

TO: The Honorable Mayor and City Council Members

FROM: Michael C. Van Milligen, City Manager

SUBJECT: Proceedings to Set Public Hearing on the Issuance of Not to Exceed \$34,000,000 Stormwater Utility Revenue Capital Loan Notes (State Revolving Loan Fund Program)

DATE: April 29, 2015

Finance Director Ken TeKippe recommends that a public hearing be set for May 18, 2015, on the proposition of selling not to exceed \$34,000,000 in Stormwater Utility Revenue Capital Loan Notes (State Revolving Loan Fund Program) to pay costs for the Upper Bee Branch Creek Restoration.

These notes would be payable from Stormwater Utility fees and also the amounts deposited in the Additional Projects Account of the Flood Project Fund, which would include sales tax increment received from the State Flood Mitigation Program.

There is an additional benefit to this loan. On December 16, 2014 the City of Dubuque's proposal for a Catfish Creek Watershed sponsored project was approved by the Environmental Protection Commission. The Upper Bee Branch Creek State Revolving Fund financing will provide the City of Dubuque \$1,400,000 for the Catfish Creek sponsored project at no additional cost to the City of Dubuque. This Upper Bee Branch Creek SRF Loan amount and interest rate will be adjusted by the Iowa Finance Authority, which will allow the City to use approximately \$1,400,000 for Catfish Creek Improvements. The semiannual payment for the State Revolving Funds Capital Loan Notes will remain the same.

This was similar to the \$9.4 million State Revolving Loan Fund borrowing for the Water and Resource Recovery Center that provided for the creation of over 70 pervious surface alleys in the Bee Branch Watershed. You will recall that this \$9.4 million was the first time the State had approved a sponsored project, even though the enabling State legislation had been adopted three years earlier. Now awards for these projects are more routine.

The State Revolving Fund Loan for the Upper Bee Branch also qualifies for the State Revolving Fund Green Project Forgivable Program. Of the not to exceed \$34,000,000 Capital Loan Notes, \$4,430,100 is forgivable if the project is constructed as required.

The State Revolving Capital Loan Notes will carry an annual 1.75% interest rate for 20 years, with an annual servicing fee of 0.25%. There is also a onetime 0.5% upfront loan origination fee.

I concur with the recommendation and respectfully request Mayor and City Council approval.



Michael C. Van Milligen

MCVM:jh

Attachment

cc: Barry Lindahl, City Attorney
Cindy Steinhauser, Assistant City Manager
Teri Goodmann, Assistant City Manager
Kenneth J. TeKippe, Finance Director
Jennifer Larson, Budget Director
Gus Psihoyos, City Engineer
Deron Muehring, Civil Engineer
Steve Brown, Project Manager
Alexis Steger, Confidential Account Clerk