

**DATE:** February 16, 2010  
**STAFF:** Chuck Seest  
Bill Freeman

**AGENDA ITEM SUMMARY**  
FORT COLLINS CITY COUNCIL

**11**

**SUBJECT**

First Reading of Ordinance No. 010, 2010, Appropriating Proceeds from 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, in the Wastewater Utility Fund.

**EXECUTIVE SUMMARY**

After the regular Council meeting, the Board of the Wastewater Utility Enterprise will consider an ordinance which authorizes 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. The Bonds will be issued to refund, pay and discharge all of the outstanding Sewer Revenue Bonds, Series 2000.

**BACKGROUND / DISCUSSION**

The City will be paying off higher cost bonds with new bonds that will have lower interest rates. In response to the passage of Amendment 1 (the TABOR Amendment) by the Colorado voters in 1992, the City formed 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 Wastewater Utility. Authorizing the issuance of the bonds and appropriating the proceeds are both necessary to complete the bond transaction utilizing the services of James Capital in a private placement sale of the bonds.

**FINANCIAL IMPACT**

The Ordinance would appropriate in the Wastewater Utility Fund proceeds from bonds proposed to be issued in Ordinance No. 005, of the Board of the Wastewater Utility Enterprise, for the purpose of refunding, paying and discharging all of the Enterprise's outstanding Sewer Revenue Bonds, Series 2000. The bonds being refunded have interest rates of 5.00% to 5.50%; the new bonds should result in an average interest rate of less than 4.00%. Overall, the transaction should yield cashflow savings of approximately \$300,000 and net present value savings of at least \$275,000.

**SUSTAINABILITY: ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS**

The Ordinance will not have an impact on environmental and social elements in the community. It will generate savings of \$300,000 that will have a positive economic impact by reducing the cost of the operating the Wastewater Utility.

**STAFF RECOMMENDATION**

Staff recommends adoption of the Ordinance on First Reading.

**BOARD / COMMISSION RECOMMENDATION**

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Staff presented this refunding opportunity to the Council Finance Committee at its November 16, 2009 meeting. The Council Finance Committee recommended that staff proceed with the refunding and present it at a regular meeting of the City Council.

**ATTACHMENTS**

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1. Council Finance Committee minutes - November 16, 2009.



Council Audit & Finance Committee  
Minutes  
November 16, 2009

**Potential Refunding of the 2000 Sewer Bonds**

- A. Refund the 2000 Sewer Bonds & lower the interest rate (5.30% to 3.00%).  
B. Achieve net present value savings of \$300,000

The City has \$4 million in bonds issued in 2000 that are eligible to be called as of 2010. These bonds could be replaced with a lower interest rate on the debt for another 10 years. The next step is that City Council would vote on a bond ordinance during the first quarter of 2010.

**Other Business**

Kelly Ohlson asked what topics are upcoming for the future 2010.

Mike and Chuck stated that as of now, some of the topics will be:

- Update on Fund Balances
- Discussion of DDA projects/financing
- End of year review on revenues and expenses

ORDINANCE NO. 010, 2010  
OF THE COUNCIL OF THE CITY OF FORT COLLINS  
APPROPRIATING PROCEEDS FROM 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, IN THE WASTEWATER UTILITY FUND

WHEREAS, upon passage on first and second reading of Ordinance No. 005 of the Board of the City of Fort Collins, Colorado, Wastewater Utility Enterprise (the "Board Ordinance"), the Enterprise intends to issue City of Fort Collins, Colorado, Wastewater Utility Enterprise, Sewer Revenue Refunding Bonds, Series 2010A, to be issued during 2010, in the Maximum Aggregate Principal Amount of \$4,100,000 (the "Bonds"); and

WHEREAS, the issuance of the Bonds, and the appropriation of the proceeds thereof, is necessary to complete the refunding of the City's Sewer Revenue Refunding Bonds, Series 2010A; and

WHEREAS, proceeds from the Bonds of \$4,100,000 were not included in the 2010 budget, the appropriation of which 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 City Charter authorizes 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 combination 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 \$4,100,000 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; and

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 FOUR MILLION ONE HUNDRED THOUSAND DOLLARS (\$4,100,000) are hereby appropriated in the Wastewater 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 16th day of February, A.D. 2010, and to be presented for final passage on the 2nd day of March, A.D. 2010.

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Mayor

ATTEST:

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City Clerk

Passed and adopted on final reading on the 2nd day of March, A.D. 2010.

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Mayor

ATTEST:

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City Clerk