

## Legislation Text

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File #: 15-18251, Version: 1

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### Water Sewer Revenue Bonds and Revenue Bond Anticipation Notes

#### **Action:**

- A. Adopt bond orders and resolutions that makes certain Statements of Fact concerning the refunding of Water Sewer Revenue Bonds and Revenue Bond Anticipation Notes,**
- B. Provide for the issuance of Water Sewer Revenue Bonds in an amount not to exceed \$535 million,**
- C. Provide for the issuance of Water Sewer Revenue Bond Anticipation Notes in an amount not to exceed \$500 million,**
- D. Authorize City Officials to take necessary actions to complete the financing, including making the application to the Local Government Commission, and**
- E. Adopt a budget ordinance appropriating \$415 million in bond proceeds to the Charlotte Water Revenue Bond Debt Service Fund.**

#### **Staff Resource(s):**

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#### **Explanation**

- This action provides for the issuance of up to \$535 million comprised of the following:
  - New revenue bonds up to \$120 million to provide financing for projects listed below,
  - Refunding of the 2021 Bond Anticipation Note (BAN) of approximately \$250 million, and
  - Refunding of both the 2006B and 2011A revenue bonds for approximately \$165 million at lower rates to achieve savings.
- This action also provides for the issuance of up to \$500 million in a new Revenue BAN.
- In 2021, the City obtained a \$250 million Revenue BAN to fund projects on a short-term, interim basis and planned to convert it to long-term, fixed rate revenue bonds at the end of the 24-month construction period.
- In 2006, revenue bonds totaling \$300 million were issued at a variable rate, and the City entered into a pay-fixed interest rate agreement. Approximately \$135 million of proceeds will be used to refund the outstanding 2006B debt for savings and to fund a termination fee. The 2006B bonds will only be refunded if it results in a more favorable position for the City at the time of the financing.
- Approximately \$30 million of proceeds will be used to refund outstanding 2011A revenue bonds to achieve savings.
- The 2022 Revenue BAN of up to \$500 million is planned in two steps; a short-term construction period draw program lasting up to 36 months which will then be converted into long-term, fixed rate revenue bonds once construction nears completion. This financing approach reduces interest cost, promotes rate stability, and provides flexibility in the timing of the spending.
- The revenue bonds and BAN will provide funding for projects concentrated in two areas:

- Maintenance of existing treatment facilities to ensure reliable treatment process and regulatory compliance, and
- Rehabilitation and replacement of existing water and sewer infrastructure that has met its useful performance life.
- These actions do not require rate increases.

**Fiscal Note**

Funding: Charlotte Water Revenue Bond Debt Service Fund

**Attachment(s)**

Bond Orders

Resolutions

Budget Ordinance