



Staff Report

Agenda Item: **PRESENTATION BY GRANT HAMILL REGARDING WATER BOND REFINANCING AND FUTURE UTILITY BONDING OPPORTUNITIES** – Presentation and discussion about water bond refinancing and utility bonding opportunities.

Meeting Date: April 24, 2012

Prepared By: Wayne Debrosky, Utilities Director

Background: Staff has been exploring the concept of securing its own financing to retire “its portion” of the 2006 Revenue Obligations with Cottonwood which currently totals \$6,745,000. As the 2006 Obligations are not callable until July 1, 2016 a refinancing would require an escrow be established to pay principal and interest on the Town’s portion of obligations until they can be called and retired. This is a complex issue and it has always been thought to have cost advantages in refinancing through WIFA for both communities but there have been a host of issues to deal with on such a restructuring having to do with the City’s outstanding Bonds, negative arbitrage in the escrow to retire the Town’s portion of the outstanding bonds, tax considerations for WIFA in funding a restricted yield escrow, reserve fund considerations, etc. etc. The mechanics would work best if ALL the Series 2006 Bonds could be refunded (through WIFA) at the same time, not piecemeal, it would make the process much smoother and avoid duplication and extra costs. The Utility also has some capital projects which could be financed at this time either separately or rolled into a refinancing of the water bond loan. Grant Hamill, from our investment banking firm Stone and Youngberg, will be present to walk through the analysis with the Council.

Recommendation: This is a presentation only and no Council action is required at this time.