



NOTICE OF RESCHEDULED MEETING

REGULAR MEETING
OF THE

REGIONAL SEWERAGE POLICY COMMITTEE

SCHEDULED FOR
THURSDAY, DECEMBER 1, 2016, 4:30 P.M.
HAS BEEN RESCHEDULED TO
TUESDAY, DECEMBER 6 AT 9:00 A.M.

6075 Kimball Avenue
Chino, CA 91708



Regional Sewerage Program Policy Committee Meeting

AGENDA

Tuesday, December 6, 2016

9:00 a.m.

Location

Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91710

Call to Order and Roll Call

Pledge of Allegiance

Public Comment

1. Informational Items

A. 2008A Revenue Bond Refinancing


DECLARATION OF POSTING

I, Laura Mantilla, Executive Assistant of the Inland Empire Utilities Agency, A Municipal Water District, hereby certify that a copy of this agenda has been posted by 5:30 p.m. in the foyer at the Agency's main office, 6075 Kimball Avenue, Building A, Chino, CA on Thursday, December 1, 2016.

Laura Mantilla
Laura Mantilla



Inland Empire Utilities Agency
A MUNICIPAL WATER DISTRICT

Date: December 1, 2016/December 6, 2016
To: Regional Committee
From:  Inland Empire Utilities Agency
Subject: 2008A Refunding

RECOMMENDATION

This is an information item for the Regional Committees to review.

BACKGROUND

This item is scheduled to be presented to the IEUA Board of Directors meeting on December 21, 2016.



Inland Empire Utilities Agency

A MUNICIPAL WATER DISTRICT

2008A Revenue Bond Refunding



**Regional Committees
December 2016**



Why Refinance Now?



- **Interest rates remain very low:**
 - Return on investment ~1%
 - Opportunity to replace 5% coupon debt with lower rate debt.
- **Use of available cash reserves to pay down high interest debt.**
- **Significant present value savings over the life of the bonds.**
- Reducing debt service costs will:
 - Decrease pressure on rates/fees in the future, and
 - **Improve long term debt coverage ratio.**
- Reducing outstanding debt will leave room for future borrowings needed to **support TYCIP.**
- On going review of opportunities to lower debt service cost is consistent with the IEUA Business Goal of Fiscal Responsibility.

Major Projects



**RP5 Solid
Expansion
~ \$165M**

2023

**RP1
Expansion
~ \$165M**

2030

**RP2
Decommissioning
~ \$30-\$60M**

2032

2035

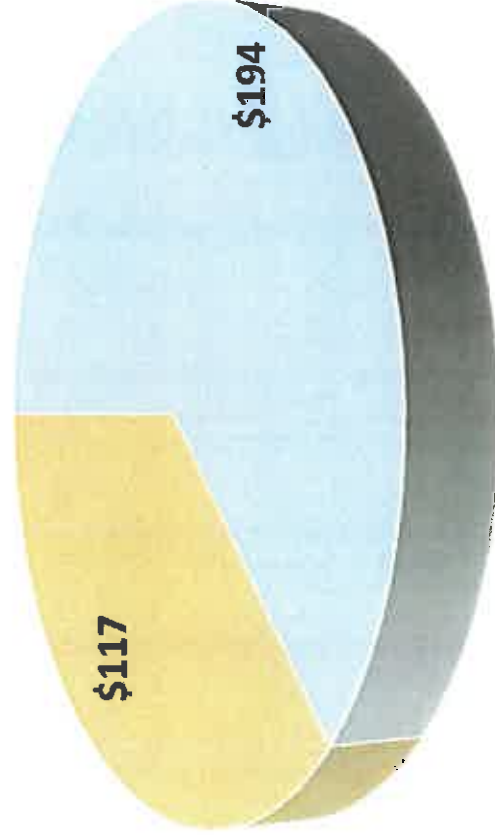
**RP5 Liquid
Expansion
~ \$160M**

**RP4
Expansion
~ \$10M**

New Debt Needed for TYCIP



**Total Debt Outstanding
As of June 30, 2016
\$311 Million**



● Bonds ● SRF Loans/Notes

- ~\$310M new debt needed over the next ten years;
 - TYCIP \$685M, and
 - 20YCIP \$935M
- ~\$492M total outstanding debt estimated as of June 30, 2026 (net of \$129M debt service payments)

