

# Bond Refinancing Opportunity

February 20, 2020



**Resolution No. 1409**

# Refinancing Outstanding Bonds Projected to Save KUB Customers \$24M

- Refinance \$77.4M in bonds sold in 2010 and 2011 for all four systems
- Maturities not extended
- Refunding plans to be submitted to the Office of State and Local Finance
- City Council authorization required
- Proposed sale date: April 2020

# Refunding Bonds Summary

System	Proposed Bonds	Proposed Bonds Avg. Rate *	Current Bonds Avg. Rate	Debt Service Savings	Issuance Cost
Electric	\$ 17.4M	2.09%	3.97%**	\$ 1.6M	\$ 119K
Gas	\$ 9.8M	2.23%	3.98%**	\$ 1.1M	\$ 90K
Water	\$ 21.0M	2.80%	3.95%	\$ 3.2M	\$ 127K
Wastewater	\$ 30.4M	2.85%	4.27%**	\$ 18.1M	\$ 162K
Total	\$ 78.6M			\$ 24.0M	\$ 498K

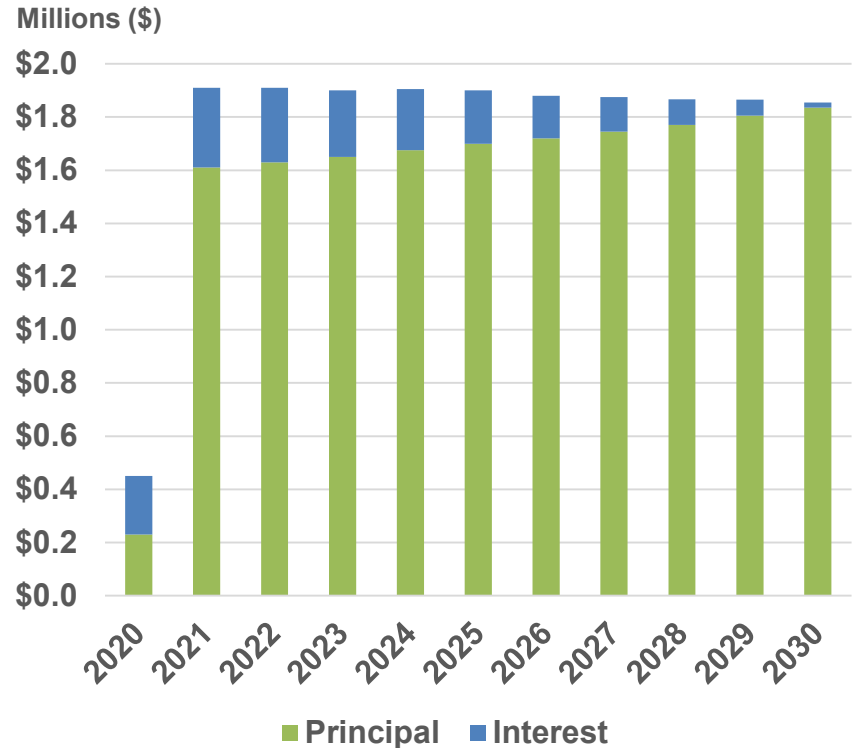
\* Based on current market rates

\*\* Includes BABs Sequestration Rate Reduction of 5.9%

# \$17.4M Electric Refunding Bonds

<b>Current Debt Service</b>	<b>\$20,888,000</b>
<b>Projected Debt Service</b>	<b>\$19,321,000</b>
<b>Savings</b>	<b>\$1,567,000</b>

