

City of Santa Fe, New Mexico

LEGISLATIVE SUMMARY

Resolution No. 2016-____ Water Bond 2009 Payoff

SPONSOR(S): Councilor Maestas

SUMMARY: The resolution directs the City Manager to use the water enterprise fund to repay and/or refinance the balance of the 2009 Series A and B Water Capital Outlay Bonds, and NMFA Drinking Water Loans 2 and 4.

PREPARED BY: Rebecca Seligman, Legislative Liaison Assistant

FISCAL IMPACT: Yes

DATE: March 23, 2016

ATTACHMENTS: Resolution
FIR

1 **WHEREAS**, the water enterprise fund receives sufficient revenue to pay the outstanding
2 principle outright, or alternatively, sustain a refinancing of certain portions of the debt and in turn,
3 release the Capital Outlay Gross Receipts Tax that was implemented to back the debt; and

4 **NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE**
5 **CITY OF SANTA FE** that the City Manager is hereby authorized and directed to take all
6 necessary measures to repay and/or refinance the balance of the 2009 Water Capital Outlay
7 Bonds Series A and B, and NMFA Drinking Water Loans 2 and 4.

8 PASSED, APPROVED AND ADOPTED this _____ day of _____, 2016.

9
10 _____
11 JAVIER M. GONZALES, MAYOR

12 ATTEST:

13
14 _____
15 YOLANDA Y. VIGIL, CITY CLERK

16 APPROVED AS TO FORM:

17 
18 _____
19 KELLEY A. BRENNAN, CITY ATTORNEY

20
21
22
23
24
25 *M/Legislation/Resolutions 2016/Water Bond 2009 Payoff*

**City of Santa Fe
Fiscal Impact Report (FIR)**

This Fiscal Impact Report (FIR) shall be completed for each proposed bill or resolution as to its direct impact upon the City's operating budget and is intended for use by any of the standing committees of and the Governing Body of the City of Santa Fe. Bills or resolutions with no fiscal impact still require a completed FIR. Bills or resolutions with a fiscal impact must be reviewed by the Finance Committee. Bills or resolutions without a fiscal impact generally do not require review by the Finance Committee unless the subject of the bill or resolution is financial in nature.

Section A. General Information

(Check) Bill: _____ Resolution: X

(A single FIR may be used for related bills and/or resolutions)

Short Title(s): A RESOLUTION DIRECTING THE CITY MANAGER TO USE THE WATER ENTERPRISE FUND TO REPAY AND/OR REFINANCE THE BALANCE OF THE 2009 SERIES A AND B WATER CAPITAL OUTLAY BONDS, AND NMFA DRINKING WATER LOANS 2 AND 4.

Sponsor(s): Councilor Maestas

Reviewing Department(s): Finance Department

Persons Completing FIR: Oscar Rodriguez Date: 3/14/16 Phone: x6530

Reviewed by City Attorney: Kelly A. Brennan Date: 3/24/16
(Signature)

Reviewed by Finance Director: [Signature] Date: 3.22.2016
(Signature)

Section B. Summary

Briefly explain the purpose and major provisions of the bill/resolution:

This resolution would authorize the payment of water capital outlay bonds and NMFA drinking water loans from the water enterprise fund.

Section C. Fiscal Impact

Note: Financial information on this FIR does not directly translate into a City of Santa Fe budget increase. For a budget increase, the following are required:

- a. The item must be on the agenda at the Finance Committee and City Council as a "Request for Approval of a City of Santa Fe Budget Increase" with a definitive funding source (could be same item and same time as bill/resolution)
- b. Detailed budget information must be attached as to fund, business units, and line item, amounts, and explanations (similar to annual requests for budget)
- c. Detailed personnel forms must be attached as to range, salary, and benefit allocation and signed by Human Resource Department for each new position(s) requested (prorated for period to be employed by fiscal year)*

