

# Bond Refinancing Opportunity

February 18, 2021



**Resolution No. 1431**

# **Refinancing Outstanding Bonds Projected to Save KUB Customers ~ \$69M**

- Proposed refinancing of \$415.2M in bonds sold from 2010 through 2014
- 17 outstanding series of bonds across all four systems being refinanced
- Represents 36% of total outstanding debt
- Largest single sale of bonds and largest refinancing in KUB's history

# Refinancing Summary

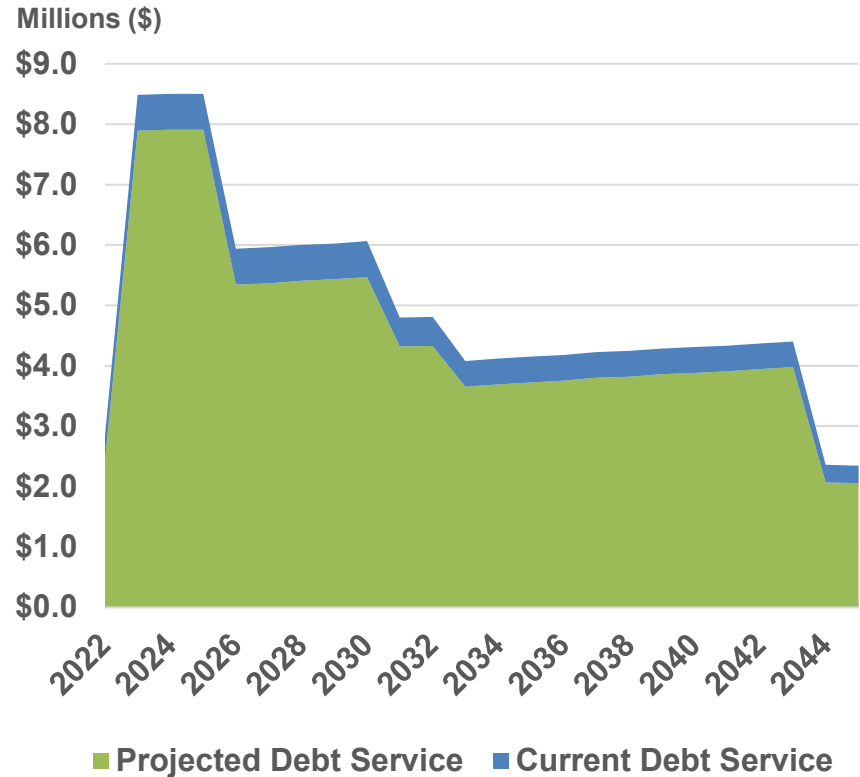
| System     | Proposed Bonds | Proposed Bonds Avg. Rate * | Current Bonds Avg. Rate | Debt Service Savings | Issuance Cost |
|------------|----------------|----------------------------|-------------------------|----------------------|---------------|
| Electric   | \$ 87.5M       | 2.12%                      | 3.46%                   | \$ 11.4M             | \$ 293K       |
| Gas        | \$ 49.5M       | 1.61%                      | 3.82%                   | \$ 7.4M              | \$ 220K       |
| Water      | \$ 41.5M       | 2.10%                      | 4.21%                   | \$ 9.9M              | \$ 213K       |
| Wastewater | \$ 241.0M      | 2.11%                      | 3.54%                   | \$ 40.6M             | \$ 395K       |
| Total      | \$ 419.5M      |                            |                         | \$ 69.3M             | \$1.12M       |

*\* Based on current market rates*

# \$87.4M Electric Refunding Bonds

|                        |                      |
|------------------------|----------------------|
| Current Debt Service   | \$117,935,000        |
| Projected Debt Service | <u>\$106,528,000</u> |
| Savings                | \$11,407,000         |

