



Item: Resolution 9863, Resolution relating to \$750,000 Wastewater System Revenue Bonds (DNRC Wastewater System State Revolving Loan Program), consisting of \$390,700 subordinate lien taxable Series 2009A Bond and \$359,300 Series 2009B Bond; Authorizing the issuance and fixing the terms and conditions thereof

From: Martha Capps, Operations Supervisor

Initiated By: Fiscal Services, Public Works/Wastewater Utility

Presented By: Coleen Balzarini, Fiscal Services Director

Action Requested: Adoption of Resolution 9863

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission (adopt/deny) Resolution 9863”

2. Mayor calls for a second, discussion, inquiries from the public, and calls for the vote.

Staff Recommendation: Staff recommends adoption of Resolution 9863, authorizing the issuance and fixing the terms of a \$390,700 subordinate lien taxable Series 2009A Bond and a \$359,300 Series 2009B Bond.

Background: The Public Works Department requested consideration for funding through the American Recovery and Reinvestment Act of 2009 (ARRA) to sandblast and recoat the Primary Clarifier walkways, Secondary Clarifier equipment, Gravity Thickener Equipment and the wetwell located at the Sun River Lift Station. The City was notified by the DNRC on April 17, 2009 that, should participation be accepted, ARRA would provide \$390,700 in principal forgiveness and an interest rate on the remainder of the funding at either 1.75% or 0.75% depending on whether the City qualifies for additional subsidy based on affordability. On April 29, 2009, the City Commission confirmed the acceptance of the funds and agreed to abide by the terms outlined, including the application for funding through the State Revolving Loan program

DNRC has since submitted a letter of approval for a loan to the City of Great Falls in the amount of \$750,000. Loan A will be for \$390,700 and be forgiven upon completion of the ARRA program requirements. Loan B will be for \$359,300 at 1.75% per annum, for 20 years. All issuance fees and costs will be paid out of this financing. Pending completion of the financing

process, cash balances in the Wastewater fund will provide sufficient cash to pay upfront expenses. Staff anticipates the bond closing on October 1, 2009.

Dorsey & Whitney, LLC will serve as bond counsel. In this capacity, they prepare necessary documents requiring action by the City Commission and staff, and the DNRC. They will also provide assurance that the procedures used to issue the bonds are in compliance with rules and regulations regarding the issuance of tax exempt revenue bonds, and also in compliance with existing bond ordinances of the outstanding Wastewater System Revenue Bonds of the City.

Fiscal Impact: The cost of the project will increase marginally as a result of the requirements of ARRA; however, the amount of loan forgiveness will be far in excess of the anticipated increase in project costs. The Wastewater utility rates, implemented in March 2009, are capable of supporting this debt issuance.

Alternatives: The City Commission may deny passage of the resolution and the issuance of debt.

Attachments/Exhibits: Resolution 9863-Table of Contents

Full resolution available upon request to the City Clerk, or on-line @
<http://www.greatfallsmt.net/agenda/index.htm>