

# REQUEST FOR CITY COUNCIL CONSIDERATION

Meeting Date: February 4, 2008

Agenda Item: 6(D)	Prepared By: William P. Harrison Date: January 28, 2008
Agenda Section: Business: RESOLUTION	
Subject: CONSTRUCTION LOAN AGREEMENTS - STATE REVOLVING LOAN FUNDS	Department: Finance

**BACKGROUND:** City Council is requested to consider a resolution approving amendments to the final Construction Loan Agreements for State Revolving Loan Funds from the Florida Department of Environmental Protection to finance neighborhood sewer construction in the West Winterberry, North Barfield, and North Marco sewer assessment areas.

By prior action, City Council has approved application to the State Revolving Loan Fund in the following amounts to finance sewer construction:

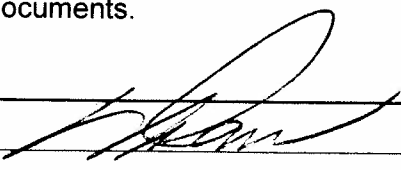
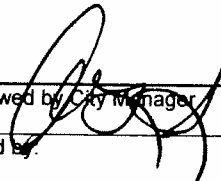
WEST WINTERBERRY	\$8,615,750	INITIAL LOAN	\$4,379,856
NORTH BARFIELD	\$7,120,000	INITIAL LOAN	\$3,659,804
NORTH MARCO	\$3,905,000	INITIAL LOAN	\$1,990,940

The total amount of the loan requests exceeded the program's ability to fund in one year. The balance of the loans will be funded during 2008. Initial loan amounts will be used to reimburse the City for funds expended on the projects. Balance of funds, when received, will be used to repay \$6.9 million of the \$20 million Bank of America line of credit.

The security for these loans is a pledge of assessments imposed for collection improvements against properties benefited by central sewer construction (assessments imposed for capacity improvements will not be pledged for repayment of the loans for construction of collection improvements). The Department of Environmental Protection has requested that the City also establish a debt service reserve for each loan in the amount of one year's debt service on each loan and also include a covenant to budget and appropriate in the loan agreements. Those changes have been made to the Construction Loan Agreements. The final document is attached for the West Winterberry sewer assessment area. The other documents are identical except for the loan amounts, noted above. Copies of each Construction Loan Agreement are available for inspection in the office of the City's Finance Director.

On January 1, 2008 interest rate for these loans reset to a new, lower benchmark. These loans will be 20-year fixed rate loans with an annual interest rate of 2.98%. Federal funding received by the Revolving Loan program from the Federal Environmental Protection Agency is used to bring the interest rate down to a level significantly lower than rates available on the open market.

**RECOMMENDED ACTION:** Approval of a resolution authorizing the final Construction Loan Agreements for West Winterberry, North Barfield, and North Marco sewer construction and authorizing the City Manager or designee to execute the documents.

Reviewed by Department Director		Reviewed by City Manager	
Council Action: Motion by:		Second by:	