

## NOTICE OF MEETING

**Des Moines Metropolitan Wastewater Reclamation Authority Finance  
Committee Meeting  
Tuesday, March 10, 2021 @ 2:00 PM**

**MEETING LOCATION:  
ADMINISTRATION BUILDING  
WASTEWATER RECLAMATION FACILITY  
3000 VANDALIA ROAD  
DES MOINES, IOWA**

*Iowa Code Section 21.4 requires that each Des Moines Metropolitan Wastewater Reclamation Authority meeting shall be held at a place reasonably accessible to the public and at a time reasonably convenient to the public, unless for good cause such a place or time is impossible or impracticable. Given Section One of the Governor's February 5, 2021 Proclamation strongly encouraging vulnerable Iowans to limit participation in gatherings of any size and any purpose during the COVID19 outbreak and further given Section 108 the Governor's February 5, 2021 Proclamation suspending the regulatory provisions of Iowa Code §§ 21.8, 26.12, and 414.12, or any other statute imposing a requirement to hold a public meeting or hearing, the Des Moines Metropolitan Wastewater Reclamation Authority has determined that a meeting at a physical place is impossible or impracticable and all Finance Committee meetings for the time being will be conducted electronically with the public allowed to attend per the instructions on this agenda. Meeting minutes will continue to be provided per the WRA's normal course of business.*

*The Des Moines Metropolitan Wastewater Reclamation Authority Finance Committee will be participating via the information provided below:*

**The public can participate by using the information below  
REMOTE PARTICIPATION INFORMATION**

Please click this URL to join

<https://dmmwra.webex.com/dmmwra/j.php?MTID=m7eef0a385f52afceb023aead08ce30e0>

Meeting Number: 133 918 9268

**or**

Dial: +1 (855) 749-4750

Meeting Number: 133 918 9268

### **AGENDA**

- ITEM 1: WRA Renewable Natural Gas Offtake Agreement** – Discussion and possible recommendation
- ITEM 1: Sewer Revenue Refunding Bonds, Series 2021A - Summary of Refunding Results** – Discussion and possible recommendation
- ITEM 2: Other Business**



***DES MOINES METROPOLITAN  
WASTEWATER RECLAMATION AUTHORITY***  
CITY OF DES MOINES, OPERATING CONTRACTOR

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**MEMORANDUM**

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**To:** WRA Finance Committee  
**From:** WRA Director  
**Subject:** WRA Renewable Natural Gas Offtake Agreement  
**Date:** March 10, 2020

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The Operating Contractor's Staff has been working on developing an offtake agreement for the sale of the Renewable Natural Gas (RNG) and the environmental attributes produced through the operation of the improvements included in the WRA Biogas Conditioning and Injection project. The improvements included in the WRA Biogas Conditioning and Injection project are now complete and the facility has been producing RNG that meets the specification requirements of the pipeline since October 2020.

At previous meetings the WRA Finance Committee directed the Operating Contractor to seek out a fixed-price, long-term agreement for the sale of the gas in order to guarantee revenue received. The Operating Contractor's Staff has worked to develop an agreement for a fixed-price, long-term agreement with Shell Energy North America (Shell).

Shell (<https://www.shell.us/business-customers/shell-energy-north-america.html>) is a multi-billion dollar corporation which provides an extensive array of energy services throughout the world. The proposed agreement with Shell allows the WRA to monetize the gas produced by selling the physical gas produced and the environmental attributes that are produced through the generation of the RNG. There are three documents that were developed for the transaction which will need to be approved by the WRA Board, including a Base Contract for Sale and Purchase of Natural Gas (NAESB), Special Provisions to the Base Contract for Sale and Purchase of Natural Gas, and a Transaction Confirmation. Should the WRA Finance Committee recommend approval of the agreement, the agreement is scheduled to go to the March 2021 WRA Board meeting for approval and is contingent upon Shell gaining approval of the agreement through British Columbia regulation. The agreement's effective date would be for August 1, 2021 and the WRA's existing contract with TEA would be extended through July 31, 2021 to allow Shell time to go through the regulatory approval process.