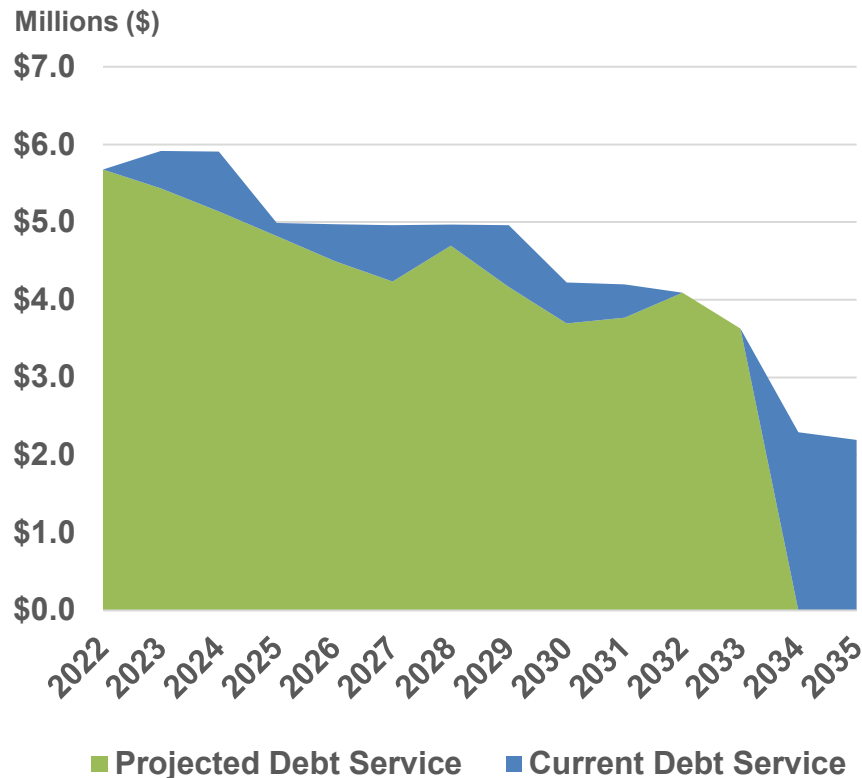
- Bonds fully mature in July 2045
- Weighted average life of bonds reduced from 11 years to 10.6 years



# \$49.5M Gas Refunding Bonds

|                        |                     |
|------------------------|---------------------|
| Current Debt Service   | \$61,280,000        |
| Projected Debt Service | <u>\$53,853,000</u> |
| Savings                | \$7,427,000         |

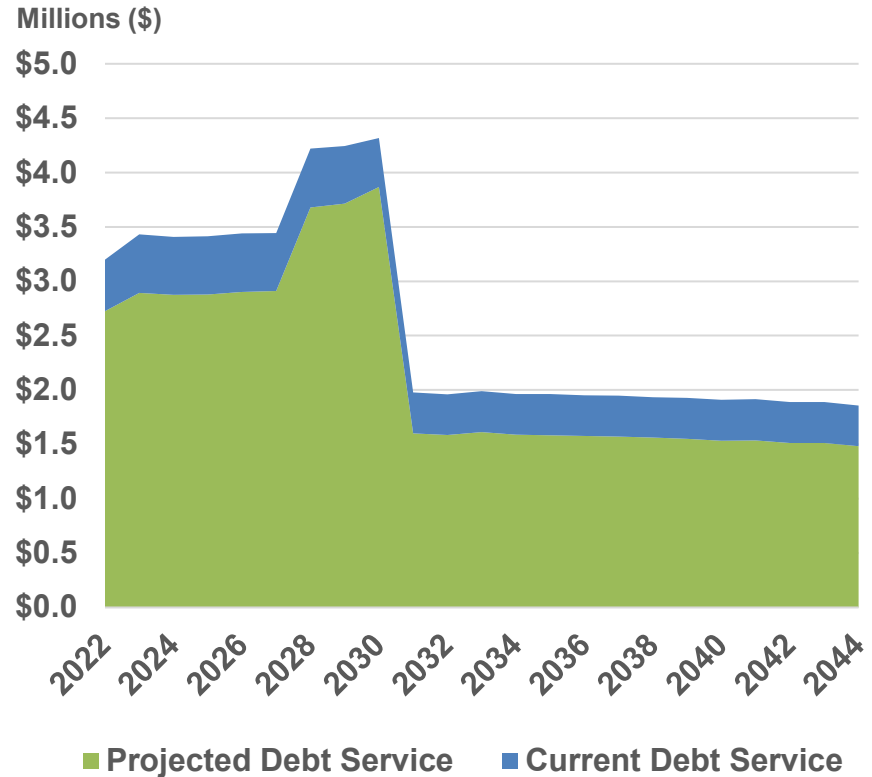
- Bonds fully mature in March 2033
- Weighted average life of bonds reduced from 6.6 years to 6.0 years