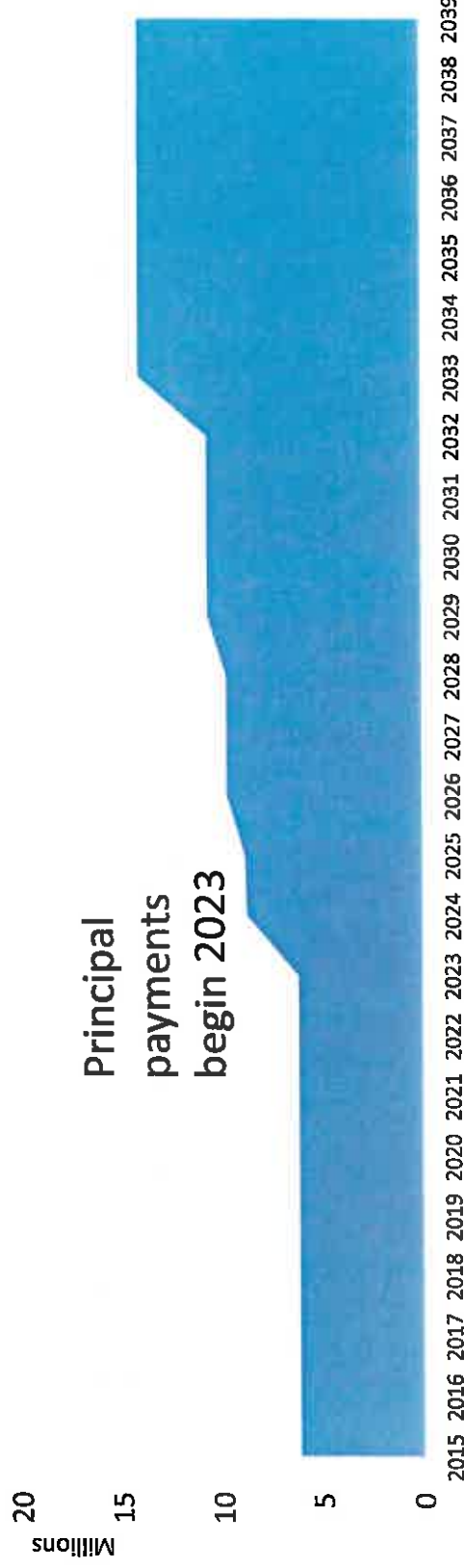
2008A Bonds - \$125M par



Issued to finance capital projects in the Regional Wastewater, Recycled Water and Non-Reclaimable Wastewater programs.

- 5% fixed interest rate
- \$6.250M/year interest only payable through 2022
- Callable for the first time November 1, 2017

2008A Bonds Current Debt Amortization Schedule



■ 2008A

Financing Option Objectives



- Ensure short term and long term operational and financial stability
- Reduce debt service costs
- Prudent use of available cash reserves
- Ensure debt capacity to support future capital requirements

Scenario	Name	Description
1	Baseline	Maintain current amortization schedule.
2	5 Year Redemption	Early redemption over 5 years, \$25M per year beginning 2017.
3	Partial Refinancing / Cash Defeasance	Advance refinancing of \$75M, and cash defeasance of \$50M.
4	Full Refinancing	Advance refinancing of \$125M.

