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Denver, CO 80204

MEMORANDUM

TO: BRIDGE ENTERPRISE BOARD OF DIRECTORS
FROM: JEFF SUDMEIER, CHIEF FINANCIAL OFFICER
DATE: AUGUST 15, 2019
SUBJECT: RESOLUTION TO APPROVE REFUNDING OF \$42.8M IN SERIES 2010A SENIOR TAXABLE BUILD AMERICA BONDS

Purpose

The Colorado Bridge Enterprise Board of Directors (Board) is being asked to approve the attached resolution to refund a portion of the Series 2010A Senior Taxable Build America Bonds (Series 2010A Bonds).

Background

In December 2010, CBE issued \$300M of Series 2010A Bonds under the Federal Highway Administration (FHWA) Grant Anticipation Revenue Vehicles (GARVEE) authority to accelerate the design and replacement of Colorado's worst bridges. A portion of the Series 2010A Bonds were issued with an optional par-call redemption provision, enabling BE/CDOT to refinance the 2027 term bond (\$42.8 million) for interest rate savings prior to its maturity; the optional redemption date is December 1, 2020. The remainder of the Series 2010A Bonds (\$256.5 million) were issued with a make-whole call provision, which allows CBE to refinance this portion of the bonds for structural considerations, but generally eliminates the ability to achieve debt service savings.

Details

Staff held a workshop for the Board regarding the proposed bond refunding in July, and the Board indicated that they were in favor of a refund to capitalize on favorable market conditions. Refunding the 2027 term bond of the Series 2010A Bonds is forecast to save BE an estimated \$4.5 million through fiscal year 2028 under current market conditions. Debt service from 2029 - 2040 remains unchanged, as the 2040 term bond is not being refunded.

Options and Recommendations

1. No action, reject request
2. Request additional informational on the proposed refunding
3. Move forward with refunding of a portion of the Series 2010A Bonds - STAFF RECOMMENDATION

Next Steps

1. Continue coordination with BE financial and legal advisors, bond counsel, and FHWA.
2. Proceed with bond refunding.
3. CBE Staff will bring an additional resolution to the Board in September, approving final parameters and financing documents, with an anticipated pricing and closing in October.
4. Provide any updates as needed to the Board upon completion of the refunding.

Attachment

Resolution #BE-20-08-XX: Approving the refunding of \$42.8M in Series 2010A Senior Taxable Build America Bonds (Series 2010A bonds) with an optional par-call redemption provision