# \$41.5M Water Refunding Bonds

|                        |                     |
|------------------------|---------------------|
| Current Debt Service   | \$60,207,000        |
| Projected Debt Service | <u>\$50,268,000</u> |
| Savings                | \$9,939,000         |

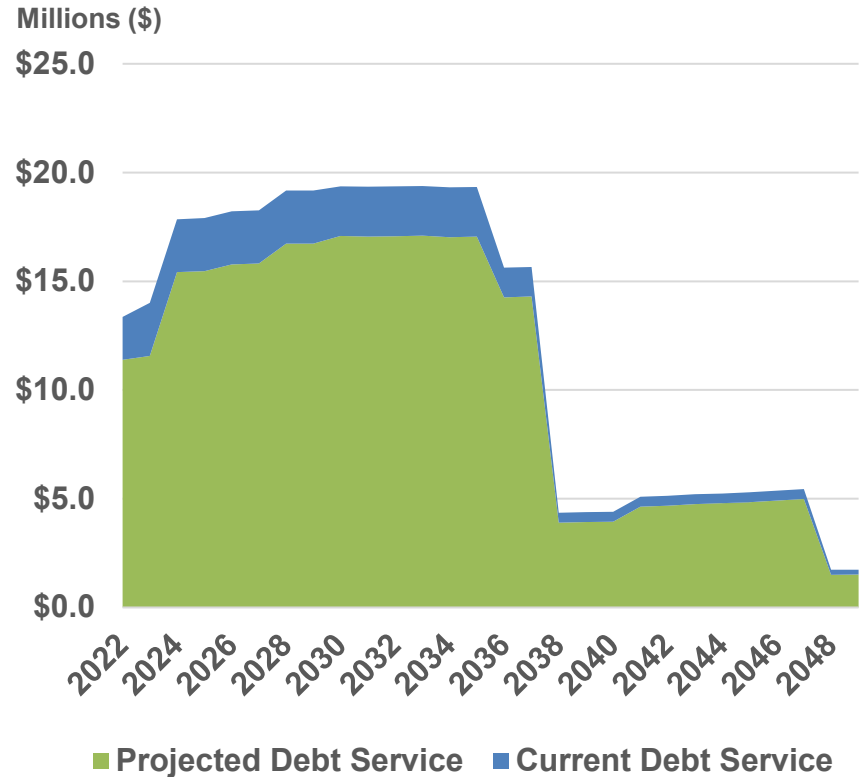
- Bonds fully mature in March 2044
- Weighted average life of bonds reduced from 11 years to 10.3 years



# \$240.5M Wastewater Refunding Bonds

|                        |                      |
|------------------------|----------------------|
| Current Debt Service   | \$338,559,000        |
| Projected Debt Service | <u>\$298,012,000</u> |
| Savings                | \$40,547,000         |

- Bonds fully mature in April 2049
- Weighted average life of bonds reduced from 11.9 years to 11.4 years



# Estimated Issuance Costs

| <b>Cost</b>                                      | <b>Professional Firm</b>      | <b>Fee</b>         |
|--|-------------------------------|--------------------|
| <b>Financial Advisor</b>                         | <b>Cumberland Securities</b>  | <b>\$350,000</b>   |
| <b>Bond Counsel</b>                              | <b>Bass, Berry &amp; Sims</b> | <b>\$225,000</b>   |
| <b>Rating Agency</b>                             | <b>Moody's</b>                | <b>\$287,000</b>   |
| <b>Rating Agency</b>                             | <b>Standard &amp; Poor's</b>  | <b>\$203,000</b>   |
| <b>Paying Agent</b>                              | <b>Regions Bank</b>           | <b>\$3,000</b>     |
|  |                               | <b>\$1,036,000</b> |
| <b>Other Costs (POS, OS, Advertising, Misc.)</b> |                               | <b>\$54,000</b>    |
|  |                               | <b>\$1,122,000</b> |



# Resolution 1431

- Requests City Council authorize the issuance of up to \$419.5M in revenue refunding bonds
- Bonds secured by issuing system's revenues
- Bonds issued on parity with outstanding debt
- Authorize use of refunding escrow agreement for electric bonds