

Water and Sewer Revenue Bonds

- Based on the Financial Management Policy Statements
- Funds utility related capital projects in the approved CIP
 - Allows the City to spread project costs over the useful life of the assets
 - Assists with management of utility rates
- Not supported by property taxes
 - Supported by utility charges for service
 - Revenue bonds carry their own bond rating



Bond Ratings & Outlook

- **S&P affirmed their AA+ rating with a stable outlook**
 - **Strong financial management**
 - **Positive impact from annexation**
 - **Relatively low rates**
 - **Ability to raise rates when needed, despite low coverage ratios**



Bond Ratings & Outlook

- **Fitch Investors Service affirmed their AA+ rating and assigned a negative outlook, due to:**
 - **Low coverage ratios (including non-revenue bonds)**
 - **No rate increases since 2014**
 - **2019-23 forecast shows no rate increases planned**
 - **Not needed post-annexation**
 - **Intentionally delayed rate increases until completion of IWRP in 2019**
 - **Recognize that rates will likely increase in 2020**
 - **Smaller rate increases more often vs larger ones**



Capital Projects Funded in \$M

Project Type	FY2018	FY2019	Total
Drainage	\$ 0.115	\$ -	\$ 0.115
Municipal	0.344	0.425	0.769
Water	0.624	5.970	6.594
Wastewater	4.589	1.700	6.289
Total	\$ 5.671	\$ 8.095	\$ 13.766

Resolution No. 18-03: Intent to reimburse from future bond proceeds for FY18 projects



Results and Recommendation

- Bids due at 11:15 am on December 4, 2018
- Summary: 4 bids received
 - Ranging from 3.423% to 3.497%
 - Winning bid: 3.434712% TIC
 - Underwriter: RW Baird
- Consideration and approval of Ordinance No. 2146 authorizing the issuance of Water and Sewer System Revenue Bonds Series 2019
 - Authorize execution of related documents & procedures



Questions?