1. Projected Expenditures:

- a. Indicate Fiscal Year(s) affected – usually current fiscal year and following fiscal year (i.e., FY 03/04 and FY 04/05)
- b. Indicate: "A" if current budget and level of staffing will absorb the costs
"N" if new, additional, or increased budget or staffing will be required
- c. Indicate: "R" – if recurring annual costs
"NR" if one-time, non-recurring costs, such as start-up, contract or equipment costs
- d. Attach additional projection schedules if two years does not adequately project revenue and cost patterns
- e. Costs may be netted or shown as an offset if some cost savings are projected (explain in Section 3 Narrative)

Finance Director: [Signature]

_____ Check here if no fiscal impact

Column #:	1	2	3	4	5	6	7	8
	Expenditure Classification	FY _____	"A" Costs Absorbed or "N" New Budget Required	"R" Costs Recurring or "NR" Non-recurring	FY _____	"A" Costs Absorbed or "N" New Budget Required	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected

Personnel*	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Fringe**	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Capital Outlay	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Land/ Building	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Professional Services	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
All Other Operating Costs	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____
Total:	\$ _____	_____	_____	\$ _____	_____	_____	_____	_____

* Any indication that additional staffing would be required must be reviewed and approved in advance by the City Manager by attached memo before release of FIR to committees. **For fringe benefits contact the Finance Dept.

2. Revenue Sources:

- a. To indicate new revenues and/or
- b. Required for costs for which new expenditure budget is proposed above in item 1.

Column #:	1	2	3	4	5	6
	Type of Revenue	FY _____	"R" Costs Recurring or "NR" Non-recurring	FY _____	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected

_____	\$ _____	_____	\$ _____	_____	_____	_____
_____	\$ _____	_____	\$ _____	_____	_____	_____
_____	\$ _____	_____	\$ _____	_____	_____	_____
Total:	\$ _____	_____	\$ _____	_____	_____	_____

3. Expenditure/Revenue Narrative:

Explain revenue source(s). Include revenue calculations, grant(s) available, anticipated date of receipt of revenues/grants, etc. Explain expenditures, grant match(s), justify personnel increase(s), detail capital and operating uses, etc. (Attach supplemental page, if necessary.)

It is the Governing Body's policy objective to make the Water Utility financially self-sustaining. To achieve this, the utility's finances would have to be restructured to allow it to operate without the ¼% capital outlay gross receipts taxes (GRT) subsidy it has been receiving since 2006. This in turn requires that all of the utility's outstanding debt, currently \$102 million, be repaid because the capital outlay GRT is pledged to it. A significant part of this debt (\$34 million) can be called in without penalty in June of this year. The remaining debt includes \$56 million in debt issued in 2009 that cannot be called in without paying the interest owed until 2019. Until now, the cost of premature payment has very unprofitable in account of market conditions. Those market conditions recently change. Long-term and short-term interest rates have both shifted enough in the city's favor to overcome this cost and make an early payoff affordable. By taking advantage of these conditions, the city can refinance the remaining debt solely with the backing of the utility's operating revenues and lower the utility's debt service burden enough such that it can operated without the GRT subsidy. This in turn will allow the city to withdraw the water GRT increment and raise by the same amount another increment in the General Fund. Currently this shift will bring in \$7.8 million in new revenue to the General Fund to help close the city's recurring deficit.

Section D. General Narrative

1. Conflicts: Does this proposed bill/resolution duplicate/conflict with/companion to/relate to any City code, approved ordinance or resolution, other adopted policies or proposed legislation? Include details of city adopted laws/ordinance/resolutions and dates. Summarize the relationships, conflicts or overlaps.

No

2. Consequences of Not Enacting This Bill/Resolution:

Are there consequences of not enacting this bill/resolution? If so, describe.

Not enacting this bill will be taken as direction to leave the Water Capital outlay GRT in place, and make up the General Fund's recurring deficit through other means, including increasing taxes and higher transfers from the Water Fund (i.e. franchise fee, payment in lieu of taxes).

