

## City of Bethel Action Memorandum

Action memorandum No.	23-18		
Date action introduced:	August 8, 2023	Introduced by:	Alan D. Lanning, Interim City Manager
Date action taken:	August 8, 2023	X Approved	Denied
Confirmed by:	LS		

**Action Title:** Direct City Manager to pay off the balance of the Utility Revenue Refunding Bond sold to the United States of America, Acting Through the Department of Agriculture, Rural Utility Services, in the amount of \$913,000.

**Attachment(s):** (1) City of Bethel Resolution #18-15: A Resolution of the City of Bethel, Alaska, Authorizing the Issuance of a Utility Revenue Refunding Bond of the City in a Principal Amount Not to Exceed \$913,000 for Purposes of Refunding its Utility Revenue Bond, 2017; Creating a Lien on Net Revenues of the City’s Water and Wastewater Utility System for Payment of the Bond; Providing for the Date, Terms and Covenants of the Bond; and Authorizing the Sale of the Bond to the United States of America, Acting Through the Department of Agriculture, Rural Utility Services, Pursuant to the Terms and Conditions Provided in this Resolution; and Related Matters.

Amount of fiscal impact:	Source	Account information:
Less than \$913,000	Water and Sewer Enterprise Fund - Cash in Combined Fund	510-10100

### Summary Statement

The City of Bethel completed the sewer lagoon jetty rehabilitation project with grant/loan funding from the United States Department of Agriculture, Rural Development, Rural Utility Services. The loan from USDA-RD was a revenue bond in the amount of \$913,000.

There is sufficient funding in the City of Bethel’s Water and Sewer Enterprise Fund to pay off the revenue bond and no longer be held to the terms and conditions of the bond. One of the terms is the requirement to appropriate \$365,650 every year to a sewer short-lived asset fund for the 40-year life of the bond. The City has accumulated more than enough in this short-lived asset fund to reimburse the water and sewer fund for the bond payoff.

By paying off the bond in full, the USDA-RD will no longer have a lien on net revenues of the City’s Water and Wastewater Utility System for payment of the bond. The debt-free Water and Sewer Enterprise Fund will reflect positively on any future grant/loan applications put forward by the City of Bethel.