



Legislation Text

File #: 18-0232, **Version:** 1

An Ordinance of the City of Colorado Springs, Colorado providing for the refunding of certain outstanding Utilities System Revenue Bonds: Series 2018A-1

Presenter:

Bob Leshner, Manager, Treasury and Finance
Eric Tharp, Acting CEO, Colorado Springs Utilities

Summary:

The attached Ordinance addresses the issuance of the Utilities System Refunding Revenue Bonds (Series 2018A-1, Series 2018A-2 and Series 2018A-3) and the issuance of Utilities System Improvement Revenue Bonds (Series 2018A-4), collectively the 2018A bonds, in an aggregate principal amount not to exceed \$281,000,000 that will be used to for the following:

- Series 2018A-1: Refund the City's outstanding Variable Rate Demand Utilities System Subordinate Lien Improvement and Refunding Revenue Bonds, Series 2006A. Refund the City's outstanding Variable Rate Demand Utilities System Improvement and Refunding Revenue Bonds, Series 2007B
- Series 2018A-2: Refund the City's outstanding Utilities System Commercial Paper Notes, Series A and Series B
- Series 2018A-3: Refund the City's outstanding Utilities System Refunding Revenue Bonds, Series 2008B
- Series 2018A-4: Finance a portion of the costs of a number of general capital projects to the utility system
- Pay for the associated Surety Premium and certain costs of issuing the Series 2018A-1, Series 2018A-2, Series 2018A-3 and Series 2018A-4 bonds

Previous Council Action:

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

Background:

Series 2018A-1: The Swap Termination Ordinance, also presented on May 23, 2018, provides for the termination of Interest Rate Exchange Agreements associated with the City's outstanding variable rate interest bonds. It has been determined that the cost of refunding the Variable Rate Demand Utilities System Subordinate Lien Improvement and Refunding Revenue Bonds, Series 2006A and the termination of the related 2006 Interest Rate Exchange Agreement is beneficial to the City and is consistent with the Swap Termination Ordinance. It has also been determined that the cost of refunding the Variable Rate Demand Utilities System Improvement and Refunding Revenue Bonds, Series 2007B and the termination of the related 2007 Interest Rate Exchange Agreement is beneficial

to the City and is consistent with the Swap Termination Ordinance.

Series 2018A-2: The City's outstanding Utilities System Commercial Paper Notes, Series A and Series B will be refunded by issuing Refunding Revenue Bonds. It has been determined that refunding the outstanding Commercial Paper and issuing Refunding Revenue Bonds is beneficial to the City at this time.

Series 2018A-3: The City's Utilities System Refunding Revenue Bonds, Series 2008B, are callable from current bondholders in 2018 and it has been determined that the refunding of these bonds is beneficial to the City.

Series 2018A-4: The City periodically issues Utilities System Improvement Revenue Bonds to fund a portion of the Utilities System capital projects. It has been determined that the issuance of these bonds is beneficial to the City at this time.

Financial Implications:

Series 2018A-1: The termination of the 2006 Interest Rate Exchange Agreement and refunding of unhedged variable rate interest 2006A Bonds will decrease interest expense payments for the remaining life of the bonds. The termination of the 2007 Interest Rate Exchange Agreement and refunding of unhedged variable rate interest 2007B Bonds will also decrease interest expense payments for the remaining life of the bonds.

Series 2018A-2: The refunding of Commercial Paper Notes will increase interest expense payments for the life of the bonds.

Series 2018A-3: Refunding the 2008B bonds will decrease interest expense payments for the remaining life of the bonds.

Series 2018A-4: The issuance of Utilities System Improvement Revenue Bonds will increase interest expense payments for the life of the bonds

Board/Commission Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

The City could choose not to issue the 2018A bonds. This alternative would not be advantageous to the City at this time.

Proposed Motion:

Move approval of the proposed 2018A Bond Ordinance.

An Ordinance of the City of Colorado Springs, Colorado providing for the issuance and sale of the City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds and for the issuance and sale of Utilities System Improvement Revenue Bonds for the extension, betterment, other improvement and equipment of the City of Colorado Springs Utilities System.

