

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Adoption of a Resolution Authorizing the Issuance and Sale of Water Utility System Revenue Bonds for the Purpose of Financing Improvements to the Water Utility System in the Aggregate Principal Amount not to Exceed Eighteen Million Dollars (\$18,000,000) and Authorizing the Issuance and Sale of Water Utility Revenue Refunding Bonds in the Aggregate Principal Amount not to Exceed Thirty Five Million Dollars (\$35,000,000) to Refund Series 2002, 2005 and 2008 Bonds; and Providing for Related Matters

Meeting Date: October 12, 2015
Department: Central Services
www.eugene-or.gov

Agenda Item Number: 2C
Staff Contact: Sue Cutsogeorge
Contact Telephone Number: 541-682-5589

ISSUE STATEMENT

Eugene Water & Electric Board (EWEB) is requesting authority to proceed with the issuance of Water Utility Revenue Bonds in the amount of \$18,000,000 for capital improvements and \$35,000,000 for refinancing existing bonds to achieve interest rate savings.

BACKGROUND

A new authorization for \$18,000,000 of Water Utility System Revenue Bonds is being requested under the provisions of the Uniform Revenue Bond Act. The bonds that are issued pursuant to this authorization will provide funds for design and construction work associated with water utility capital infrastructure improvements such as water filtration plant upgrades and distribution system improvements to pump stations, reservoirs and pipelines.

The City, acting by and through EWEB, previously issued \$10,000,000 Series 2002, \$12,540,000 Series 2005 (refunding bonds), \$15,595,000 Series 2008, and \$17,300,000 Series 2011 of Water System Revenue Bonds. As of October 1, 2015, a balance of \$5,220,000, \$10,315,000, \$13,540,000, and \$16,485,000, respectively, remain outstanding for these bonds. The bonds were issued to fund capital infrastructure improvements in order to maintain safe, reliable and high quality drinking water to Eugene citizens.

The 2002 and 2005 series of bonds are currently callable and the 2008 series will be advance refunded given favorable market conditions. EWEB is proposing to refinance these bonds to achieve approximately \$1,600,000 in interest savings over the life of the bonds. The savings of these bonds will help reduce future rates. The overall impact on water rates net of the anticipated savings from the refunding is projected to be approximately a 2.5 percent rate increase. The EWEB Board of Commissioners unanimously approved a resolution requesting the City to

authorize the sale of these bonds at their September 1, 2015 meeting.

RELATED CITY POLICIES

There are no City policies related to this item.

COUNCIL OPTIONS

The council can adopt or not adopt this resolution. If the council does not adopt the resolution, EWEB would not be able to issue new revenue bonds to complete its capital improvements and proceed with the refinancing of the Series 2002, 2005 and 2008 Bonds to achieve interest rate savings.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends adoption of the resolution.

SUGGESTED MOTION

Move to adopt Resolution 5139, a Resolution Authorizing the Issuance and Sale of Water Utility System Revenue Bonds for the Purpose of Financing Improvements to the Water Utility System in the Aggregate Principal Amount of not to Exceed Eighteen Million Dollars (\$18,000,000); Authorizing the Issuance and Sale of Water Utility Revenue Refunding Bonds in the Aggregate Principal Amount of not to Exceed Thirty Five Million Dollars (\$35,000,000) to Refund Series 2002, Series 2005 and Series 2008 Bonds; and Providing for Related Matters.

ATTACHMENTS

A. Resolution Authorizing the Issuance and Sale of Water Utility System Revenue Bonds

FOR MORE INFORMATION

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