

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: 10/13/2010

Board Item: VI-B-1

Sale of Series 2010B Master Resolution Revenue Bonds

Action by Consent

Action

Information

On September 8, 2010 the Board received and adopted the Fourth Supplemental Resolution authorizing the Director of Finance and/or Treasurer to complete the planned sale of \$90 million, Master Resolution Water Revenue Bonds, Series 2010. Certain other documents pertaining to the bond issuance were also presented for informational purposes only.

The staff, in coordination with Piper Jaffray & Co., Financial Advisor to the Board, and Peck, Shaffer and Williams LLP, Bond Counsel, successfully completed a public sale of the bonds on September 28, 2010. Ten bids were received with True Interest Cost ("TIC") ranging between 3.10% and 3.38%, net of the anticipated Build America Bonds' ("BABs") interest subsidy of 35%. Four of the bidders requested a combination of tax-exempt and taxable BAB securities while the remaining bidders offered to buy all bonds as taxable securities. The bid was awarded based on the lowest TIC. The winning bidder was Stifel Nicolaus & Company, Inc. at a net TIC of 3.10%; this is historically the lowest debt cost achieved by the Board since 1956. Several factors attributed to this historically lowest debt cost some of which are:

- Advantageous market conditions at the time of sale
- Strong credit ratings due to the Board's conservative fiscal policy
- Taxable Build America Bonds with Federal subsidy of 35% vs. tax exempt bonds

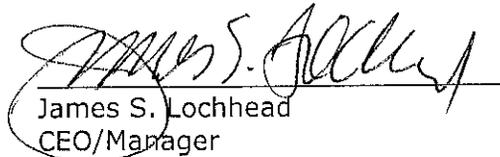
The closing of the sale and the delivery of proceeds to the Water Works Fund took place on October 7, 2010. The total bond proceeds were \$90,148,835, less an underwriter's discount of \$397,742.49. The total cost of issuance including the underwriter's discount is estimated at \$613,000, or 0.68% of the par amount issued. The estimated savings from issuing taxable Build America Bonds versus traditional tax-exempt bonds are \$4 million or \$2.8 million on a net present value (NPV) basis.

Respectfully submitted,

Approvals:



Angela Brimont, Director of Finance



James S. Lochhead
CEO/Manager



Usha Sharma, Treasurer