

Staff Report

Ordinance O-51-15

Issuance of Water and Sewer Revenue Bonds

This legislation would result in the City to issue and sell two or more series of its water and sewer revenue bonds in the aggregate principal amount not to exceed \$44,500,000, pursuant to Article VII, 6 Section 12 of the Charter of the City of Annapolis, as amended; providing that the Bonds shall be limited obligations of the City payable solely from revenues of the City's water system and sewer system and shall not be general obligations of the City. The City has determined that debt service savings on a direct comparison and a present-value basis can be achieved by restructuring all or a portion of the water and sewer portions of outstanding public improvement bonds to revenue bonds, and that such restructuring is in the best interest of the City and is consistent with the City's long-term financial plan. The opportunity to restructure these Bonds will provide the City greater financial flexibility, improve the City's financial discipline, provide additional intergenerational rate-payer equity, and potentially increase bond holder security.

This bond issuance also includes \$5,000,000 of new money for Water Distribution and Tank Rehabilitation and Sewer Rehabilitation and Improvements as approved in the FY16 Capital Improvement Plan.

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