The amount of revenue that could be received by the WRA depends on several assumptions including operating uptime of the biogas conditioning equipment, and the amount of gas that is physically produced through the anaerobic digestion process. The price paid for the RNG by Shell is a fixed price of \$11.03 per MMBtu sold.

The assumptions for the 10-year agreement used below include a daily average RNG production of 1,400 MMBtus and an uptime of 95% which is the uptime the system has experienced to date. The estimate below also includes an estimated \$27,000 in monthly transportation costs that will be billed by MidAmerican Energy for gas transportation.

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|  |           |                  |
|--|-----------|------------------|
| Estimated Daily RNG Production (MMBtus)                  |           | 1,400            |
| Estimated Annual RNG Production with 95% Uptime (MMBtus) |           | 485,450          |
| Price Received per MMBtu                                 | \$        | 11.03            |
| <b>WRA Annual Gross RNG Revenue</b>                      | <b>\$</b> | <b>5,354,514</b> |

|  |           |                   |
|--|-----------|-------------------|
| WRA Annual Gross RNG Revenue                   | \$        | 5,354,514         |
| Annual MidAmerican Transportation Expenses     | \$        | 324,000           |
| Annual Operating Expenses                      | \$        | 1,525,915         |
| Annual Debt Service Expense                    | \$        | 1,200,000         |
| <b>WRA Annual Net RNG Revenue</b>              | <b>\$</b> | <b>2,304,599</b>  |
| <b>Total 10-Year Agreement Net RNG Revenue</b> | <b>\$</b> | <b>23,045,985</b> |

The Operating Contractor recommends that the WRA Finance Committee recommend approval of the 10-year agreement with Shell to monetize the RNG produced. The WRA's Fiscal Year 2020/2021 budget reflects \$2,800,000 in revenue offsets the project including \$1,200,000 in the debt service budget and \$1,600,000 in the operations budget. The short-term agreement with TEA has generated \$1,274,667 net revenue in physical gas sales to date and is estimated to generate \$1,599,934 in net RIN revenue to date based upon a RIN sale price of \$1.20 per RIN.

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SUMMARY OF REFUNDING RESULTS

Des Moines Metropolitan Wastewater Reclamation Authority  
Sewer Revenue Refunding Bonds, Series 2021A  
Current Refunding of Sewer Revenue Refunding Bonds, Series 2013B  
Assumes WRA pays P&I through June 1, 2021  
FINAL

|  |               |
|--|---------------|
| Dated Date                                 | 04/06/2021    |
| Delivery Date                              | 04/06/2021    |
| Arbitrage yield                            | 1.363338%     |
| Escrow yield                               | 0.000000%     |
| Value of Negative Arbitrage                |               |
| <br>                                       |               |
| Bond Par Amount                            | 37,380,000.00 |
| True Interest Cost                         | 1.369032%     |
| Net Interest Cost                          | 1.440039%     |
| Average Coupon                             | 2.860737%     |
| Average Life                               | 7.682         |
| <br>                                       |               |
| Par amount of refunded bonds               | 41,935,000.00 |
| Average coupon of refunded bonds           | 3.827196%     |
| Average life of refunded bonds             | 7.593         |
| <br>                                       |               |
| PV of prior debt to 04/06/2021 @ 1.363338% | 49,026,126.86 |
| Net PV Savings                             | 6,906,884.91  |
| Percentage savings of refunded bonds       | 16.470454%    |
| Percentage savings of refunding bonds      | 18.477488%    |

