

# MEMORANDUM

TO: Financial, Expenditure and Legal Subcommittee

SUBJECT: Refinancing of 2015 & 2017 Flood Control and Water Quality Enhancement Bonds

DATE: August 5, 2019

FROM: John Winkler, General Manager

The NRD issued \$43,530,000 of Flood Protection and Water Quality Enhancement Refunding Bonds on June 15, 2017 saving the District more than \$2.7 million. At that time, certain bonds were left unrefunded because they did not produce savings. These bonds were refinanced on January 5, 2018 saving the District an additional \$290,000. The District refinanced its 2010 bonds in 2015 to achieve approximately \$460,000 of interest cost savings. To date, these refinancing actions have saved the District taxpayers \$3,500,000. Recently, interest rates have declined. At this time refinancing outstanding maturities of the 2015 and 2017 bonds is expected to save the District approximately \$1.5 million by reducing interest cost.

The term of the bonds will not be extended the original issue and the District will not realize any additional funds for current or future expenditure.

The subcommittee's recommendation to the Board is to approve a parameters resolution in order to authorize the possible refinancing and direct the General Manager to sign off on the final terms of the sale. This action would only authorize the refinancing, not commit the District to selling bonds.

Per Bond Counsel's instructions this item will require approval of two thirds majority vote (8 votes) of the Board of Directors to approve the refinancing of the bonds and to realize potential savings.

**Management recommends that the Subcommittee recommend to the Board of Directors that the Board authorized the possible refinancing of 2015 and 2017 Series Flood Control and Water Quality Enhancement bonds subject to approval by District Legal Counsel and the General Manager.**