



TO: Finance Committee

FROM: Tony Saucerman, Finance Director *Ts*

DATE: August 3, 2017

RE: Request to Delay the 2017 Water Revenue Bond Issue

The 2017 Budget Resolution authorized the issuance of \$4,100,000 of Water Utility revenue bonds to fund 2017 capital costs. After reviewing the results of operations for 2016 and the available cash balance in 2017, I am requesting to forego issuing the bonds in 2017 and instead combine the 2017 issuance with the anticipated 2018 issue. The Water Utility has a sufficient unreserved cash balance (approximately \$13.6 million at 7/31/17) to fund capital expenditures incurred until the 2018 bond proceeds are received.

The Declaration of Official Intent has been filed which allows the Water Utility to be reimbursed for 2017 capital costs with the 2018 revenue bond issue. A review of both the 2017 and 2018 capital costs will be performed when planning for the 2018 issue to determine how much of the 2017 costs will need to be reimbursed. It may be possible that by using some available cash, or experiencing positive budget variances in actual construction costs, the entire \$4.1 million will not need to be reimbursed which will save in future interest costs. Delaying the 2017 issue will also save in debt issuance costs by combining two issues into one.

As always, if you have any questions on this matter or would like further clarification, feel free to contact me.