

## REFUNDING ELECTRIC REVENUE BONDS, ISSUE OF 2023

#### Finance Department

Board of Public Utilities September 11, 2023

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#### BACKGROUND

The City's RPU financing team has developed a comprehensive financing plan for the Electric Utility designed to achieve the following objectives:

- 1. Refinance outstanding fixed-rate bonds to provide debt service savings
- 2. Refinance variable-rate debt with fixed-rate debt and terminate the associated interest rate swaps to reduce risk

This plan of financing is consistent with the goals and objectives of the Five-Year Rate plan approved by City Council on May 22, 2018, and the City's Strategic Plan.



FINANCING PLAN	
Core components of the financing plan include:	
Refunding of 2013A Electric Bonds	Fixed Rate Refinancing of 2008A, 2008C and 2011A bonds and associated swaps
Existing 2013A electric bonds are tax- exempt fixed rate bonds	Existing 2008A, 2008C and 2011A bonds are variable rate bonds with associated swap agreements to form synthetic fixed rate debt
Refund existing bonds with new tax- exempt fixed rate bonds at a lower rate to achieve debt service savings	Refund all or a portion of 2008A, 2008C and 2011A VRDBs and terminate associate swaps with fixed rate bonds on a cost-neutral basis to de-risk debt portfolio
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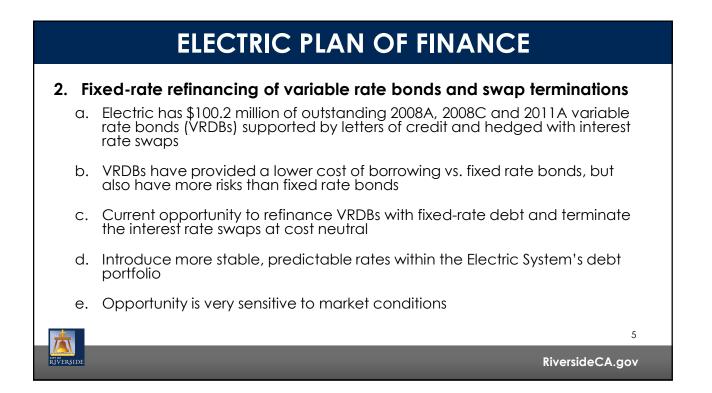
# **ELECTRIC PLAN OF FINANCE**

- 1. Refund \$34.4 million of 2013A Bonds for debt service savings
  - a. 2013A Bonds are eligible to be refinanced on October 1, 2023
  - b. RPU is proposing a fixed-rate refunding that maintains the current final maturity (2043)
  - c. At current rates, refunding would generate annual cashflow savings of approximately **\$320,000** per year through 2043

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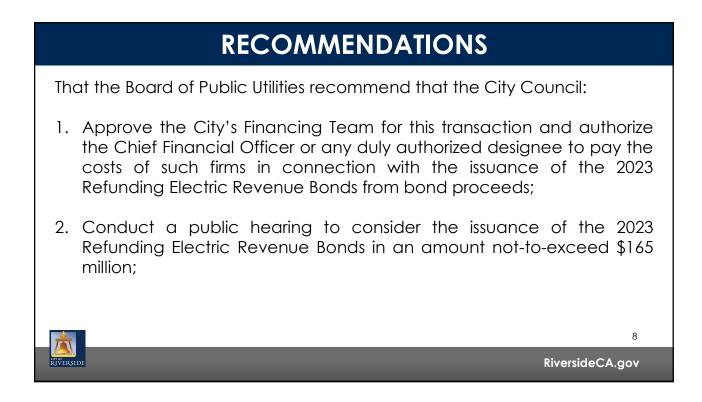


## FINANCING TEAM

- 1. City staff from the Public Utilities Department, Finance Department and City Attorney's Office
- 2. Bond & Disclosure Counsel: Stradling, Yocca, Carlson & Rauth
- 3. Municipal Advisor: PFM Financial Advisors, LLC
- 4. Swap Advisor: Omnicap Group, LLC
- 5. Underwriters: J.P. Morgan Securities LLC, Barclays Capital Inc., Siebert Williams Shank & Co., L.L.C. and Samuel A. Ramirez & Co., Inc.







#### RECOMMENDATIONS

- 3. Adopt a resolution authorizing the issuance of the 2023 Refunding Electric Revenue Bonds in an aggregate principal amount not-toexceed \$165 million;
- 4. Delegate to the City's Financing Team, at the time of Bond sale, the determination of specific maturities to be refunded, the amount of interest rate swaps to be terminated and the form of new bonds as outlined in Recommendation No. 3 above; and
- 5. Upon closing of the 2023 Refunding Electric Revenue Bonds, authorize the Chief Financial Officer, or designee, to make the necessary budget adjustments and/or appropriations to properly record the refunding and financing expenses in accordance with governmental accounting standards.



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