

FINANCE COMMITTEE

09-0297R

REPLACEMENT 2

RESOLUTION ESTABLISHING ANNUAL BONDING PLAN FOR 2009.

CITY PROPOSAL:

RESOLVED, that, pursuant to Section 20-33 of the Duluth City Code, 1959, as amended, the following is hereby established as the annual, ordinary course general obligation bonding plan for the city of Duluth for the year 2009:

General obligation bonds and notes to be issued in 2009	\$7,810,000
General obligation bonds and notes to be retired in 2009	
Scheduled general obligation bonds anticipated	
to mature and be retired	\$14,939,552
General obligation bonds anticipated to be	
called and retired with CIT funds	<u>\$2,800,000</u>
Total Anticipated general obligation	
bond retirements for 2009	<u>\$17,739,552</u>
Net anticipated increase (decrease) in general	
obligation bonding for 2009	(\$9,929,552)

FURTHER RESOLVED, that the city administration has identified federal stimulus funds available for use by the city in funding sewer and water improvement projects.

FURTHER RESOLVED, that it is the intent of the city to maximize the use of such grants to finance these water and sewer projects, but that the final determination of the amount of such grant funding is determined by the state of Minnesota public facilities authority.

FURTHER RESOLVED, that bond funding will be available through said Authority at advantageous rates which will fund any portion of the costs of such projects not covered by grant funds.

FURTHER RESOLVED, that therefore the city administration anticipates that the amount of additional general obligation bonding to be required by the city

for these projects over and above that set forth above will range between a minimum of \$3,910,000 and a maximum of \$8,980,000 for 2009.

Approved:

Approved for presentation to council:

Department Director

Chief Administrative Officer

Approved as to form:

Approved:

Attorney

Auditor

FINANCE/ATTY REA:blj 5/20/2009

STATEMENT OF PURPOSE: This resolution sets forth the city's bonding plan for the year 2009 as required by Section 20-33 of the City Code. The plan shows an anticipated decrease in the amount of city's general course, outstanding debt on the order of almost \$10 million.

The resolution also points out that, because of the availability of federal stimulus grant funds and the ability of the state public facilities authority to issue bonds based on their borrowing capacity and to accept notes from the city at rates which will only need to fund their more advantageous interest costs, the city will be looking to take advantage of this financing to make some long-term and long-needed improvements to our sewer and water infrastructure. Because the final amount of the grants that will be made available will only be determined by the authority in the future, this resolution also makes allowance for issuance of between \$3,910,000 and \$8,980,000 to cover the portion of the costs not covered by grant funding or other sources. The total amount will be whatever is needed to make up the difference between the grant funding and other funding sources and the final project cost. Even if the maximum amount of bonds contemplated by the resolution are in fact issued, the total debt for the city is still anticipated to be decreased by almost \$1 million.

It needs to be remembered that the amounts set forth in the resolution are estimates only based on the needs anticipated at this time and the actual amounts can vary. There is nothing in the ordinance which would prevent the amounts set forth in the plan from being changed as circumstances arose and needs changed. But the plan will stand as a benchmark against which to measure any future proposed bond issues.