

**AN ORDINANCE BY
FINANCE/EXECUTIVE COMMITTEE**

AN ORDINANCE AUTHORIZING AMENDMENT NUMBER 1 TO THE INTER-DEPARTMENTAL MEMORANDUM OF UNDERSTANDING WHICH ESTABLISHED THE TERMS AND CONDITIONS FOR REPAYMENT OF THE OBLIGATION OWED BY THE GENERAL FUND TO THE WATERSHED MANAGEMENT ENTERPRISE FUND BETWEEN THE CITY OF ATLANTA'S DEPARTMENT OF FINANCE AND DEPARTMENT OF WATERSHED MANAGEMENT FOR THE PURPOSE OF DECREASING THE REPAYMENT INTEREST RATE FROM 3% PER ANNUM TO 1.02% PER ANNUM; AND FOR OTHER PURPOSES.

WHEREAS, the City of Atlanta ("City") Governmental Funds accumulated an obligation to the Watershed Management Enterprise Fund which was quantified on December 23, 2000, as One Hundred Sixteen Million One Hundred and Ninety Nine Thousand Dollars and No Cents (\$116,199,000.00); and

WHEREAS, the City's Department of Finance ("DOF") and Department of Watershed Management ("DWM") entered into an Inter-Departmental Memorandum of Understanding ("MOU") dated December 23, 2008, (attached hereto as Exhibit A) as authorized by Ordinance 09-O-0277 adopted by the Atlanta City Council on June 1, 2009, and approved by the Mayor on June 9, 2009, establishing a payment plan for repayment to the Watershed Management Enterprise Fund by the City's General Fund; and

WHEREAS, the MOU required the General Fund to repay the Watershed Management Enterprise Fund at the rate of Ten Million Dollars (\$10,000,000.) per year plus 3% interest per annum; and

WHEREAS, to date, certain General Fund financial expectations have not been met, making the 3% per annum interest rate a significant burden on the General Fund which justifies a reduction in the MOU interest rate; and

WHEREAS, it is in the best interest of the City to amend the MOU to decrease the interest rate from 3% per annum to 1.02% interest per annum.

NOW THEREFORE, BE IT ORDAINED, BY THE CITY COUNCIL OF THE CITY OF ATLANTA, GEORGIA, as follows:

SECTION 1: That the Chief Financial Officer and the Commissioner of the Department of Watershed Management are hereby authorized to enter into Amendment Number 1 to the MOU, in substantially the same form as the document attached hereto as Exhibit B, decreasing the interest rate from 3% per annum to 1.02% per annum.

SECTION 2: That all ordinances and parts of ordinances in conflict herewith are waived to extent of the conflict only.



**FIRST AMENDMENT (“AMENDMENT #1”) OF THE CITY OF ATLANTA INTER-
DEPARTMENTAL
MEMORANDUM OF UNDERSTANDING BETWEEN THE DEPARTMENT OF FINANCE
AND THE DEPARTMENT OF WATERSHED MANAGEMENT**

This First Amendment (“Amendment #1”) of the Inter-Departmental Memorandum of Understanding (the “Memorandum”) is entered into this _____ day of _____, 20____ between the City of Atlanta Department of Finance (“DOF”) and the City of Atlanta Department of Watershed Management (“DWM”).

BACKGROUND:

The City of Atlanta (the “City”) maintains a cash pool account into which funds from the City’s General Fund and the Watershed Management Enterprise Fund (the “Watershed Fund”) are deposited for permitted investment purposes. Over the course of time, the General Fund accumulated an obligation to the Watershed Fund in the aggregate amount of \$116,199,000. On December 23, 2008, DOF and DWM entered into an interdepartmental agreement whereby the principal amount was to be repaid at the rate of \$10,000,000 per year plus 3% interest per annum. Funds were to be transferred from the appropriate General Fund account(s) to the appropriate Watershed Fund account(s) until the total obligation, including accrued interest, is repaid.

This obligation was attributable to, among other reasons, subsidies that the General Fund made to cover long-standing systemic operational deficits in the City’s Solid Waste Fund and the E911 Fund; to cover timing differences in the financing of the new Public Safety Headquarters; and to finance rolling stock acquisitions more appropriately financed through the Georgia Municipal Association. It was reasonable to expect the City to repay the aggregate amount as it corrected these three circumstances. Having made fundamental changes to the operations of the Solid Waste and E911 Funds and corrections to certain fund-related budgeting practices, the City reasonably expected these funds to generate cash flow to repay the accrued debts. Further, it was expected that the sale of City Hall East would cover any amounts attributable to the Public Safety Headquarters. Finally, the City continues to pursue long-term financing of recent rolling stock purchases through the Georgia Municipal Association. To date, certain expectations have not been met. As a result, the 3% interest rate is a significant obligation to the General Fund and necessitates this Amendment #1 to the original Memorandum.

