

To: President and Members of the Munster Town Council

From: Patricia Abbott
Controller/Interim Town Manager

Date: April 1, 2024

Re: Ordinance 1936: Water Revenue BAN and Bond Ordinance

In 2022, the Town adopted Ordinance 1867 which set water rates through fiscal year 2025. The rates represented a significant increase after years of no increases and were intended to support capital purchases and large-scale investment in the Water Utility's infrastructure. It was known at the time that a revenue bond would need to be issued to complete the proposed work. The time has come to start the bond issuance process.

There are a variety of ways to fund numerous projects including making use of the State Revolving Fund (SRF). The SRF is a lengthy process and the deadline for 2024 funding has passed. Subsequent projects will be eligible for potential SRF funding, and that process will begin later this year.

With projects currently out for bid, a Bond Anticipation Note (BAN) will be issued. The Town will then go through the SRF process to issue bonds in 2025. The bonds would be used to pay off the BAN. The Town will also have the option to pay the BAN directly from water revenues and not issue a bond if the financial conditions favor that option.

Barnes & Thornburg has drafted Ordinance 1936 to start the process of issuing a \$8,250,000.00 bond anticipation note. The schedule to proceed follows.

April 1, 2024	First reading on bond ordinance
April 15, 2024	Second reading and adoption of bond ordinance
April 19, 2024	Publication of adoption notice and begin 20-day objecting period
May 10, 2024	Anticipated closing on BAN
January 17, 2025	Application for State Revolving Fund Bond issuance

Between May 2024 and January 2025, projects will be identified, and engineering will commence for the SRF application.

Recommendation:

By motion and voice vote, hear Ordinance 1936 on first reading and set second reading and adoption for April 15, 2024.