Council by the City Charter or otherwise (other than the power to issue revenue bonds and other obligations); and

WHEREAS, Article V, Section 9, of the Charter of the City of Fort Collins permits the City Council to make supplemental appropriations by ordinance at any time during the fiscal year, provided that the total amount of such supplemental appropriations, in conjunction with all previous appropriations for that fiscal year, does not exceed the current estimate of actual and anticipated revenues to be received during the fiscal year; and

WHEREAS, City staff has determined that the appropriation of the previously unappropriated proceeds of the Bonds in the amount of \$19,000,000 will not cause the total amount appropriated in the relevant funds to exceed the current estimate of actual and anticipated revenues to be received during the fiscal year.


NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS that the previously unappropriated proceeds of the Bonds in the amount of NINETEEN MILLION DOLLARS (\$19,000,000) are hereby appropriated in the Water Fund for payment to the refunded bond escrow agent and bond issuance costs contingent upon the final adoption of the Bond Ordinance and the final sale and issuance of the Bonds by the Enterprise.

Introduced, considered favorably on first reading, and ordered published this 7th day of October, A.D. 2008, and to be presented for final passage on the 21st day of October, A.D. 2008.



Mayor

ATTEST:



City Clerk / Chief Deputy

Passed and adopted on final reading on the 21st day of October, A.D. 2008.

Mayor

ATTEST:

City Clerk