THE CITY OF ASHEVILLE

Staff Report

Council Meeting Date: February 22, 2022

Subject: Technical Budget Amendment associated with the refunding of the 2018 Water Revenue Bond Anticipation Note.

Staff Resource(s): Tony McDowell, Finance and Management Services Director

Action Requested: Adoption of budget amendment in the amount of $40,431,180 in the Water Resources Operating Fund to account for the refunding of debt.

Background:

- In October, 2018, Council authorized the issuance of a Water Revenue Bond Anticipation Note (BAN) in an amount not to exceed $40 million to finance the City's North Fork Dam improvement project.
- In August, 2021, Council approved resolutions authorizing City staff to proceed with the issuance of long-term fixed rate Water Revenue Refunding Bonds to pay off the existing amount utilized on the BAN.
- The Water Revenue Refunding Bonds were subsequently issued on September 30, 2021.
- The Water Revenue Refunding Bonds had a very low total cost of issuance of around 2.1%, and were issued as Green Bonds under the category of sustainable water management which broadened the City's investor base and promoted its environmentally-friendly values.
- The funds generated from the issuance of the Refunding Bonds, which totaled $40.4 million, were used to pay off the existing bond anticipation note cost of debt issuance and so do not represent additional money available for City use.
- The Fiscal Year (FY) 2021-22 budget did not include appropriations reflecting the funds generated from the issuance of the Refunding Bonds.
- This technical amendment incorporates these appropriations into the budget in order to ensure that the Water Resources Operating Fund does not exceed the approved annual budget in the City's annual financial reporting.

Council Goal(s):

- A Financially Resilient City

Committee(s):

- None

Pro(s):

- Amends the FY 2021-22 Water Resources Operating Fund budget in order to ensure statutory budgetary compliance.

Con(s):

- None

Fiscal Impact:

- There is no net fiscal impact from this technical budget amendment.
- It will amend the FY 2021-22 budget in the Water Resources Operating Fund to reflect the receipt of refunding proceeds from the bank and the subsequent payment to bondholders to pay off the prior debt issuances.

Suggested Motion:

- Motion to adopt a budget amendment in the amount of $40,431,180 in the Water Resources Operating Fund to account for the refunding of debt.

Attachment(s)

- Budget Amendment

ORDINANCE NO. _____

BUDGET ORDINANCE AMENDMENT

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE

That the City of Asheville Fiscal Year 2022 Budget Ordinance be amended to provide an appropriation of $40,431,180 to refund interim financing with long-term debt.

WATER RESOURCES OPERATING FUND

Revenues:

Proceeds of Debt	$40,431,180
Total Revenues	$40,431,180

Appropriations:

Defease Debt/Cost of Issuance	$40,431,180
Total Appropriations	$40,431,180

That this ordinance shall be in full force and effect upon the date of final passage.

Read, approved and adopted this 22nd day of February, 2022.

_____ _____

City Clerk Mayor

Approved as to form:

_____

City Attorney