



MEMORANDUM

Date: April 16, 2024

To: Mayor Satya Rhodes-Conway
Common Council
Finance Committee
Water Utility Board

From: Krishna Kumar, General Manager
January Vang, Finance and Administration Manager

Subject: Issuing SDWLP Subordinate Water Utility Revenue Bonds, Series 2024A, to be purchased by the Safe Drinking Water Loan Program (“**SDWLP**”) and proceeds applied to the redemption of the outstanding 2019 BAN

BACKGROUND

The Water Utility (Utility) has previously issued \$20,000,000 Revenue Bond Anticipation Notes, Series 2019, dated December 19, 2019 (**2019 BAN**), pursuant to a resolution adopted by the Common Council on December 3, 2019. The 5-Year 2019 BAN was issued to finance the Utility’s capital projects included in the 2019, 2020, and 2021 Capital Improvement Plans. The 2019 BAN matures on November 1, 2024.

The proposed repayment plan for the outstanding 2019 BAN is shown below:

Year	Transaction	Principal Amount	Balance Outstanding
2019	2019 BAN Proceeds	\$20,000,000	\$20,000,000
2023	Less: 2023 bond proceeds received from the SDWLP as bond purchaser	(\$4,675,000 redeemed in 2023)	\$15,325,000
2024	Less: 2024A bond proceeds to be received from the SDWLP as bond purchaser	(\$3,365,000)	\$11,960,000



2024	Less: Payment from Utility Cash on Hand	(\$11,960,000)	\$0
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The SDWLP funding obtained both in 2023 and 2024 carry an attractive annual interest rate of 2.145% and are repayable over a 20-year period.

The Award Resolution (Attachment – 2) authorizes the following:

1. Execution of a Financial Assistance Agreement with the State of Wisconsin
2. Receipt of \$3,365,000 from the SDWLP
3. Issuing \$3,365,000 in bonds and awarding the sale of the bonds to the SDWLP as security for the loan
4. Redeeming and paying in full the outstanding \$15,325,000 principal amount of the 2019 BAN in advance of its stated maturity date using the proceeds of the bonds to be received from the SDWLP in the amount of \$3,365,000 and Utility cash on hand of \$11,960,000 plus accrued interest to the redemption date

The State Department of Natural Resources, who administers the SDWLP, plans to close the Utility's loan for \$3,365,000 on May 22, 2024, and the Utility plans to redeem the outstanding 2019 BAN on May 24, 2004.

The legislative path for this item is shown below:

4/16/24 – Common Council (Introduction)

4/25/24 – Water Utility Board

5/06/24 – Finance Committee

5/07/24 – Common Council (Final Action)

ATTACHMENTS:

1. Common Council Resolution # 82884
2. Award Resolution authorizing the Sale and Issuance of up to \$3,365,000 Subordinate Water Utility Revenue Bonds, Series 2024A; and Providing for Other Details and Covenants with Respect Thereto.