

ITEM 6. FINANCE: **Amending and Restating Ordinance No. 92-18 To Provide for the Issuance and Sale of Waterworks and Sewer System Revenue Bonds of the City of North Augusta, South Carolina, and Other Matters Related Thereto – Ordinance, First Reading**

On December 7, 1992 the City of North Augusta enacted its Bond Ordinance of 1992, entitled “AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF WATERWORKS AND SEWER SYSTEM REVENUE BONDS OF THE CITY OF NORTH AUGUSTA, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO.” The Bond Ordinance is the governing document under which the City issues debt to pay for capital improvements for its water and sewer system. Importantly, this document dictates the covenants and security for all “parity” bonds issued by the City for its water and sewer system (parity meaning that additional bonds or loans can be issued at a level of priority equal to any outstanding Bonds; thus, all “parity” Bonds issued under the terms of the Bond Ordinance receive equal treatment and security against the revenues pledged to secure the Bonds).

At this time, the City has one Series of Bonds outstanding under the 1992 Bond Ordinance. That obligation is a Bond held by Bank of America and officials at Bank of America have informed Pope Zeigler that they consent to the terms of the Amended and Restated Bond Ordinance and will execute a written certificate confirming their consent.

Generally speaking, the 2014 Bond Ordinance (amending and restating the 1992 Bond Ordinance) does not change any of the underlying security provisions for the City’s bonds (still have a Gross Revenue pledge, meaning that debt service is paid before operational costs). Instead, the changes that are being implemented are dictated by changes in market conditions (much has changed in the public debt markets in the last 22 years). Against that background, the most conspicuous changes between the 1992 Bond Ordinance and the proposed 2014 Bond Ordinance are as follows: (1) providing for funding of a debt service reserve fund (DSRF) to be permissive on a Series by Series basis (as opposed to mandatory); (2) authorizing the deposit of any DSRF moneys (if funded) with the State Treasurer’s office (only applicable to SRF loans); (3) clarifying the additional bonds test by removing the forecasting requirements; (4) increasing the date to furnish the audit from 150 days to 180 days; (5) amending the redemption notice provisions to explicitly provide for a contingent call (bonds may be called for redemption even though proceeds have not yet been procured); (6) clarifying a number of definitions and adding definitions; (7) specifically authorizing lease purchase obligations; (8) discussing how components of the System may be added, sold, exchanged or removed; (9) adding some additional

protections and covenants for the Trustee; (10) reducing the consent required for certain modifications to the Bond Ordinance from 66.66% to 51%; and (11) general clean up and bring down of the old document.

Please see **ATTACHMENT #6** for a copy of the proposed ordinance. *Please note due to the size of this ordinance, it will be attached to your regular booklet agenda.*

- ITEM 7. FINANCE: **Approving the Financing of Waterworks System Improvements to be made Part of the Waterworks and Sewer System of the City of North Augusta, South Carolina, Through the Borrowing of not exceeding Thirteen Million Dollars (\$13,000,000), Plus Capitalized Interest, If Any, from the Drinking Water Revolving Loan Fund, By Agreement With the South Carolina Water Quality Revolving Fund Authority, Pursuant to Title 48, Chapter 5, Code of Laws of South Carolina, As Amended, Providing for the Agreement to Make and to Accept a Loan, The Execution and Delivery of a Loan Agreement between the City of North Augusta, South Carolina and the South Carolina Water Quality Revolving Fund Authority, The Execution and Delivery of a Promissory Note from the City of North Augusta, South Carolina to the South Carolina Water Quality Revolving Fund Authority; And Other Matters Relating Thereto – Ordinance, First Reading****

The 2014 Series Ordinance is the ordinance specifically authorizing the issuance and sale of the not exceeding \$13,000,000 Water and Sewer System Revenue Bond, Series 2014A. By its terms, the 2014 Series Ordinance identifies the State Revolving Fund (SRF) as the purchaser of the Bonds and further details specific provisions for the Series 2014A Bond as required by the Bond Ordinance (term, interest rate, establishment of funds, creation of Trustee and Custodian, useful life of assets financed, etc...). Moreover, the 2014A Series Resolution approves and authorizes the implementation and execution of the Loan Agreement between the City and the SRF, as well as the Promissory Note from the City to the SRF. Joe Lucas and Lawrence Flynn will be present at the City Council meeting to answer any questions.

Please see **ATTACHMENT #7** for a copy of the proposed ordinance.

- ITEM 8. JUSTICE AND LAW: **Assistant Municipal Judge - Appointment****

Section 13.1-2 of the City Code requires the appointments of an Assistant Municipal Judge. The appointment is made by City Council for a specific four (4) year term.

Belton E. Weeks, III, who was first appointed on November 7, 1983, presently serves as Assistant Municipal Judge for North Augusta. Mayor Jones recommends to City Council the reappointment of Judge Weeks for a term of office to expire January 31, 2018. A motion of City Council is requested.

ITEM 9. UTILITIES: **Authorizing the City of North Augusta to Accept the Low Bid of M. B. Kahn Construction Company, Inc. for Phase I Improvements for the City of North Augusta Water Treatment Plant. – Resolution**

A resolution has been prepared for Council's consideration authorizing the City to accept the low bid of M. B. Kahn Construction Company, Inc. for Phase I Improvements for the City of North Augusta Water Treatment Plant.

Please see **ATTACHMENT #9** for a copy of the proposed resolution.