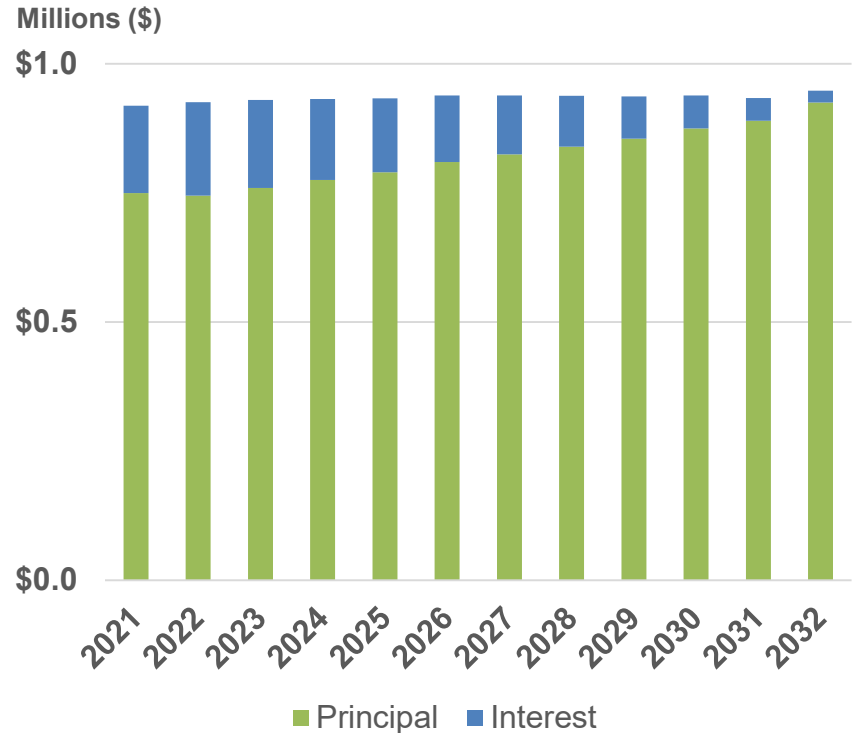
- Bonds fully mature in July 2030
- Weighted average life of bonds reduced from 6 years to 5.8 years



# \$9.8M Gas Refunding Bonds

<b>Current Debt Service</b>	<b>\$12,288,000</b>
<b>Projected Debt Service</b>	<b>\$11,215,000</b>
<b>Savings</b>	<b>\$1,073,000</b>

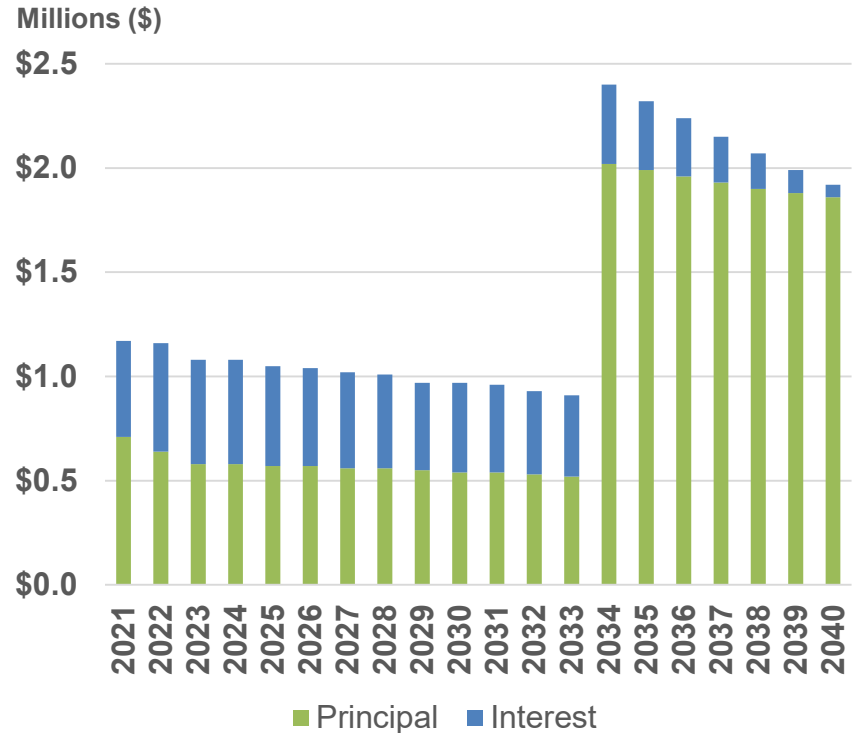
- Bonds fully mature in March 2032
- Weighted average life of bonds reduced from 6.8 years to 6.6 years