3. Technical Issues:

Are there incorrect citations of law, drafting errors or other problems? Are there any amendments that should be considered? Are there any other alternatives which should be considered? If so, describe.

No

4. Community Impact:

Briefly describe the major positive or negative effects the Bill/Resolution might have on the community including, but not limited to, businesses, neighborhoods, families, children and youth, social service providers and other institutions such as schools, churches, etc.

The most significant impact of this resolution is that the Water Utility will see a lower debt burden and the General Fund will be afforded the opportunity to receive new revenues to close its deficit without having to raise taxes.

ACTION SHEET
ITEM FROM FINANCE COMMITTEE MEETING OF 03/21/16
FOR CITY COUNCIL MEETING OF 03/30/16

ISSUE:

6. Update on Financial Framework. (Oscar Rodriguez)
- Effect of 2009 Water Utility Debt Refinancing
 - Effect of Other Debt Refinancing

FINANCE COMMITTEE ACTION:

Informational Item only.

FUNDING SOURCE:

SPECIAL CONDITIONS OR AMENDMENTS

STAFF FOLLOW-UP:

VOTE	FOR	AGAINST	ABSTAIN
COUNCILOR VILLAREAL			
COUNCILOR IVES			
COUNCILOR LINDELL			
COUNCILOR HARRIS			
CHAIRPERSON DOMINGUEZ			

4-13-15

WATER UTILITY SYSTEM REFUNDING REVENUE BONDS SERIES 2016
(REFUNDING OF 2009 A&B)

**CITY OF SANTA FE, NEW MEXICO
WATER UTILITY SYSTEM REFUNDING
REVENUE BONDS, SERIES 2016 (REFUNDING OF 2009 A&B)**

FINANCING SCHEDULE

MARCH 2016						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

APRIL 2016						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

MAY 2016						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

JUNE 2016						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		



Council Meeting Dates 5:00/7:00 p.m.



Finance Committee Meeting Dates 5:00 p.m.

DATE	ACTION	RESPONSIBLE PARTIES
Tuesday, March 15, 2016	Distribute Draft Calendar of Events	Modrall
Wednesday, March 16, 2016	Distribute Draft of Notice of Public Hearing to working group	Modrall
Monday, March 21, 2016 5:00 pm	Finance Committee Meeting	City First Southwest Modrall
Thursday, March 24, 2016	Distribute Draft of Bond Ordinance to working group	Modrall

DATE	ACTION	RESPONSIBLE PARTIES
Thursday, March 24, 2016	Finance Committee Agenda Deadline for April 4 th meeting	City Finance
Wednesday, March 30, 2016	Introduction of Ordinance by Title at City Council Meeting to Start process	Mayor City Finance City Clerk
Monday, April 4, 2016	Finance Committee Approval of Publication	City Finance First Southwest
Tuesday, April 5, 2016	Organizational Meeting (Conference Call) in Santa Fe/Determination of Underwriters	All
Wednesday, April 6, 2016	Council Packet Deadline for April 13 th meeting	All
Tuesday, April 12, 2016	Distribute Draft of Preliminary Official Statement, Bond Purchase Agreement and Continuing Disclosure Undertaking to working group	Modrall
Wednesday, April 13, 2016	City Council Approval of Publication (Consent Agenda) (5:00 p.m. Afternoon Session)	City Modrall
Thursday, April 14, 2016	Information to Rating Agency	First Southwest Modrall
Tuesday, April 19, 2016	Comments due on draft Bond Ordinance, Preliminary Official Statement, Bond Purchase Agreement and Continuing Disclosure Undertaking	All
Wednesday, April 20, 2016 By 9:30 a.m.	Submit Notice of Public Hearing and Intent to Adopt Bond Ordinance to the <i>Santa Fe New Mexican</i> for publication on Tuesday, April 26, 2016	City Clerk Modrall

