

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: 06/09/2010

Board Item: VI-B-2

## 2010 Sale of Revenue Bonds

Action by Consent

Action

Information

The Board approved a reimbursement resolution, dated December 10, 2008 authorizing the issue of \$150 million in debt to refund the Water Works Fund for capital expenditures in 2009, 2010 and 2011. Of this amount, Denver Water issued bonds and reimbursed capital expenditures totaling \$44 million.

The 2010 budget approved by the Board on December 9, 2009 projects that Denver Water will borrow \$39 million during 2010. The budget assumed that the proceeds would be used to reimburse the Water Works Fund for monies spent on 2010 capital construction projects, over the amount reimbursed by the 2009 Build America Bonds. Approximately \$50 million in unreimbursed Part 1 capital expenditures were identified as eligible for reimbursement in 2010. The 10-Year Financial Plan presented to the Board on September 9, 2009 expected another \$50 million in bond proceeds for 2011 to finance a significant portion of the projected \$62 million in expansion capital expenditures in year 2011.

Staff initially expected to issue \$39 million debt in September 2010. After much consideration and discussions with Denver Water's Financial Advisor, Piper Jaffray and Co. and Bond Counsel, Peck, Shaffer & Williams, LLP, staff is proposing combining the 2010 and 2011 bond issuances into a single bond issue in the amount of \$90 million, with the sale expected to take place between September and October 2010. The attached memo outlines the main reasons behind the decision to sell a single bond issue as well as the proposed timeline of the bond sale.

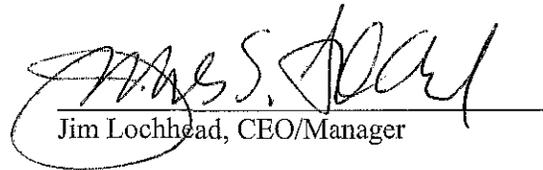
Staff expects to present to the Board the Fourth Supplemental Resolution, Authorization and other documents necessary to complete the sale at the September 8, 2010 Board meeting. The sale may be completed within two weeks to three months following authorization depending on market conditions.

Staff, with the assistance of our consultants, is analyzing the appropriate type of bonds to issue and the best method to sell them. Similarly to the 2009 issue, we will look at taxable Build America Bonds as an alternative to traditional tax-exempt bonds, depending on market conditions.

Respectfully submitted,



Usha Sharma, Acting Director of Finance



Jim Lochhead, CEO/Manager

### Approvals:



Patricia Wells, General Counsel

8/31/09

Revised by Legal 8/31/2009