



Consent 3E
 Staff/Consultant Reports _____
 Agenda Item _____
 Date March 9, 2017
 Handout Consent 3E

Agenda Summary Report

To: Mark R. Williams, General Manager *MR*
From: Susan McGuire, Administrative Services Manager *SM*
Mtg. Date: March 9, 2017
Re: Financial Rating Fees for Proposed Bond Issuance

BACKGROUND:

The District is in the process of preparing all of the necessary documents and complying with any requirements to issue approximately \$41 million in Revenue Bonds. One step in this process is to have the District's financial capability to repay the bonds rated by an outside rating agency. On September 8, 2016 Tom Gaffney of Bartle Wells presented, the District's financial advisor, presented an estimate of the total bond issuance costs to the Board. See Attachment 1. The total cost was estimated at \$240,000 for issuance and \$590,000 for underwriting fees for a total of \$830,000, see Attachment 2. The total issuance costs have been updated to reflect proposals from FitchRatings and S&P Global Ratings of \$31,000 each.

STAFF RECOMMENDATION:

Staff recommends that the Board approve rating agency's proposal from FitchRatings for \$31,000 and from S&P Global Ratings for \$31,000.

FISCAL IMPACT:

\$62,000 to be paid through the bond financing.

PERSON TO BE NOTIFIED:

Tom Gaffney, Bartle Wells
 Fitch Ratings
 S&P Ratings

Las Gallinas Valley Sanitary District
Project Financing Options

Agenda Item 1
to September 8, 2016

Revenue Bond/COP		State Revolving Fund Loan	
Project Cost	\$40,000,000	Project Cost	\$40,000,000
Issuance cost	240,000	Issuance cost	100,000
Underwriter	590,000	Underwriter	0
Less: Original Issue Premium	<u>-1,030,000</u>	Less: Original Issue Premium	<u>0</u>
Principal Amount of Bonds	\$39,800,000	Principal Amount of SRF	\$40,100,000
Annual Debt Service		Annual Debt Service	
20 years; 2.6%	\$2,580,000	20 years; 1.9%	\$2,550,000
25 years; 2.75%	\$2,220,000	25 years; 1.9%	\$2,150,000
30 years; 2.9%	\$2,000,000	30 years; 1.9%	\$1,890,000

Comparison - Revenue Bond/COP vs. State Revolving Fund Loan

	Revenue Bond/COP	State Revolving Fund Loan
Interest Rate	--	0.7% to 1.0% lower
Issuance Costs	--	\$730,000 lower
Original Issue Premium	\$1,230,000	\$0
Timing	3 months	Unpredictable
Issuance Certainty	High	Uncertain
Start of Debt Service	Immediate	1 to 2 year delay
Cash Flow	Funds up front	Payment Reimbursement
Additional Studies	None	Collection System

Cash Flow Requirements - Possible Use of Bank Line of Credit

Municipal Market Data - General Obligation Bond Yields

	AA	A
2017	0.64%	0.77%
2021	1.04%	1.29%
2026	1.66%	1.95%
2031	2.01%	2.33%
2036	2.25%	2.56%
2041	2.32%	2.61%
2046	2.37%	2.66%

Las Gallinas Valley Sanitary District
2017 Revenue Bonds

Estimated Issuance Costs	Updated	
	March 1, 2017	
Financial advisor	\$	43,500
FA expenses		-
Bond/disclosure counsel		55,000
Bond counsel expenses		2,500
JPA counsel		3,500
Trustee		4,000
Standard & Poors		31,000
Fitch Ratings		31,000
Reserve fund surety		65,000
Misc/other/contingency		<u>20,500</u>
	\$	<u><u>256,000</u></u>