

FINANCE MEMORANDUM

#12-14

DATE: October 22, 2012

TO: Honorable Mayor Joyce Downing and City Council Members

FROM: William Simmons, City Manager *WAS*
Jason Loveland, Director of Finance *42*

SUBJECT: Advanced Refunding of Series 2002A Certificates of Participation

BACKGROUND:

On December 1, 2002, the Northglenn Community Leasing Corporation (NCLC) issued Series 2002A Certificates of Participation (Certificates) in the amount of \$13,515,000 to be retired over a 20-year period at a net effective interest rate of 5.76%. The issued Certificates were used to finance the acquisition and construction improvements to Standley Lake Reservoir, which is used in the water and sewer utility of the City.

Underlying the Certificates is an annually renewable lease subject to annual appropriation between the City and NCLC. As such, the Certificates have been reported in the financial statements as a capital lease of the City. A Debt Service Reserve Surety Bond in the amount of \$1,145,410 has been established to meet the reserve requirement of the Certificates. Principal payments are due annually and interest payments are due semiannually through December 1, 2022. The remaining principal due is \$9,035,000 with an upcoming principal payment of \$615,000 due December 1, 2012. These payments are payable from the Water and Wastewater Fund.

UPDATE:

City staff and the finance committee have engaged in discussions with a financial advisor regarding the potential refunding (refinance) of the 2002A Certificates. Feedback received from the advisor indicates the opportunity to refund the Certificates at a lower interest rate while not extending the term. Staff would like to issue a Request for Proposal (RFP) for the refunding.

The tentative dates for the RFP issuance and related activities are as follows:

October 24	City posts RFP for potential bank purchasers
November 9	Proposals due
November 16	Purchaser tentatively selected
November 26	First Reading of Leasing Ordinance
December 10	Second Reading of Leasing Ordinance
January 15, 2013	Closing and delivery of funds

STAFF REFERENCE:

If Councilmembers have any comments or questions, you may contact Jason Loveland at jloveland@northglenn.org or at 303-450-8817.