

Series 2012 G.O., Utility and HURF Refunding Bond Sales

January 19, 2012



Series 2012 Tax Exempt Refunding Bond Sales

- General Obligation (G.O.) Refunding Bonds, not to exceed \$40,000,000
- Utility Systems Revenue Refunding Bonds, not to exceed \$50,000,000
- Street & Highway User Revenue (HURF) Refunding Bonds, not to exceed \$55,000,000

Series 2012 Tax Exempt Refunding Bond Sales

Bond Series Considered for Refunding:

G.O. Bonds – Refunding Series 2002, Series 2003,
2005 & 2006

Utility Systems Revenue Bonds – Refunding Series
2002 & 2002A, Series 2003, 2005 & 2006

HURF Bonds – Refunding Series 2002, Series 2003 &
2005

Series 2012 Tax Exempt Refunding Bond Sales

Potential Savings, as of January 4th:

	General Obligation Refunding Bonds		Utility Systems Revenue Tax Exempt Refunding Bonds		Street and Highway User Revenue Refunding Bonds	
	Estimated Savings		Estimated Savings		Estimated Savings	
Total Savings	\$	1,576,574	\$	2,425,880	\$	2,307,933
Net Present Value Savings	\$	1,570,672	\$	2,416,213	\$	2,297,269
Net Present Value Savings Percentage		5.31%		7.16%		5.96%

Series 2012 Tax Exempt Refunding Bond Sales

Each of the tax exempt refunding issuances are structured to:

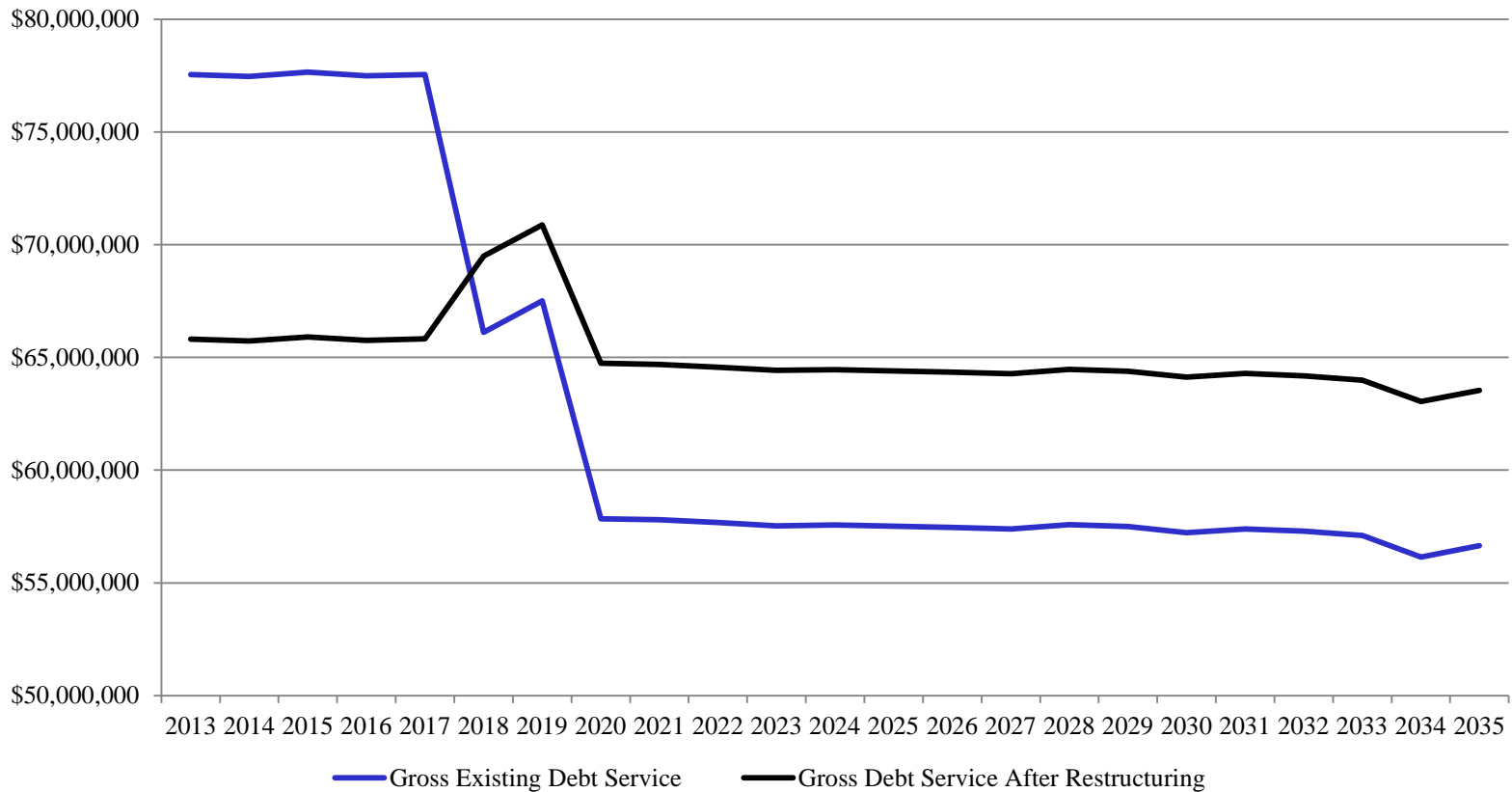
- Incur most of the savings in fiscal year 2011-12
- Retain the scheduled completion of the existing debt service payments.