# \$21M Water Refunding Bonds

<b>Current Debt Service</b>	<b>\$31,693,000</b>
<b>Projected Debt Service</b>	<b>\$28,470,000</b>
<b>Savings</b>	<b>\$3,223,000</b>

- Bonds fully mature in March 2040
- Weighted average life of bonds reduced from 13.6 years to 13.2 years



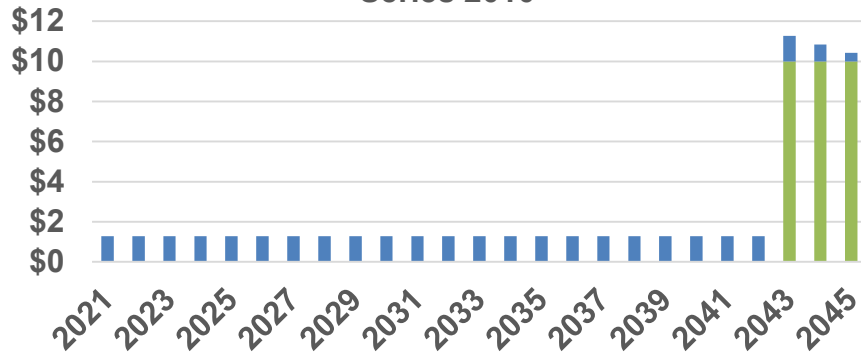
# \$30.4M Wastewater Refunding Bonds

<b>Current Debt Service</b>	<b>\$60,655,000</b>
<b>Projected Debt Service</b>	<b>\$42,563,000</b>
<b>Savings</b>	<b>\$18,092,000</b>

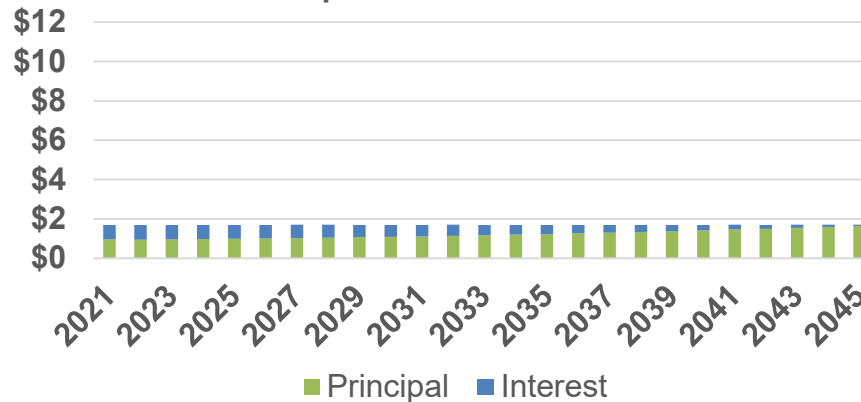
- Bonds fully mature in April 2045
- Weighted average life of bonds reduced from 24 years to 14.2 years

Millions (\$)

Series 2010



Proposed Series 2020A



■ Principal ■ Interest

# Estimated Issuance Costs

<b>Cost</b>	<b>Professional Firm</b>	<b>Fee</b>
<b>Financial Advisor</b>	<b>Cumberland Securities</b>	<b>\$132,000</b>
<b>Bond Counsel</b>	<b>Bass, Berry &amp; Sims</b>	<b>\$97,000</b>
<b>Rating Agency</b>	<b>Moody's</b>	<b>\$109,500</b>
<b>Rating Agency</b>	<b>Standard &amp; Poor's</b>	<b>\$102,500</b>
<b>Paying Agent</b>	<b>Regions Bank</b>	<b>\$3,300</b>
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		<b>\$444,300</b>
<b>Other Costs (POS, OS, Advertising, Misc.)</b>		<b>\$53,980</b>
		<hr/>
		<b>\$498,280</b>



# Key Provisions of Bond Resolutions

- Authorize (collectively) the issuance of up to \$78.6M in revenue refunding bonds
- Bonds secured by issuing system's revenues
- Bonds issued on parity with system outstanding bonds
- Authorize use of refunding escrow agreement – only needed for electric bonds

# Resolution 1409

- Requests City Council authorization for the issuance of revenue refunding bonds for each system
- Board adopts all provisions in City Council resolutions