DATE	ACTION	RESPONSIBLE PARTIES
Thursday, April 21, 2016	Distribute revised drafts of the Preliminary Official Statement, Bond Purchase Agreement and Continuing Disclosure Undertaking -	Modrall
Friday, April 22, 2016	Finance Committee Agenda Deadline for May 2 nd Finance Committee Meeting	City Finance
TBD	Rating Agency Presentation/ Conference Call	City First Southwest
Tuesday, April 26, 2016	Publish Notice of Public Hearing and Intent to Adopt Bond Ordinance	City Clerk Modrall
Monday, May 2, 2016	Finance Committee Review of Bond Ordinance, Preliminary Official Statement, Bond Purchase Agreement and Continuing Disclosure Undertaking	City Finance Financial Advisor
Tuesday, May 3, 2016	Finalize Preliminary Official Statement for distribution by mail and electronic posting	Modrall First Southwest
Tuesday, May 3, 2016	Ratings Received	City First Southwest
Wednesday, May 4, 2016	Council Packet Deadline for May 11 th meeting	City
Wednesday, May 4, 2016	Provide 45-day Conditional Notice of Redemption to NMFA of Drinking Water Loans	Modrall
Monday, May 9, 2016 By 9:30 a.m.	Submit Notice of Adoption of Bond Ordinance to the Santa Fe New Mexican for publication on Thursday, May 12, 2016	City Clerk Modrall

DATE	ACTION	RESPONSIBLE PARTIES
Tuesday, May 10, 2016	Bond Pricing	City Finance First Southwest Underwriters
Wednesday, May 11, 2016	Conduct public hearing and adopt Bond Ordinance and approve Bond Purchase Agreement (7:00 p.m. Evening Session)	All
Thursday, May 12, 2016	EMMA Notification of Authorization of Refunding Bonds	First Southwest Modrall
Thursday, May 12, 2016	Distribute draft of the Official Statement to the working group	Modrall
Thursday, May 12, 2016	Publish Notice of Adoption of Bond Ordinance	City Clerk Modrall
Tuesday, May 17, 2016	Final Official Statement to Printer for electronic distribution	Modrall First Southwest Underwriters
Tuesday, May 24, 2016	Distribute draft Closing Documents	Modrall
Friday, June 3, 2016	Comments due on Closing Documents	All
Tuesday, June 7, 2016	Pre-Closing, Document Signing	All
Monday, June 13, 2016	30-day Limitation of Action Period expires	City Modrall
Tuesday, June 14, 2016	Closing (by telephone)	All

DATE	ACTION	RESPONSIBLE PARTIES
Tuesday, June 14, 2016	File Notice of Redemption/Defeasance of the Refunded Bonds with EMMA and DTC	Modrall First Southwest

Y:\dox\client\23845\0146\GENERAL\W2667779.DOC

GREEN, YOLANDA B

From: RODRIGUEZ, OSCAR S.
Sent: Thursday, March 17, 2016 12:02 PM
To: GREEN, YOLANDA B
Subject: FW: Refunding/Defeasance of Water System debt - expanded information
Attachments: Santa Fe - Water Utility Refunding Savings Summary 3.10.2016.pdf

This is the backup to the water utility debt refinancing

From: George Williford (HTS) [<mailto:George.Williford@hilltopsecurities.com>]
Sent: Thursday, March 10, 2016 10:05 AM
To: RODRIGUEZ, OSCAR S.
Cc: Chris P. Muirhead (cmuirhead@modrall.com); Katherine M. Creagan (kmc@modrall.com)
Subject: Refunding/Defeasance of Water System debt - expanded information

Oscar:

As discussed, attached are summaries of four scenarios illustrating issuance of refunding bonds and use of available cash from the Water system to achieve defeasance of all outstanding Water system debt. The complete defeasance will enable release of the pledge of ¼¢ capital outlay GRT.