Series 2012 Taxable Utility Systems Refunding Bond Sale

- Utility Systems Revenue Refunding Bonds, not to exceed \$100,000,000
- Utility Systems Revenue Refunding Bonds Series 2002 & 2002A considered for refunding

Series 2012 Taxable Utility Systems Refunding Bond Sale

Comparison of Existing and Potentially Restructured Utility Systems Revenue Bonds Debt Service



Series 2012 Taxable Utility Systems Refunding Bond Sale

Based on January 4, 2012 estimates:

- The restructured debt threshold for fiscal years 2012-13 through 2016-17 would be approximately \$65.9M
- Peak threshold of \$70.9M occurs in 2018-19

Series 2012 Taxable Utility Systems Refunding Bond Sale

Without allowance for any new debt issuances, the difference in thresholds for the first five fiscal years could generate approximately \$56.7M in cash flow.

Recent rate discussions have primarily considered the cost of the existing and new issuances of debt service.

Series 2012 Taxable Utility Systems Refunding Bond Sale

- Currently approved utility rates have been structured to accommodate an existing fiscal year debt requirement of approximately \$77.5M.
- Opportunities to restructure this debt have been restricted by the call features agreed to in each bond issuance.

Series 2012 Taxable Utility Systems Refunding Bond Sale

- The difference interest rates between the City's existing debt and current market taxable issuances have narrowed.
- This allows for the consideration of the issuance of taxable bonds.

Series 2012 Taxable Utility Systems Refunding Bond Sale

- Taxable proceeds would be used to refund the tax exempt 2002 issuances.
- The refunding would replace the current call features, allowing for a significant restructuring of the current debt service threshold.

Series 2012 Taxable Utility Systems Refunding Bond Sale

The potential cost of the refunding is approximately \$9.2M.

The refunding cost may potentially be recaptured through future tax exempt refunding, to be evaluated on an annual basis.

Series 2012 Taxable Utility Systems Refunding Bond Sale

Other factors to consider:

- The reduced debt threshold would allow for the reconsideration of recently modeled future rate increases.
- Improve revenue to debt service coverage requirements.
- Reduce fund balance reserve requirements.
- Allow for the consideration of additional cash funded projects.

Series 2012 Refunding Bond Sales Schedule

- Week of Jan. 23rd – Receive Authorization to Sell Bonds, Receive Underwriting Proposals, Select Underwriters for Each Refunding Issue
- Weeks of Feb. 27th & Mar. 5th – Go to Market and Price **Tax Exempt** Refunding Issues
- Week of Mar. 19th – Go to Market and Price **Taxable** Utility Systems Revenue Refunding Issue
- Week of Apr. 2nd – Close **Tax Exempt** Refunding Issues
- Week of Apr. 23rd – Close **Taxable** Refunding Issue