

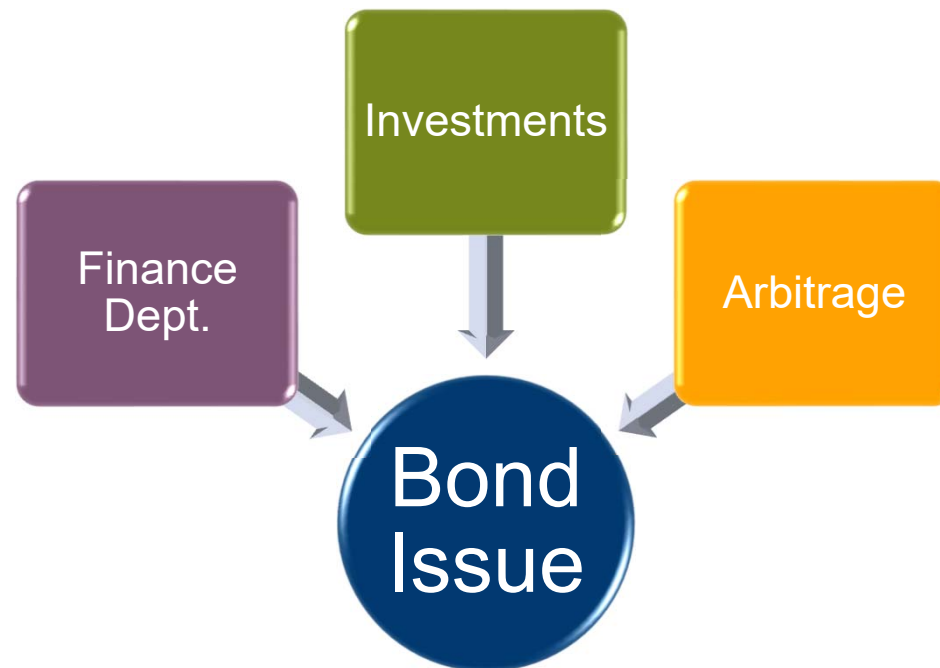


Bonds That Last a Lifetime:

Debt Administration



Roundtable Discussion





Bonds that Last a Lifetime...





Failure to Plan...





Today's Scenario

\$2.3 Million Street Reconstruction Project

- Water portion - \$584,600
- Sewer portion - \$53,900
- Storm water portion - \$238,900
- Streets portion - \$1,427,100
- ✓ Special assessments of \$350,000



Question #1

Bond proceeds arrive on Thursday. Now what?

- New debt service & construction funds
- Review closing documents
 - ✓ Allocation of bond proceeds & closing costs
- Investment of proceeds



Sample Closing Memo

Distribution of Available Funds

	<u>Bond Proceeds</u>	<u>City Funds</u>	<u>Total</u>
FUNDS RECEIVED BY THE CITY:			
Deposit to Construction Fund			
Bond Proceeds	\$2,294,091.16		
Area 3 Cash Contribution		\$10,430.71	
Total Deposit to Construction Fund →			\$2,304,521.87
Deposit to Debt Service Fund ²			
Capitalized Interest	45,121.53		
Total Deposit to Debt Service Fund →			<u>45,121.53</u>
TOTAL FUNDS RECEIVED BY THE CITY	\$2,339,212.69		
TOTAL CITY FUNDS		\$10,430.71	
TOTAL DISTRIBUTION OF AVAILABLE FUNDS			<u>\$2,349,643.40</u>



Breakdown by Fund

	Improvement Portion Water Fund	Sewer Fund Water Fund	Storm Water Fund	Issue Summary	
Uses Of Funds					
Total Underwriter's Discount (1.316%)	19,011.90	7,828.43	723.64	3,157.69	30,721.66
Costs of Issuance	30,664.01	11,300.53	346.24	1,250.22	43,561.00
Deposit to Capitalized Interest (CIF) Fund	27,912.57	11,496.18	1,075.07	4,637.71	45,121.53
Deposit to Project Construction Fund	1,427,116.13	584,605.26	53,896.50	238,903.98	2,304,521.87
Total Uses	\$1,504,704.61	\$615,230.40	\$56,041.45	\$247,949.60	\$2,423,926.06



Question #2

Estimated costs vs. reality

- Allocating actual costs by fund
 - ✓ Keep detailed records
 - ✓ Don't forget reimbursements
- Construction fund is short. Now what?
- Construction fund has money left. Now what?



Question #3

How do you know if invested proceeds exceed IRS limits if everything is pooled?

- Investments
- Arbitrage concerns



Question #4

What goes into a debt service fund?

- Common revenue sources
 - ✓ Pledged revenues
 - ✓ Debt levy, special assessments, sales taxes, investment income
 - ✓ Transfers from other funds
- Common expenditures
 - ✓ Debt service payments



Question #5

Can I change the annual debt service levy?

- Debt repayment schedules sent to County Auditor
- County authorized to adjust levy
- Sufficient funds on hand
 - ✓ Requires City Council resolution submitted with tax levy



Question #6

How much money should be in the debt service fund at year end?

- Investment income allocation frequency & method
- Arbitrage concerns



Question #7

If City has to pay the IRS, what funds are available?

- Debt service fund vs. construction fund



Question #8

Bond is defeased & debt service fund has money left in it. Now what?

- Consult bond attorney, municipal advisor or auditor
- May be available for other projects



Your Presenters

Jeanne Vogt

Senior Financial Specialist

651-697-8571

jvogt@ehlers-inc.com



Ryan Miles

Senior Investment Advisor

651-697-8590

rmiles@ehlers-inc.com



Stephen Broden

Arbitrage Managing Director

303-802-2307

sbroden@ehlers-inc.com