The scenarios are based upon sale of refunding bonds in the public market. And, the refunding involves all outstanding Water system debt: 2008 DWSRF, 2013 DWSRF, and Series 2009A & B bond issues. The scenarios assume availability of surety policy to provide required debt service reserve; and rely on release and use of the existing debt service reserve funds. Depending upon approval by NMFA, it might be possible to achieve amendments to the loan agreements for the 2008 and 2013 DWSRF loans to release the pledge of capital outlay GRT. Because the interest rates on those two loans are relatively low, that would be economically advantageous. In that case, the 2008 and 2013 DWSRF loans would remain outstanding, and contribution of cash from the Water system would be applied only toward the refunding/defeasance of the Series 2009A & B bond issues.

Schedule 1 reflects contribution and use of \$13 million available cash. This amount is approximately equivalent to the principal balance of the 2008 and 2013 DWSRF loans. Based upon current market interest rates, annual debt service would be reduced by approximately \$790,000 per year through 2039. Total debt service savings or reduction is projected at approximately \$18 million.

Schedule 2 illustrates contribution of \$20 million cash from the Water system. Based upon current market interest rates, annual debt service savings are projected at slightly over \$1.225 million per year. Total debt service reduction would be approximately \$28.2 million.

Schedules 3 and 4 are presented for purposes of sensitivity analysis. Schedule 3 is related to Schedule 1, and is presented to illustrate the extent that interest rates could increase above current market levels while still producing total debt service reduction at least equivalent to the amount of cash contribution. As shown, market interest rates could increase 73 basis points (.73%), and total reduction of

debt service would equal \$13 million. Annual reduction of debt service would be approximately \$560,000 to \$570,000.

Schedule 4 represents sensitivity analysis relative to Schedule 2. Schedule 4 illustrates that interest rates could increase by approximately 120 basis points (1.20%), and total reduction of debt service would equal at least \$20 million. Annual debt service would be reduced by approximately \$870,000 per year.

Because of the important nature of the refunding/defeasance and potential release of the ¼¢ capital outlay GRT, we, as financial advisor, and bond counsel will work toward the most expeditious timeline and method of refinancing in order to complete the refunding/defeasance.

Thanks,

George

George Williford
Managing Director
FirstSouthwest, a Division of Hilltop Securities Inc.

direct 214.953.8705 fax 214.953.4050
1201 Elm Street, Suite 3500, Dallas, TX 75270

******Please note new email and mailing address******

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City of Santa Fe, New Mexico
Water Utility System
Prospective Refunding/Defeasance
of Outstanding Debt



Prospective Refunding/Defeasance of Water System Debt

- Primary purpose: release pledge of 1/4 % capital outlay GRT
- Debt issues involved (see attached detail by maturity):

<u>Issue</u>	<u>Principal Amount</u>	<u>Callable Beginning</u>
Series 2008 DWSRF	\$ 10,516,155	Anytime
Series 2009A	\$ 13,520,000	6/1/2019
Series 2009B BAB	\$ 41,890,000	6/1/2019
Series 2013 DWSRF	\$ 2,296,682	Anytime
	<u>\$ 68,222,837</u>	

- The savings and impact shown herein do not reflect the benefit of the availability of over \$7.8 million GRT revenues each year.

Prospective Refunding/Defeasance of Water System Debt

- Use of cash (at least equivalent to DWSRF loans) provides significant net annual debt service savings.
- Projected debt service savings (based on current market interest rates):

<u>Cash Used</u>	<u>Annual</u>	<u>Total (through 2039)</u>
\$ 13,000,000	\$ 785,000	\$ 18,000,000
\$ 20,000,000	\$ 1,225,000	\$ 28,000,000

(See attached Schedules 1 and 2)

- Annual and total debt service savings would be increased somewhat if NMFA approved removal of pledge of capital outlay GRT from 2008 and 2013 DWSRF loans.
- If \$13 million cash used, interest rates could increase 73 basis points (.73%), and debt service savings would at least equal cash used.
- If \$20 million cash used, interest rates could increase 122 basis points (1.22 %), and debt service savings would at least equal cash used.

