City of Norfolk
Office of the City Manager

C: Dir., Department of Finance and Business Services

July 18, 2006

To the Honorable Council
City of Norfolk, Virginia

Re: Series 2006B Wastewater System General Obligation Bond

Ladies and Gentlemen:

I. **Recommended Action:** Schedule public hearing for August 15, 2006

II. **Overview**

Preparation has begun for the issuance of the City's Wastewater System General Obligation Bond for partial funding of the cash-flow needs of the Wastewater Utility Fund Capital Improvement Program (CIP).

A public hearing is required prior to City Council authorizing the issuance of such a bond.

III. **Analysis**

A. General
This is the fourth year the City has used Virginia's Water Facilities Revolving Fund. This Fund has proven to be cost effective, in that the interest rate is subsidized by the Federal government. The planned issuance of $14,250,000, including issuance costs, will be based on terms and conditions of a Loan Agreement entered into with Virginia's Resources Authority.

B. Fiscal
Based on the issuance size, VRA has authorized an interest-free loan from the Virginia Water Facilities Revolving Fund to the City in the amount of $14,250,000. The Wastewater Utility Fund will pay the debt service on this loan.

C. Environmental
Proceeds from the bond sale will fund construction of several projects under the Consent Order with the Department of Environmental Quality (DEQ).

1101 City Hall Building, 810 Union Street • Norfolk, Virginia 23510
(757) 664-4242 • Fax: (757) 664-4239

D. Community Outreach/Notification
A public hearing is required prior to City Council authorizing the issuance of the Wastewater System General Obligation Bond. Notification for this item was done through the City of Norfolk's regular agenda notification process.

IV. Conclusion

To insure compliance with the Norfolk City Charter and Virginia state law, it is recommended that the City Council schedule a public hearing on this agenda item for August 15, 2006.

Respectfully submitted,

Stanley Stein

for Regina V.K. Williams
City Manager

Coordination/Outreach
This letter has been coordinated with the Department of Utilities.