

**PEACE RIVER MANASOTA REGIONAL WATER SUPPLY AUTHORITY**  
**BOARD OF DIRECTORS MEETING**  
*April 3, 2024*

**REGULAR AGENDA**  
**ITEM 5**

**2014B Refunding/Phase 3C Regional Interconnect Financing**

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**Presenters -**

Ann Lee, Finance and Budget Senior Manager  
Natalie Sidor, Senior Managing Director, Public  
Resources Advisory Group (PRAG)

**Recommended Action -**

**Motion** to approve and authorize staff to proceed on the 2014B Refunding effort and Phase 3C Regional Interconnect Long Term Financing effort.

The Authority's 2014B bonds are callable in October 2024 and therefore eligible for current refunding this summer. Current analysis (1/29/24) by the Authority's financial advisor, PRAG, indicates that refinancing the 2014B's would provide total gross savings of \$10.2 million, roughly 14.9% in total net present value savings. Staff requests Board authorization to initiate the work needed to support the bond refunding.

Staff also requests Board authorization to move forward with finalizing long-term funding for the Phase 3C Regional Interconnect in conjunction with the 2014B refunding effort to take advantage of economies of scale. The funding for Phase 3C is currently coming from the Authority's Capital Project Line of Credit. The anticipated bond amount for the Phase 3C Regional Interconnect is approximately \$33 million and staff will work closely with Sarasota County on configurations of debt service and final debt amounts.

Board authorization later this summer (anticipated August) will be requested prior to actual refunding/new money closings.

**Budget Action:** No action needed.

**Attachments:**

Presentation Materials

# Market Update & Summary of Proposed Series 2024 Bonds

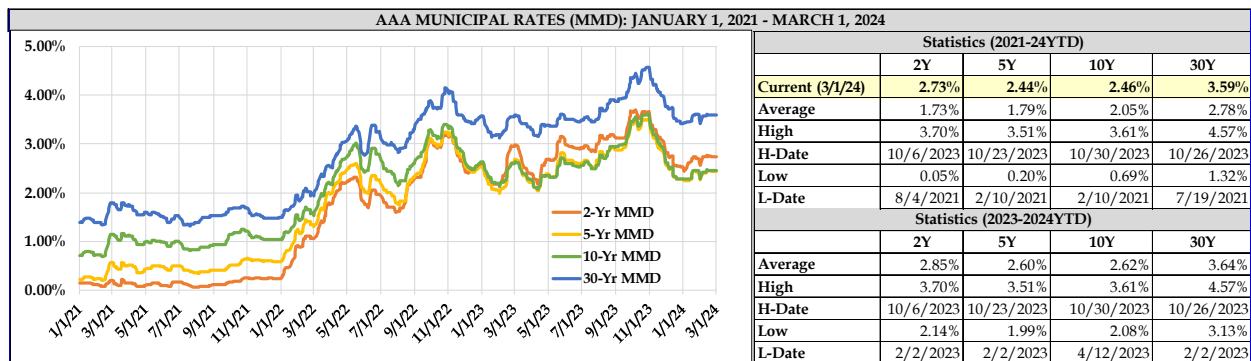
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## Municipal Interest Rate Trends

- Tax-exempt rates (MMD) have increased since the lows in 2021 with its 3-year peak in Oct. 2023
- MMD has remained in a relatively tight range for 2024 YTD\*



Source: Bloomberg; \* Through March 1, 2024



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## Proposed Series 2024 Bonds

- Refunding - Series 2014B Bonds
  - Current market interest rates provide the opportunity to consider refunding the Series 2014B Bonds for debt service savings
  
- New Money - Phase 3C Pipeline Project
  - Funding the project on an interim basis with the line of credit and grant monies
  - Need to secure long-term financing near project completion
  
- Given certainty on project costs and completion of Phase 3C in March 2025, timing makes sense and economies of scale are achieved related to costs of issuance and administrative time/effort by combining Phase 3C new money with the Series 2014B refunding