See attached preliminary key event comparison.

Detail Summary of Refunded Bonds

CITY OF SANTA FE, NM

Maturity 6/1	Series 2008		Series 2009A		Series 2009B		Series 2013	
	Principal	Interest Rates	Principal	Interest Rates	Principal	Interest Rates	Principal	Interest Rates
2017	\$ 716,122	2.00%	\$ 805,000	3.25%	\$ -	-	\$ 107,260	2.00%
2018	730,481	2.00%	830,000	3.50%	-	-	109,405	2.00%
2019	745,127	2.00%	860,000	4.00%	-	-	111,593	2.00%
2020	760,067	2.00%	895,000	4.00%	-	-	113,825	2.00%
2021	775,306	2.00%	930,000	5.00%	-	-	116,102	2.00%
2022	790,851	2.00%	975,000	5.00%	-	-	118,424	2.00%
2023	806,708	2.00%	1,025,000	5.00%	-	-	120,792	2.00%
2024	822,882	2.00%	1,075,000	5.00%	-	-	123,208	2.00%
2025	839,381	2.00%	1,130,000	5.00%	-	-	125,672	2.00%
2026	856,211	2.00%	2,435,000	5.00%	-	-	128,185	2.00%
2027	873,378	2.00%	2,560,000	5.00%	-	-	130,749	2.00%
2028	890,889	2.00%			2,440,000	6.00%	133,364	2.00%
2029	908,752	2.00%			2,535,000	6.00%	136,031	2.00%
2030					2,630,000	6.20%	138,752	2.00%
2031					2,740,000	6.20%	141,527	2.00%
2032					2,850,000	6.20%	144,358	2.00%
2033					2,965,000	6.20%	147,245	2.00%
2034					3,080,000	6.20%	150,190	2.00%
2035					3,205,000	6.20%		
2036					3,335,000	6.20%		
2037					3,470,000	6.20%		
2038					3,610,000	6.20%		
2039					9,030,000	6.20%		
	<u>\$10,516,155</u>		<u>\$13,520,000</u>		<u>\$41,890,000</u>		<u>\$ 2,296,682</u>	
Callable:	Anytime		6/1/2019		6/1/2019		Anytime	



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Schedule 1 - \$13 Million Contribution¹

¹ Preliminary rates, subject to change.

Year	Refunded Debt Service	Existing Debt Service Reserve Fund	New Refunding Debt Service	Savings
2016	\$ -	\$ -	\$ -	\$ -
2017	4,263,449	-	3,474,980	788,469
2018	4,262,323	-	3,477,450	784,873
2019	4,263,309	-	3,476,050	787,259
2020	4,263,947	-	3,475,700	788,247
2021	4,263,185	-	3,474,150	789,035
2022	4,261,724	-	3,471,400	790,324
2023	4,263,013	-	3,472,800	790,213
2024	4,261,803	-	3,466,800	795,003
2025	4,263,094	-	3,473,600	789,494
2026	5,511,636	-	4,722,600	789,036
2027	5,514,929	-	4,729,350	785,579
2028	5,266,973	-	4,478,350	788,623
2029	5,263,169	-	4,477,100	786,069
2030	4,328,544	-	3,538,350	790,194
2031	4,328,446	-	3,538,600	789,846
2032	4,323,743	-	3,538,000	785,743
2033	4,319,435	-	3,533,400	786,035
2034	4,310,313	-	3,524,800	785,513
2035	4,153,183	-	3,362,200	790,983
2036	4,149,014	-	3,361,600	787,414
2037	4,144,403	-	3,351,600	792,803
2038	4,139,141	-	3,347,400	791,741
2039	9,408,017	5,275,230	3,343,600	789,187
	<u>\$ 107,526,794</u>	<u>\$ 5,275,230</u>	<u>\$ 84,109,880</u>	<u>\$ 18,141,685</u>

Average Rate of Refunded Bonds 4.03% *

True Interest Cost (TIC) on Refunding Bonds 3.31%

Net Present Value Savings \$ (578,133)

Percentage Savings of Refunded Bonds = (.847%)

* Net of credit payment on 2009B BAB issue.