Heretofore, the purpose of this Memorandum is to set forth the revised terms and conditions of repayment of the obligation, which has an outstanding balance of \$76,199,000 as of July 1,

2012, per the original repayment schedule. Attachment A contains the proposed repayment schedule for the \$76,199,000).

REPAYMENT SCHEDULE:

The Chief Financial Officer will cause the current outstanding principal amount of the final audited balance in Attachment "A" to be repaid at the rate of \$10,000,000 per year plus 1.02% interest per annum. Interest will begin to accrue upon execution of this Amendment #1. Funds will be transferred from the appropriate General Fund account(s) to the appropriate Watershed Fund account(s) until the total obligation, including accrued interest, is repaid.

These sums shall be paid on an annual basis by inter-departmental journal transfers. Transfer requests shall be prepared by DWM and submitted to the DOF for processing. Payments shall commence on July 1, 2013 and shall continue until the later of July 2, 2018 or until the obligation is fully repaid.

Approved By:

J. Anthony "Jim" Beard
Chief Financial Officer

JoAnn J. Macrina, Commissioner
Department of Watershed Management

Duriya Farooqui
Chief Operating Officer

ATTACHMENT A

MEMORANDUM OF UNDERSTANDING
BETWEEN THE DEPARTMENT OF FINANCE
AND
THE DEPARTMENT OF WATERSHED
MANAGEMENT

Attachment A
MOU Between Department of Finance and Department of Watershed
(Rounded)

Interest per annum: 1.02%

	<u>Interest Payment</u>	<u>Principal Payment</u>	<u>Total Annual Payment (2) (3)</u>	<u>Outstanding Balance</u>
Total Amount Payable as of 7/1/2012 (1)				\$ 76,199,000
July 1, 2013	\$ 1,766,166	\$ 10,000,000	\$ 11,766,166	\$ 66,199,000
July 1, 2014	675,230	10,000,000	10,675,230	56,199,000
July 1, 2015	573,230	10,000,000	10,573,230	46,199,000
July 1, 2016	471,230	10,000,000	10,471,230	36,199,000
July 1, 2017	369,230	10,000,000	10,369,230	26,199,000
July 1, 2018	267,230	10,000,000	10,267,230	16,199,000
July 1, 2019	165,230	10,000,000	10,165,230	6,199,000
July 1, 2020	63,230	6,199,000	6,262,230	-

Legend

- (1) Beginning total amount payable as of June 30, 2008 was \$116,199,000
- (2) Payable annually by Inter-departmental journal transfers commencing July 1, 2013
- (3) Payments shall continue until the later of July 2, 2018 or until the obligation is fully repaid

Part II: Legislative White Paper: (This portion of the Legislative Request Form will be shared with City Council members and staff)

<p>A. To be completed by Legislative Counsel:</p> <p>Committee of Purview:</p> <p>Caption:</p> <p>Council Meeting Date:</p> <p>Requesting Dept.:</p>

B. To be completed by the department :

1. Please provide a summary of the purpose of this legislation (Justification Statement).

Example: The purpose of this legislation is to anticipate funds from a local assistance grant to purchase child safety seats.

The Department of Finance is requesting to amend legislation and refinance current interests rates from 3% to 1.05% based on municipal bond curves for the MOU between the Genreal Fund and Department of Watershed Mgmt.

2. Please provide background information regarding this legislation.

Example: The task force of homelessness conducted a study regarding homelessness, its impact and consequences on the City. This resolution reflects the Mayor's desire to open a twenty-four hour center that will respond to the needs of the homelessness in Atlanta.

Ord #09-O-0277 approved the MOU between the General Fund and Dept of Watershed Management with an 3% interest rate on the annul obligation of \$10,000,000 per year due to Watershed Mgmt.

3. If Applicable/Known:

(a) Contract Type (e.g. Professional Services, Construction Agreement, etc):

(b) Source Selection:

(c) Bids/Proposals Due:

(d) Invitations Issued:

- (e) Number of Bids:
- (f) Proposals Received:
- (g) Bidders/Proponents:
- (h) Term of Contract:

4. Fund Account Center:

5. Source of Funds: *Example: Local Assistance Grant* N/A

6. Fiscal Impact: The City will acquire savings from the entire balance due if the interest rate is refinanced from 3% to 1.05%

Example: This legislation will result in a reduction in the amount of _____ to Fund Account Center Number _____.

