

City of Santa Fe, New Mexico

memo

Date: April 7, 2014
To: Finance Committee
From: Nicholas Schiavo, Public Utilities Department and Water Division Director ^{NS}
Marcos Tapia, Finance Director
RE: Early Repayment of Nine NMFA Water Division Loan

ITEM AND ISSUE:

The Water Division seeks approval to repay nine water loans prior to their maturity dates as listed below and in the attached worksheet.

<u>LOAN #</u>	<u>MATURITY</u>	<u>PAY-OFF</u>
NMFA SANTAFE #DW-3	6/1/2032	\$305,259.37
NMFA SANTAFE #22	6/1/2031	\$192,493.68
NMFA SANTAFE #WPF3	6/1/2029	\$322,397.98
NMFA SANTAFE #16	6/1/2027	\$144,937.44
NMFA SANTAFE #19	6/1/2029	\$654,379.88
NMFA SANTAFE #WPF4	6/1/2030	\$684,238.34
NMFA SANTAFE #WPF5	6/1/2020	\$186,582.30
NMFA SANTAFE #WPF6	6/1/2031	\$361,795.24
NMFA SANTAFE #WPF7	6/1/2031	<u>\$271,346.72</u>
		\$3,123,430.95

BACKGROUND AND SUMMARY:

At the time the Water Division started applying for New Mexico Finance Authority (NMFA) water loans and grants in 2007, NMFA had a policy for certain water programs of requiring small loans as a condition of accessing large grant amounts. As a result the City wound up with numerous small loans. It was always Katheryn Raveling's (former Finance Director) intention that these small loans get paid off quickly as they are not cost effective amounts for the City to finance over fifteen to twenty years. Since then, Finance has established a policy of not applying for loans that are less than \$200,000, and of paying off outstanding loans whenever feasible.

Approval to pay-off nine NMFA water loans is being requested. Eight of these loans came with grant funds totaling over \$15 million as shown on the attached. Projects funded include the following and have been completed.

1. Canyon Road Treatment Plant Upgrades
2. Hydroelectric Power Generation Project
3. Santa Fe Watershed Management Project
4. Buckman Direct Diversion Project
5. Reservoir Infrastructure Improvements

Staff is recommending that these nine loans be repaid at this time for three primary reasons.

1. Water currently has sufficient cash balances to defease these loans without adversely affecting operational needs.
2. Repayment will save the Water Division and ratepayers over \$124,221 in interest.
3. Repayment will have a positive impact on the Water bond ratings by decreasing Water's outstanding debt load. The rating agencies will view this as a positive management step. Water currently has the highest bond rating of all City bonds and protecting this is in the City's best interest.

RECOMMENDED ACTION:

It is recommended the nine NMFA loans identified above be paid off in full, in the total amount of \$3,123,430.95, as of the June 1, 2014 debt payment date.

Attachment

NMFA Water Loan Debt for Payoff

If Pay @ 06/1/14

[Revised: 3/5/14]

FUND	LOAN #	NMFA Proj. #	PURPOSE	ORIGINAL LOAN	GRANT
5300	DW-3	2392-DW	Hydroelec.	320,138	0
5300	#22	2382-ADW	Water Upgrade	210,777	491,813
5300	WPF3	WTB-093	Canyon Road	400,000	1,600,000
5300	#16 *	WTB-068	Buckman	200,000	1,800,000
5300	#19 *	WTB-134	Buckman	800,000	3,200,000
5300	WPF4 *	WTB-170	Buckman	800,000	3,200,000
5300	WPF5	WTB-171	Watershed	264,892	1,059,568
5358	WPF6 **	WTB-202	Buckman	800,000	3,200,000
5300	WPF7	WTB-203	Canyon Road	300,000	1,200,000
TOTAL				4,095,807	15,751,381

ESTIMATED PAYOFF @ 6/1/14			
PRINCIPAL	INTEREST	FEES	TOTAL
302,237.00	2,644.57	377.80	305,259.37
191,536.00	718.26	239.42	192,493.68
321,594.00	0.00	803.98	322,397.98
144,576.00	0.00	361.44	144,937.44
652,748.00	0.00	1,631.88	654,379.88
682,532.00	0.00	1,706.34	684,238.34
186,117.00	0.00	465.30	186,582.30
360,893.00	0.00	902.24	361,795.24
270,670.00	0.00	676.72	271,346.72
3,112,903.00	3,362.83	7,165.12	3,123,430.95

SAVINGS IN INTEREST AND FEES:

FUND	LOAN #	NMFA Proj. #	Outstanding Int @ 6/1/14	Paid Int @ 6/1/14	Savings Interest
5300	DW-3	2392-DW	53,381.67	2,644.57	50,737.10
5300	#22	2382-ADW	13,313.20	718.26	12,594.94
5300	WPF3	WTB-093	0.00	0.00	0.00
5300	#16 *	WTB-068	0.00	0.00	0.00
5300	#19 *	WTB-134	0.00	0.00	0.00
5300	WPF4 *	WTB-170	0.00	0.00	0.00
5300	WPF5	WTB-171	0.00	0.00	0.00
5358	WPF6 **	WTB-202	0.00	0.00	0.00
5300	WPF7	WTB-203	0.00	0.00	0.00
			66,694.87	3,362.83	63,332.04

Outstanding Fees @ 6/1/14	Paid Fees @ 6/1/14	Savings Fees	TOTAL SAVINGS
7,625.90	377.80	7,248.10	57,985.20
4,437.76	239.42	4,198.34	16,793.28
6,876.62	803.98	6,072.64	6,072.64
2,725.50	361.44	2,364.06	2,364.06
13,957.74	1,631.88	12,325.86	12,325.86
15,459.44	1,706.34	13,753.10	13,753.10
1,865.80	465.30	1,400.50	1,400.50
8,631.86	902.24	7,729.62	7,729.62
6,473.91	676.72	5,797.19	5,797.19
68,054.53	7,165.12	60,889.41	124,221.45

over 18 yrs remaining
 over 17 yrs remaining

 over 15 yrs remaining
 over 13 yrs remaining
 over 15 yrs remaining
 over 16 yrs remaining
 over 6 yrs remaining
 over 17 yrs remaining
 over 17 yrs remaining