



Item Number: 3

CITY OF GRAND RAPIDS AGENDA ACTION REQUEST

DATE: July 16, 2024

TO: Mark Washington, City Manager

COMMITTEE: Fiscal Committee

LIAISON: Molly Clarin, Chief Financial Officer

FROM: Tricia Chapman, Administrative Services Officer II
Fiscal Services

SUBJECT: Series Ordinance for Water Supply System Improvement Junior Lien Revenue Bonds in an Amount not to Exceed \$33 Million

On May 7, 2024, City Commission approved the publication of a 45-day Notice of Intent regarding the potential issuance of one or more series of Water Supply System ("the System") Improvement Junior Lien Bonds in an amount not to exceed \$41.4 million. (Proceeding #93514.) The Notice of Intent was published in the Grand Rapids Press on Sunday, May 12, 2024. The 45-day referendum period expired on June 26, 2024, and no petition for referendum was filed.

One or more bond series ("the Bonds") are proposed to provide up to \$33,000,000 in bond proceeds to pay all or a portion of the costs of constructing System Improvements (the "Improvements") and related components and public infrastructure directly affected by these Improvements, which consist of the following:

The public improvements proposed to be financed by WSS bonds include:

- Replacement of various aging watermain infrastructure in Cascade Township - \$11.3 million
- Upgrades to watermain infrastructure and facilities, tanks and pump stations in Caledonia Township - \$7 million
- Replacement of water services comprised of leaded material in accordance with regulatory requirements, specifically on Hall, Fremont, Eleanor and Valley Streets as well as the restoration of streets, rights-of-way and easements affected by the improvements - \$14.7 million
- Other facility upgrades and improvements

In addition to funds for the Improvements, proceeds from the Bonds will also be used to pay costs associated with the issuance of the Bonds.

The Bonds will not be general obligations of the City nor will they be considered an indebtedness of the City within any constitutional or statutory limitations. To the extent possible the Bonds will be structured to mitigate the impact of the additional debt to System customers.

The Michigan Finance Authority will be the registered owners of the Bonds. Interest rates shall not exceed 2.5% per annum. The duration of the Bonds shall not exceed 40 years; however, 20 years is anticipated. There is also anticipated principal forgiveness of approximately \$18M. The final amount of forgiveness will be adjusted based on the actual amount borrowed.

Approval of this Series Ordinance will authorize the issuance and sale of one or more series of Water Supply System Improvement Junior Lien Revenue Bonds for which the principal and interest will be paid from System revenues. This ordinance is being adopted pursuant to the standards set forth in the Revenue Bond Act which allows for the immediate consideration of the ordinance and its immediate effect.

Please contact me at 616-456-3848 or at tchapman@grcity.us if you have any questions.

Attachment

Your FISCAL COMMITTEE recommends the adoption of the following ordinance providing for the acquisition, construction and installation of improvements to the Water Supply System; authorizing the issuance and sale of one or more series of Water Supply System Improvement Junior Lien Revenue Bonds, Series 2024₁ in the principal amount of not to exceed \$33,000,000; prescribing the form of bonds; providing for the payment and security of said bonds; and other matters related thereto.


CORRECT IN FORM
DEPARTMENT OF LAW