SAVINGS

Des Moines Metropolitan Wastewater Reclamation Authority  
Sewer Revenue Refunding Bonds, Series 2021A  
Current Refunding of Sewer Revenue Refunding Bonds, Series 2013B  
Assumes WRA pays P&I through June 1, 2021  
FINAL

| Date       | Prior Debt Service | Refunding Debt Service | Savings      | Annual Savings | Present Value to 04/06/2021 @ 1.3633376% |
|------------|--------------------|------------------------|--------------|----------------|--|
| 12/01/2021 | 760,087.50         | 860,030.64             | -99,943.14   |                | -99,060.63                               |
| 06/01/2022 | 3,425,087.50       | 2,683,746.88           | 741,340.63   | 641,397.48     | 729,819.52                               |
| 12/01/2022 | 720,112.50         | 608,121.88             | 111,990.63   |                | 109,503.74                               |
| 06/01/2023 | 3,475,112.50       | 2,943,121.88           | 531,990.63   | 643,981.25     | 516,655.25                               |
| 12/01/2023 | 678,787.50         | 549,746.88             | 129,040.63   |                | 124,472.36                               |
| 06/01/2024 | 3,518,787.50       | 2,999,746.88           | 519,040.63   | 648,081.25     | 497,275.89                               |
| 12/01/2024 | 636,187.50         | 488,496.88             | 147,690.63   |                | 140,539.56                               |
| 06/01/2025 | 3,561,187.50       | 3,063,496.88           | 497,690.63   | 645,381.25     | 470,386.34                               |
| 12/01/2025 | 592,312.50         | 424,121.88             | 168,190.63   |                | 157,887.09                               |
| 06/01/2026 | 3,592,312.50       | 3,114,121.88           | 478,190.63   | 646,381.25     | 445,856.90                               |
| 12/01/2026 | 547,312.50         | 356,871.88             | 190,440.63   |                | 176,361.44                               |
| 06/01/2027 | 3,622,312.50       | 3,171,871.88           | 450,440.63   | 640,881.25     | 414,315.49                               |
| 12/01/2027 | 493,500.00         | 286,496.88             | 207,003.13   |                | 189,112.45                               |
| 06/01/2028 | 3,663,500.00       | 3,231,496.88           | 432,003.13   | 639,006.25     | 391,994.25                               |
| 12/01/2028 | 430,100.00         | 212,871.88             | 217,228.13   |                | 195,775.55                               |
| 06/01/2029 | 3,710,100.00       | 3,287,871.88           | 422,228.13   | 639,456.25     | 377,954.19                               |
| 12/01/2029 | 364,500.00         | 135,996.88             | 228,503.13   |                | 203,157.91                               |
| 06/01/2030 | 3,764,500.00       | 3,355,996.88           | 408,503.13   | 637,006.25     | 360,733.58                               |
| 12/01/2030 | 296,500.00         | 111,846.88             | 184,653.13   |                | 161,956.15                               |
| 06/01/2031 | 3,811,500.00       | 3,361,846.88           | 449,653.13   | 634,306.25     | 391,713.01                               |
| 12/01/2031 | 226,200.00         | 85,440.63              | 140,759.38   |                | 121,791.59                               |
| 06/01/2032 | 3,871,200.00       | 3,380,440.63           | 490,759.38   | 631,518.75     | 421,752.99                               |
| 12/01/2032 | 153,300.00         | 58,668.75              | 94,631.25    |                | 80,774.40                                |
| 06/01/2033 | 3,918,300.00       | 3,388,668.75           | 529,631.25   | 624,262.50     | 449,016.56                               |
| 12/01/2033 | 78,000.00          | 29,531.25              | 48,468.75    |                | 40,813.16                                |
| 06/01/2034 | 3,978,000.00       | 3,404,531.25           | 573,468.75   | 621,937.50     | 479,620.46                               |
|            | 53,888,800.00      | 45,595,202.52          | 8,293,597.48 | 8,293,597.48   | 7,550,179.21                             |

Savings Summary

|                               |               |
|-------------------------------|---------------|
| PV of savings from cash flow  | 7,550,179.21  |
| Less: Prior funds on hand     | -6,415,368.75 |
| Plus: Refunding funds on hand | 5,772,074.45  |
| Net PV Savings                | 6,906,884.91  |