



Legislation Text

File #: 14-0449, Version: 1

Ordinance No. 14-57 of the City of Colorado Springs, Colorado Providing for the Extension, Betterment, Other Improvement and Equipment of the City of Colorado Springs Utilities System; Providing for the Issuance and Sale of the City of Colorado Springs, Colorado, Utilities System Improvement Revenue Bonds, Series 2014A-1 in An Aggregate Principal Amount of not to Exceed \$80,000,000 and Series 2014A-2 in an Aggregate Principal Amount of Not to Exceed \$80,000,000 Payable Solely Out of the Net Revenues to be Derived from the Operation of the City of Colorado Springs Utilities System; Authorizing the Execution by the City of a Bond Purchase Agreement and an Official Statement; and Providing Other Matters Relating Thereto

From:

Jerry Forte, P.E., Chief Executive Officer, Colorado Springs Utilities

Summary:

The attached Ordinance addresses the issuance of the Utilities System Improvement Revenue Bonds, Series 2014A-1 and Series 2014A-2.

The 2014A-1 aggregate principal amount not to exceed \$80,000,000 will be used to

- Fund the Capital Addition; Southern Delivery System project
- Fund the 2014A-1 reserve account
- Pay certain costs of issuing the 2014A-1 Bonds

The 2014A-2 aggregate principal amount not to exceed \$80,000,000 will be used to

- Fund general Capital Improvement projects to the Utility system
- Fund the 2014A-2 reserve account
- Pay certain costs of issuing the 2014A-2 Bonds

Previous Council Action:

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

Background:

Long Term Financing Plan (Plan) objectives include: minimize debt costs, maintain quality of credit ratings, balance risk/benefits and maintain flexibility. A Financial Risk Management Policy (Policy) was developed in alignment with the Plan. The goal of the Policy is to contain the volatility in borrowing rates within predefined limits while achieving the lowest overall cost of capital.

Financial Implications:

The 2014A-1 and 2014A-2 bond issues will increase debt service payments over 30 years.

Board/Commission Recommendation:

Enter board or commission recommendation. Enter N/A if not applicable.

Stakeholder Process:

Enter stakeholder process. Enter N/A if not applicable.

Alternatives:

The Utilities could choose not to issue the 2014A-1 and 2014A-2 System Improvement Revenue bonds. This alternative would not be financially advantageous to the Utilities at this time and would require the Utilities to 100% cash-fund planned capital expenditures.

Proposed Motion:

Approval of proposed 2014A Bond Ordinance.

The attached Ordinance addresses the issuance of the Utilities System Improvement Revenue Bonds, Series 2014A-1 and Series 2014A-2. Series 2014A-1 will be used to fund the Southern Delivery System. Series 2014A-2 will be used to fund general Capital Improvement projects to the Utility system.