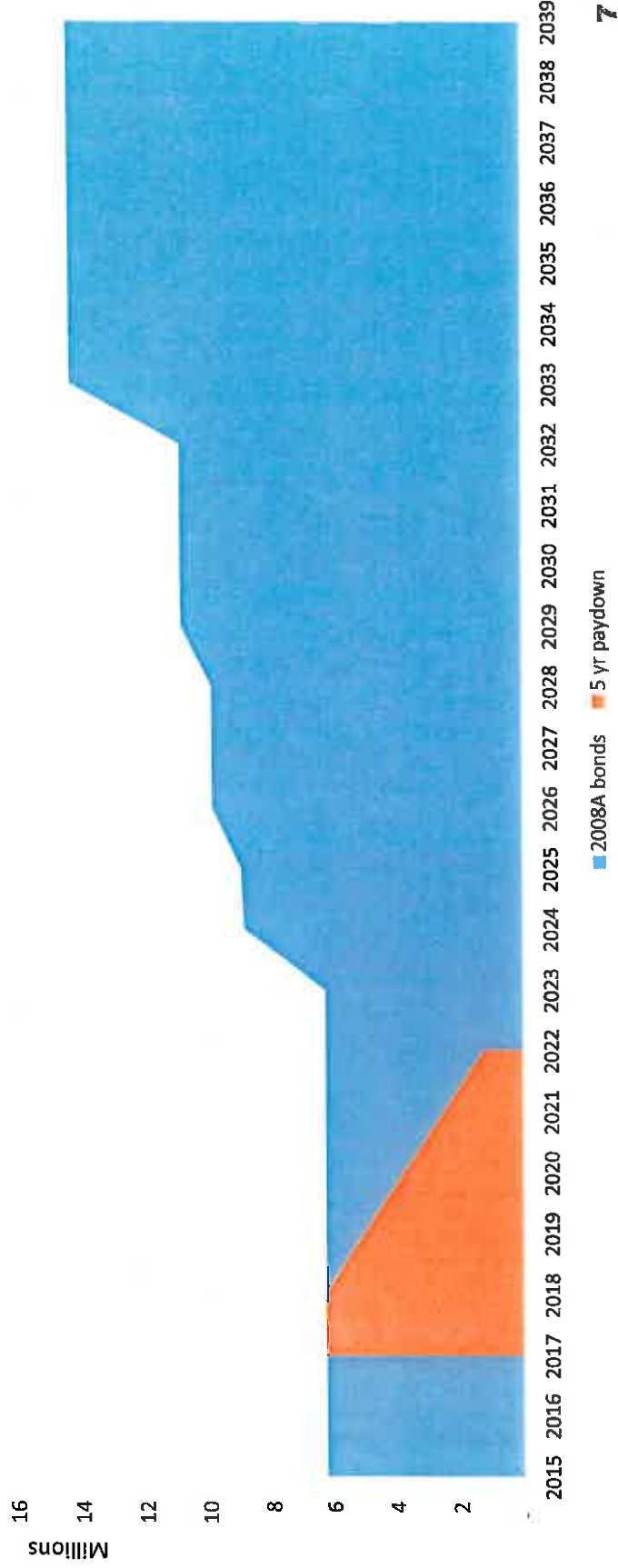
Scenario 2 – 5 year redemption



Total Savings: \$ 82.6 Million

Net Present Value Savings: \$ 12.7 Million

Debt Service Comparison



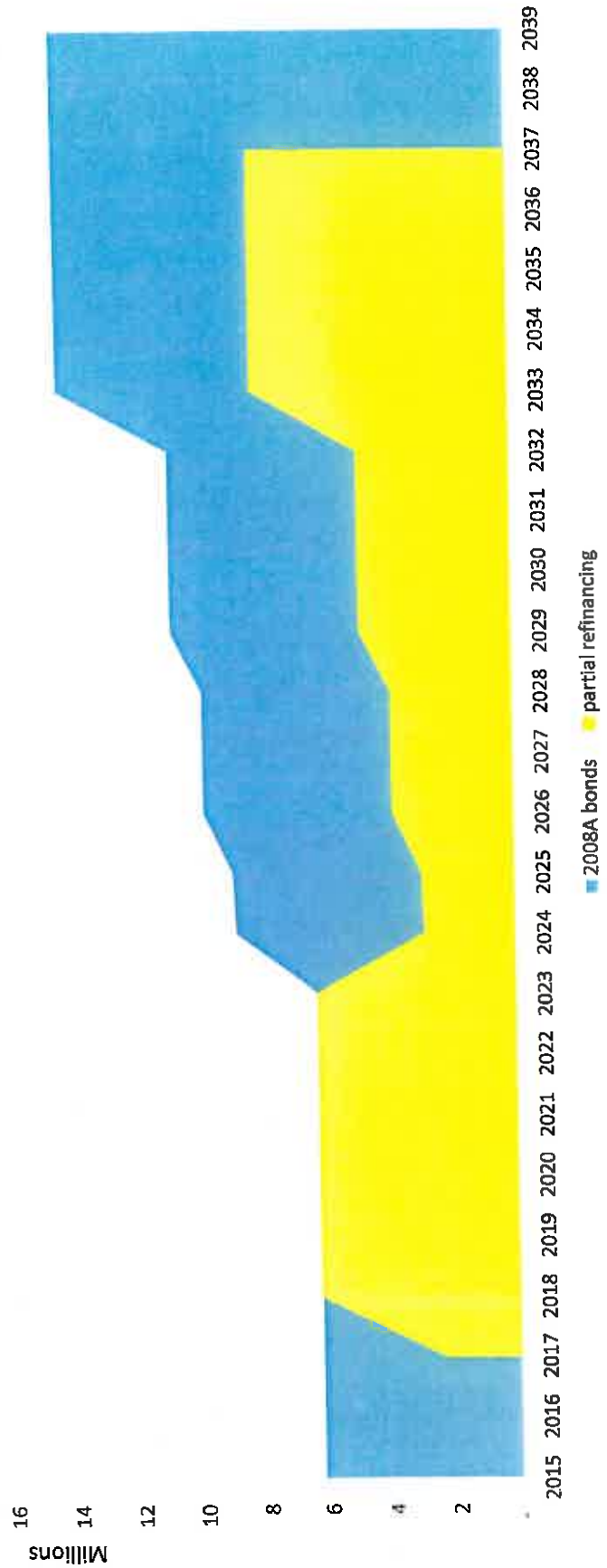
Scenario 3 – Partial Refinancing



Total Savings: \$ 62.3 Million

Net Present Value Savings: \$ 22.0 Million

Debt Service Comparison



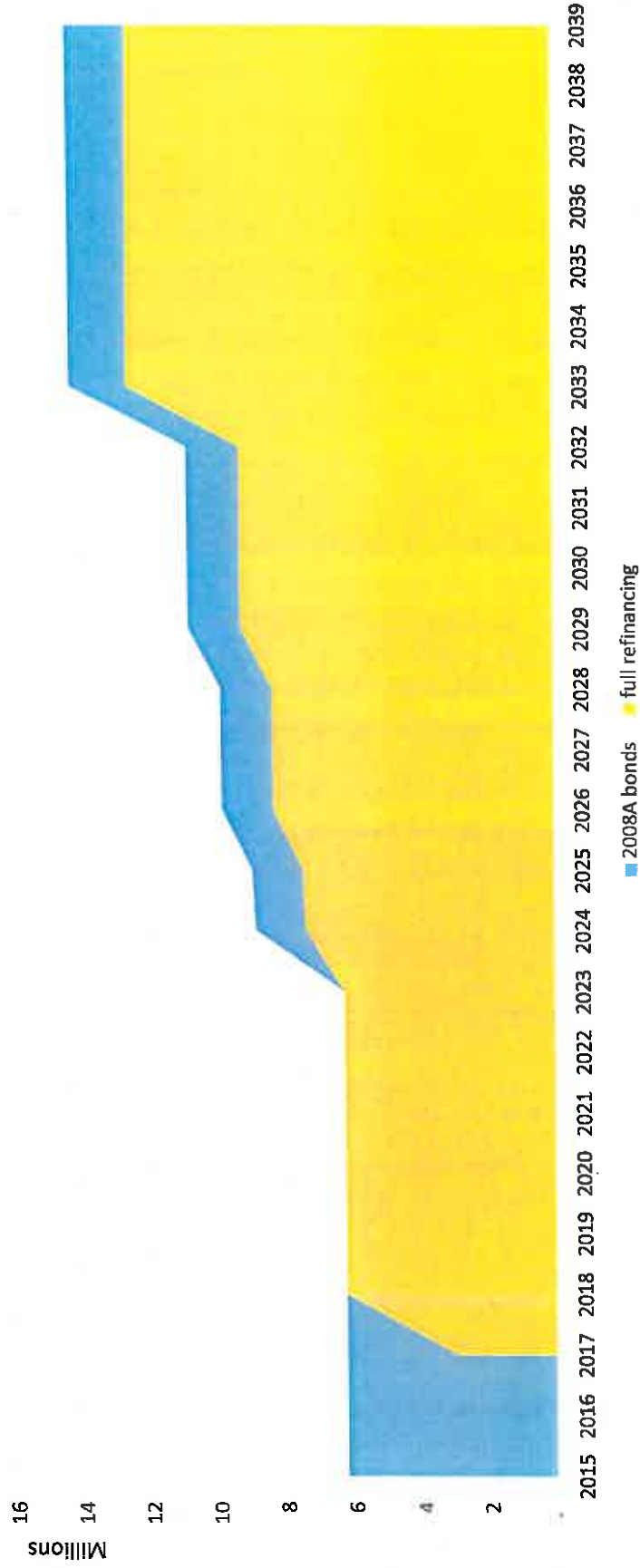
Scenario 4 – Full Refinancing



Total Savings: \$ 23.4 Million

Net Present Value Savings: \$ 15.5 Million

Debt Service Comparison



Recommendation Scenario 3 – Partial Refinancing/Cash Defeasance



- ❖ **Ensure operational and financial stability**
 - Provides \$22 million estimated present value savings
- ❖ **Reduce debt service costs**
 - Eliminates high principal payments starting in 2023 thru 2038
 - Relieves upward pressure on future rates and fees
- ❖ **Prudent use of available cash reserves**
 - \$55 million available in CCRA funds
 - Minimal interest earnings due to historically low rates
- ❖ **Ensure debt capacity to support future capital requirements**
 - Estimated 16% reduction of in total principal outstanding debt
 - DCR maintained above 2.4X over the next 20 years

Current Financing Schedule



Week of	Activity
12/01/16 and 12/08/16 12/21/16	Information to Regional Committees CBRFA and Agency approval Rating Agency Meetings
Estimated Bond closing in early February 2017	Redemption Notice to Trustee, Review of final documents Receive Credit Ratings Board approval of final documents, Redemption Notice to Bondholders
	Post Preliminary Official Statement (POS), Market Bonds
	Pre-pricing (1/11), Pricing (1/12) Bond Closing