7. Method of Cost Recovery: N/A

Examples:

- a. *Revenues generated from the permits required under this legislation will be used to fund the personnel needed to carry out the permitting process.*
- b. *Money obtained from a local assistance grant will be used to cover the costs of this Summer Food Program.*

This Legislative Request Form Was Prepared By: Marlena Joseph

Part II: Legislative White Paper: (This portion of the Legislative Request Form will be shared with City Council members and staff)

A. To be completed by Legislative Counsel:

Committee of Purview: Finance/Executive Committee

Caption:

**AN ORDINANCE BY
FINANCE/EXECUTIVE COMMITTEE**

AN ORDINANCE AUTHORIZING AMENDMENT NUMBER 1 TO THE INTER-DEPARTMENTAL MEMORANDUM OF UNDERSTANDING WHICH ESTABLISHED THE TERMS AND CONDITIONS FOR REPAYMENT OF THE OBLIGATION OWED BY THE GENERAL FUND TO THE WATERSHED MANAGEMENT ENTERPRISE FUND BETWEEN THE CITY OF ATLANTA'S DEPARTMENT OF FINANCE AND DEPARTMENT OF WATERSHED MANAGEMENT FOR THE PURPOSE OF DECREASING THE REPAYMENT INTEREST RATE FROM 3% PER ANNUM TO 1.02% PER ANNUM; AND FOR OTHER PURPOSES.

Council Meeting Date: April 15, 2013

B.

To be completed by the department:

1. Please provide a summary of the purpose of this legislation (Justification Statement).

Example: *Memorandum of Understanding which established the terms and conditions for repayment of the Obligation owed by the General Fund to the Watershed Management Enterprise Fund*

2. Please provide background information regarding this legislation.

3. If Applicable/Known:

(a) Contract Type (e.g. Professional Services, Construction Agreement, etc):

(b) Source Selection: n/a

(c) Bids/Proposals Due: n/a

(d) Invitations Issued: n/a

(e) Number of Bids: n/a

(f) **Proposals Received:** n/a

(g) **Bidders/Proponents:** n/a

(h) **Term of Contract:**

4. **Fund Account Center** (*Ex. Name and number*) in legislation

5. **Source of Funds:**

6. **Fiscal Impact:**

7. **Method of Cost Recovery:**

This Legislative Request Form Was Prepared By: Marlena Joseph

**LEGISLATIVE COUNSEL
REQUEST FOR LEGISLATION**

For Legislative Counsel Use Only	
_____ Date Received	_____ Complete _____ Incomplete (Date returned: _____)
_____ Date of Department Consultation	_____ Date of Finance Department Consultation
Commissioner Notified: ____ Yes ____ No If No, Why? _____	
Legislation Required ____ Yes ____ No	Legislation Type ____ Resolution _____ Ordinance
Amends the Code ____ Yes ____ No	Blueback Prepared ____ Yes ____ No
Commissioner Signature _____	
Council Members Only: Authority to speak to Subject Matter Attorney ____ Yes ____ No Authority to speak to Department ____ Yes ____ No	

Date Submitted: February 4, 2013

Department Submitting Request: Office of Debt & Investment

Person Submitting Request: Marlena Joseph Extension: 6793

Bureau/Division Manager: Gwendolyn Smith Extension: 6769

Requesting preliminary meeting with Legislative Counsel attorney? Yes No

Subject Matter of the Meeting Refinance Memorandum of Understanding between Finance and Watershed Mgmt

Cycle Number/Requested Full Council Date (not earlier than 4 weeks from date of submission): 7

If this must be submitted to Council in fewer than 4 weeks explain why. Please identify consequences if legislation is not submitted for requested cycle. Also, if applicable, please state why the Legislative Request Form was submitted after the Cycle deadline. All non-conforming requests must have Commissioner approval.

**LEGISLATIVE COUNSEL
REQUEST FOR LEGISLATION**

Part I: Legislative Request Form:

Instructions: Please answer all questions fully before submitting. Attach additional pages if necessary. All requests for legislation must have approval of a manager prior to submission. All incomplete requests will be returned. Send request via electronic mail to Legislative Counsel. No hard copies will be accepted. Please refer to attached deadlines for the relevant Chief of Staff submission guidelines.

1. Legislation Name/Project Name: Interdepartmental MOU between the Department of Finance and the Department of Watershed Management.

