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:


Series 2012 Tax Exempt Refunding Bond Sales

Potential Savings, as of January 4th:

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

$50,000,000 $55,000,000 $60,000,000 $65,000,000 $70,000,000 $75,000,000 $80,000,000


Gross Existing Debt Service

Gross Debt Service After Restructuring
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.
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

- 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