CITY OF SANTA FE, NM



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Schedule 2 - \$20 Million Contribution¹

¹ Preliminary rates, subject to change.

Year	Refunded Debt Service	Existing Debt Service Reserve Fund	New Refunding Debt Service	Savings
2016	\$ -	\$ -	\$ -	\$ -
2017	4,263,449	-	3,036,869	1,226,580
2018	4,262,323	-	3,033,100	1,229,223
2019	4,263,309	-	3,035,500	1,227,809
2020	4,263,947	-	3,035,850	1,228,097
2021	4,263,185	-	3,035,150	1,228,035
2022	4,261,724	-	3,028,400	1,233,324
2023	4,263,013	-	3,038,200	1,224,813
2024	4,261,803	-	3,035,600	1,226,203
2025	4,263,094	-	3,036,000	1,227,094
2026	5,511,636	-	4,279,200	1,232,436
2027	5,514,929	-	4,288,200	1,226,729
2028	5,266,973	-	4,039,950	1,227,023
2029	5,263,169	-	4,036,950	1,226,219
2030	4,328,544	-	3,097,200	1,231,344
2031	4,328,446	-	3,092,200	1,236,246
2032	4,323,743	-	3,089,200	1,234,543
2033	4,319,435	-	3,087,800	1,231,635
2034	4,310,313	-	3,077,800	1,232,513
2035	4,153,183	-	2,924,400	1,228,783
2036	4,149,014	-	2,923,200	1,225,814
2037	4,144,403	-	2,918,200	1,226,203
2038	4,139,141	-	2,914,400	1,224,741
2039	9,408,017	5,275,230	2,901,600	1,231,187
	\$ 107,526,794	\$ 5,275,230	\$ 73,984,969	\$ 28,266,595

Average Rate of Refunded Bonds 4.03% *
 True Interest Cost (TIC) on Refunding Bonds 3.31%
 Net Present Value Savings \$ (640,311)
Percentage Savings of Refunded Bonds = (.939%)

*Net of credit payment on 2009B BAB issue.



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Preliminary Key Event Comparison

Event	City issue Bonds in Public Market	City sells Bonds to NMFA PPRF	City sells Bonds to NMFA PPRF (Potential)
Finance Committee	March 21	March 21	March 21
NMFA consider release of GRT pledge on DWSRF loans	April 28	April 28	April 28
NMFA approve purchase of City issue	N/A	April 28	April 28
Council approval of publication	April 13	May 11 or May 25	May 11
Bond pricing	May 10	June 22*	June 14 or June 15*
Council adopt Ordinance and approve sale	May 11	June 22**	June 14 or June 15**
NMFA board approve sale of bonds	N/A	June 23	June 15 or June 16
Closing	June 14	July 26	June 29

CITY OF SANTA FE, NM

* Pricing of PPRF bond issue by NMFA.
 ** Would require special Council meeting; regular meeting scheduled for 6/29.



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REFINANCING OF OTHER DEBT

GREEN, YOLANDA B

From: RODRIGUEZ, OSCAR S.
Sent: Thursday, March 17, 2016 11:21 AM
To: GREEN, YOLANDA B
Subject: FW: Subordinate Lien GRT Prospective Refundings
Attachments: Santa Fe - Jr. Lien 2016 Refunding Summary Page.pdf; Santa Fe - Jr. Lien Refund Series 2006C Summary Page.pdf

From: George Williford (HTS) [<mailto:George.Williford@hilltopsecurities.com>]
Sent: Thursday, March 10, 2016 4:44 PM
To: RODRIGUEZ, OSCAR S.
Cc: Chris P. Muirhead (cmuirhead@modrall.com); Katherine M. Creagan (kmc@modrall.com)
Subject: Subordinate Lien GRT Prospective Refundings

Oscar:

As I indicated, the attached files contain summaries of prospective refunding of certain outstanding issues secured by the Subordinate Lien GRT pledge.