2. What is the purpose of this legislation? (check one)

- Accept a grant or donation
 - Amend budget
 - Amend Code of Ordinances
 - Amend Contract
 - Anticipate funds
 - Appropriate funds
 - Apply for a grant or donation
 - Authorize/renew Contract
 - Fines/penalties
 - Human Resources related
 - Make a purchase
 - New project
 - Procuring goods
 - Procuring services
 - Other, please explain Amend Legislation to reduce interest rates on current MOU
- Please describe in detail the purpose of your legislation? The Department of Finance is requesting to refinance/amend legislation to reduce current interests rates from 3% to 1.05% based on municipal bond curves for the MOU between the Genreal Fund and Department of Watershed Mgmt.
- If this legislation is to award/amend/renew a contract, please provide the following:
Expiration date of contract:
Contract Term (months/yr):

**LEGISLATIVE COUNSEL
REQUEST FOR LEGISLATION**

3. Please describe why legislation is required rather than administrative action by the Department (please cite any relevant code sections or internal policies).

Legislation is required to amend current Memorandum of Understanding between the General Fund and Watershed Management.

4. If there is an existing process, will this legislation impact that process? How?

N/A

5. Please explain and estimate any financial impact on the City or your Department.

- Will the City need to appropriate or transfer funds to accomplish this purpose?

N/A

- Has this purpose already been set forth in the budget?

N/A

- Will there be a fee or charge assessed by the City?

o If so, how much? n/a

o How was the fee or charge determined? n/a

- What FAC #'s are needed for this legislation? Also, please provide the associated amounts. n/a

- Is a grant required for this legislation? Yes No

If so, is a matching grant required? Yes No

- Will there be an increase or decrease in personnel? N/A

o Has HR been made aware of the need for personnel changes? Yes No
If so, who is the contact person? at extension

o Will positions be created or abolished?

- Will additional resources be required to achieve this purpose? N/A

o If yes, what are those resources?

o Has the Department estimated the cost of those resources?

**LEGISLATIVE COUNSEL
REQUEST FOR LEGISLATION**

- Will revenue be generated for the City? No revenue generated however; the City will acquire a savings in the amount of \$5,536,014 toward the General Fund if the interest rate is changed from 3% to 1.05%.

6. If there has been previous or similar legislation, please describe and cite the relevant legislation (e.g., 04-R-0001). 09-O-0277

7. Is this a computer/technology purchase? Yes No

If so, please forward ISR (Information System Hardware/Software Request) along with a copy of this Legislative Request Form via inter-office mail to: Legislative Counsel, Suite 4100, Law Department.

Please forward any additional pertinent or supporting documents (e.g. contracts, exhibits, requisitions, copies of any old ordinances/resolutions pertaining to this issue, etc.) along with a copy of this Legislative Request Form and legislative white paper via email to legislative_counsel or via inter-office mail to: Legislative Counsel, Suite 4100, Law Department.

TRANSMITTAL FORM FOR LEGISLATION

TO: MAYOR'S OFFICE

ATTN: CANDACE L. BYRD

Dept.'s Legislative Liaison: Charlene Parker

Contact Number: 404-330-6616

Originating Department: Finance

Committee(s) of Purview: Finance/Executive Committee

Chief of Staff Deadline:

Anticipated Committee Meeting Date(s): March 27, 2013

Anticipated Full Council Date: April 15, 2013

Legislative Counsel's Signature: Mariangela Corales

Commissioner Signature:



Chief Procurement Officer Signature: N/A

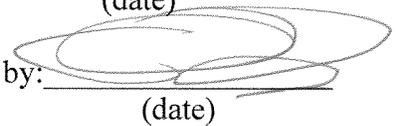
CAPTION

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AN ORDINANCE AUTHORIZING AMENDMENT NUMBER 1 TO THE INTER-DEPARTMENTAL MEMORANDUM OF UNDERSTANDING WHICH ESTABLISHED THE TERMS AND CONDITIONS FOR REPAYMENT OF THE OBLIGATION OWED BY THE GENERAL FUND TO THE WATERSHED MANAGEMENT ENTERPRISE FUND BETWEEN THE CITY OF ATLANTA'S DEPARTMENT OF FINANCE AND DEPARTMENT OF WATERSHED MANAGEMENT FOR THE PURPOSE OF DECREASING THE REPAYMENT INTEREST RATE FROM 3% PER ANNUM TO 1.02% PER ANNUM; AND FOR OTHER PURPOSES.

FINANCIAL IMPACT (if any):

Received by CPO: _____ Received by LC from CPO: _____
(date) (date)

Received by Mayor's Office: Adriana 3-7-13 Reviewed by: 
(date) (date)

Submitted to Council: _____