



## Legislation Text

---

**File #:** 17-1148, **Version:** 2

---

Ordinance No. 17-70 of the City of Colorado Springs, Colorado providing for the refunding of certain outstanding Utilities System Revenue Bonds of the City and escrow therefor; providing for the refunding of certain outstanding Commercial Paper Notes of the City; providing for the issuance and sale of the City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2017A-1 in an aggregate principal amount not to exceed \$140,000,000, Series 2017A-2 in an aggregate principal amount not to exceed \$110,000,000 and Series 2017A-3 in an aggregate principal amount not to exceed \$95,000,000

**Presenter:**

Bob Leshner, Manager, Treasury and Finance  
Jerry Forte, P.E., CEO, Colorado Springs Utilities

**Summary:**

The attached Ordinance addresses the issuance of the Utilities System Refunding Revenue Bonds, Series 2017A in an aggregate principal amount not to exceed \$345,000,000 that will be used to refund the following:

- Certain outstanding Commercial Paper notes of the City
  
- Certain maturities of
  - Utilities System Refunding Revenue Bonds, Series 2007C
  - Utilities System Improvement Revenue Bonds, Series 2008C
  - Utilities System Refunding Revenue Bonds, Series 2009A
  - Utilities System Revenue Bonds, Series 2010A-1
  - Utilities System Revenue Bonds, Series 2010D-1
  - Utilities System Refunding Revenue Bonds, Series 2011A
  - Utilities System Revenue Bonds, Series 2012C-2(The maturities selected must meet or exceed present value savings guidelines established by Utilities' Financial Risk Management Policy)
  
- Outstanding principal balance of the Variable Rate Demand Utilities System Subordinate Lien Refunding Revenue Bonds, Series 2004A

**Previous Council Action:**

City Council approves a similar Ordinance for each new bond issue, whether for capital addition, capital improvement projects or refunding of a prior bond issue.

**Background:**

Utilities Commercial Paper program ("CP") was established in 2015. When the balance of

outstanding Commercial Paper is \$100 million or greater, Utilities refunds the CP by issuing Revenue Bonds. Utilities also reviews outstanding revenue bonds for refunding opportunities. In order to be considered the bonds must meet present value savings thresholds established in the Utilities' Financial Risk Management Policy. The Ordinance also provides for the potential termination of the 2004 Interest Rate Swap Agreement ("2004 Swap"). If the 2004 Swap is terminated the associated Utilities System Subordinate Lien Refunding Revenue Bonds, Series 2004A ("2004A Bonds will become unhedged variable rate debt. Utilities has determined that it is in the City's best interests to refund the unhedged variable rate 2004A Bonds and replace with fixed-rate debt.

**Financial Implications:**

The refunding of certain maturities of outstanding Revenue Bonds, combined with the termination of the 2004 Swap and refunding of unhedged variable rate 2004A Bonds, will decrease interest expense payments for the remaining life of the bonds. The refunding of Commercial Paper Notes will offset this decrease dependent upon market conditions at the time of bond pricing.

**Board/Commission Recommendation:**

N/A

**Stakeholder Process:**

N/A

**Alternatives:**

The City could choose not to issue the 2017A System Refunding Revenue bonds. This alternative would not be financially advantageous to the City at this time.

**Proposed Motion:**

Move approval of proposed 2017A Bond Ordinance.

An Ordinance providing for the refunding of certain outstanding Commercial Paper Notes of the City; the refunding of certain outstanding Utilities System Revenue Bonds; and the refunding of Utilities System Subordinate Lien Refunding Revenue Bonds, Series 2004A.