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## Series 2014B Refunding

- Series 2014B Bonds
  - \$55.915MM Outstanding
  - Average Coupon - 5.00%
  - Principal 10/1/2028 – 2035
  - Callable October 2024
  - Preliminary Indications:
    - All-In True Interest Cost- 2.85%
    - NPV Savings - \$8.3MM (15%)
  - Member Participation:
    - Sarasota – 62.55%
    - Charlotte – 26.26%
    - North Port – 10.37%
    - DeSoto – 0.82%
    - Manatee – 0.00%

Summary of Preliminary Results		
Series 2014B Refunding		
Series 2024 Refunding Bonds		
Closing Date		08/27/24
Par Amount Refunded		\$55,195,000
All-In True Interest Cost		2.85%
<b>Total Gross Savings (\$)</b>		<b>\$10,165,222</b>
<b>Avg. Annual Gross Savings (\$) (2028-2035)</b>		<b>\$1,129,571</b>
<b>Total Net Present Value (NPV) Savings (\$)</b>		<b>\$8,262,373</b>
<b>Total NPV Savings (% of Refunded Par)</b>		<b>15.0%</b>

*Based on market conditions and assumptions as of March 4, 2024, subject to change.*



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# Phase 3C Pipeline Project

- Est. Completion - March 2025
- Est. Project Costs - \$62.75MM
- Est. Funding Sources
  - Grants - \$27.95MM
  - Sarasota Cash - \$2.8MM
  - Authority (Debt) - \$32.0MM
- Est. Bond Structure
  - 30-year Final Maturity
  - Interest Only in Year 1
  - Level Debt Service Thereafter
  - Preliminary Indications:
    - All-in True Interest Cost – 4.23%
    - ~\$2.0MM Annual Debt Service
- Member Participation:
  - Sarasota – 100%

Summary of Preliminary Results Phase 3C	
Series 2024 Phase 3C Bonds	
Dated/ Delivery	8/27/24
Est. Project Funding	\$32,000,000
All-In True Interest Cost	4.23%
First Principal Payment	10/1/26
Final Maturity	10/1/54
<b>Total Gross Debt Service</b>	<b>\$57,454,190</b>
<b>Est. Avg. Annual Debt Service</b>	<b>\$1,925,769</b>

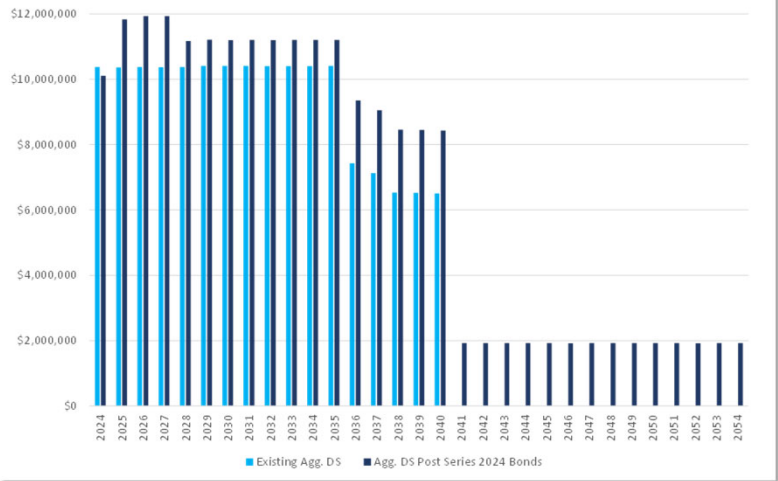
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# Aggregate Authority Debt Service

- Existing Agg. Debt Service
  - Level at ~\$10.4MM through 2035 and declining thereafter
  - Fully matured in 2040
- Post 2024 Bonds Agg. Debt Service
  - Fully Matures in 2054
  - All debt maturing post 2040 is for Phase 3C/ 100% Sarasota
  - Peaks in 2025-2027 at almost \$12.0MM; Step-down debt service structure thereafter



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## Financing Schedule and Next Steps

- Spring/Summer 2024
  - Bond Documentation, Ratings, Diligence Process
  
- August 2024
  - Board Action: Request Approval of Bond Documents
  - Bond Pricing, Closing and Funding
  
- October 2024
  - Redemption of Series 2014B Bonds
  
- March 2025
  - Completion of Phase 3C Pipeline



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## Motion:

To approve and authorize staff to proceed on the 2014B Refunding effort and Phase 3C Regional Interconnect Long Term Financing effort.



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