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TO: Mayor and Aldermen
FROM: Rob Hernandez, City Manager
DATE: June 27, 2018
SUBJECT: Resource Recovery Development Authority, Series 2018 Bond Issue

The City's adopted capital improvement plan includes the expansion of the City's Dean Forest Landfill facility. This facility is utilized for most of the City's residential and commercial refuse collections as a final destination for waste. It is estimated that the capacity of the current active cell will be utilized within the next four to seven years and, therefore, the City has been planning this expansion for some time. The property currently utilized for the Dean Forest Landfill has vacant land that will be used for the expansion and thus no property acquisition will be necessary. The City has completed the necessary permitting process for the expansion and is now in the process of procuring a construction firm. The design engineer estimates the upcoming landfill expansion will have a net waste disposal capacity (after deductions for cover material) of 2.8 million cubic yards and a projected operational life of 13.67 years.

The current cost estimate of the landfill expansion project is approximately \$28 million. The financing plan for this project includes funding \$17 million in previously accumulated cash that has been set aside for this purpose and fund the remaining \$11,000,000 by a bond issue of the Resource Recovery Development Authority.

City staff, along with the City's financial advisor and bond counsel, has been working to complete the necessary implementation steps and due diligence required prior to the sale. Some of the key milestones remaining are enumerated below:

- June 28, 2018 Issuance of request for offers for Series 2018 Bond
- July 12, 2018 Deadline for questions from proposers
- July 18, 2018 Offers due for Series 2018 Bond at 2:00 p.m., ET
- July 19, 2018 Authority meeting approving pricing subject to City approval
- July 19, 2018 City Council meeting to formally award Series 2018 Bond
- August 2, 2018 Close Series 2018 Bond

Debt service on the bonds will be funded by user fees within the City's Sanitation Fund and will not impact the City's General Fund. A projected debt service schedule for the bonds is as follows:

| | Principal | Interest | Total Debt Service |
|-------------|----------------------|---------------------|---------------------------|
| 2019 | \$ - | \$ 346,500 | \$ 346,500 |
| 2020 | 952,926 | 346,500 | 1,299,426 |
| 2021 | 982,944 | 316,483 | 1,299,426 |
| 2022 | 1,013,906 | 285,520 | 1,299,426 |
| 2023 | 1,045,844 | 253,582 | 1,299,426 |
| 2024 | 1,078,788 | 220,638 | 1,299,426 |
| 2025 | 1,112,770 | 186,656 | 1,299,426 |
| 2026 | 1,147,823 | 151,604 | 1,299,426 |
| 2027 | 1,183,979 | 115,447 | 1,299,426 |
| 2028 | 1,221,274 | 78,152 | 1,299,426 |
| 2029 | 1,259,744 | 39,682 | 1,299,426 |
| | \$ 11,000,000 | \$ 2,340,764 | \$ 13,340,764 |

Security for the bonds will be provided through an intergovernmental contract between the Authority and the City, whereby the City agrees to guarantee payments equal to the debt service will be made to the Authority as required by the debt service schedule.

Please let me know if you have any questions regarding this project or the proposed funding plan.