Series 2005 is jointly secured by revenues of the Municipal Recreation Complex. Refunding along with another issue would necessitate dropping the pledge of MRC revenues; however, to the extent available, MRC revenues could certainly be used toward debt service on that portion of a refunding issue. Series 2005 was callable beginning June 1, 2015, the callable principal amount is \$6.365 million, and the final maturity is 2024. Series 2008 was issued for land acquisition, and is callable beginning August 1, 2018. The callable principal amount of Series 2008 is \$2,169,290, and the final maturity is 2028.

As shown in the first attached file, based upon approximate current market interest rates, projected annual savings from the combined refunding would be slightly under \$100,000 per year through 2024, and would average \$15,000 or slightly less thereafter through 2028. Combined total savings are projected at approximately \$832,000. Projected present value savings of \$757,000 equal 8.87% of the combined \$8.534 million refunded principal amount.

The second file illustrates prospective separate refunding of Series 2006C. This issue is jointly secured by wastewater system revenues. The remaining term is relatively short, with a final maturity of 2021. The \$4.065 million callable principal amount is callable beginning June 1, 2016. Projected annual savings through 2021 are slightly above \$75,000 per year, totaling \$390,488. Projected present value savings of \$371,629 are equivalent to 9.14% of the refunded principal amount. While this issue could also be included in a single combined refunding of Subordinate Lien GRT secured debt, in that case the pledge of wastewater system revenues would have to be eliminated. However, debt service on the issue could still be treated as self-supported by wastewater revenues, with payment coming from the wastewater system.

I will look forward to discussing this with you if the combination of savings from possible refunding of these three issues is of potential interest. Also, please let me know of any questions, and of any information needed.

Thanks,

George

George Williford
Managing Director
FirstSouthwest, a Division of Hilltop Securities Inc.

direct 214.953.8705 fax 214.953.4050
1201 Elm Street, Suite 3500, Dallas, TX 75270

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Level Savings by Issue
SAVINGS
Santa Fe, NM
Refunds Subordinate Lien Series 2005 and 2008

FYE	Prior Debt Service	Unrefunded Debt Service	Refunding Debt Service	Savings
2016	\$ -	\$ -	\$ -	\$ -
2017	1,592,980	177,695	1,321,663	93,623
2018	1,596,730	177,694	1,325,850	93,186
2019	1,603,931	-	1,503,850	100,081
2020	1,607,930	-	1,509,850	98,080
2021	1,613,930	-	1,514,500	99,430
2022	541,681	-	447,800	93,881
2023	541,693	-	443,200	98,493
2024	531,280	-	438,200	93,080
2025	275,868	-	262,800	13,068
2026	275,868	-	258,800	17,068
2027	275,868	-	259,600	16,268
2028	275,868	-	260,000	15,868
	<u>\$ 10,733,628</u>	<u>\$ 355,389</u>	<u>\$ 9,546,113</u>	<u>\$ 832,127</u>

Series:	2005	2008	
Refunded Principal:	\$ 6,365,000	\$ 2,169,290	\$ 8,534,290
Call Date:	6/1/2015	8/1/2018	
Maturities:	2017-2024	2019-2028	
Average Coupon Refunded:	4.69%	4.61%	4.66%
True Interest Cost (TIC):	1.51%	2.28%	1.85%
Negative Arbitrage:	\$ -	\$ 37,015	\$ 37,015
Net Present Value Savings:	\$ 599,068	\$ 158,076	\$ 757,144
Percentage of Refunded Bonds:	9.412%	7.287%	8.872%

**Level Savings
SAVINGS
Santa Fe, NM
Refunds Subordinate Lien Series 2006C**

FYE	Prior Debt Service	Refunding Debt Service	Savings
2016	\$ -	\$ -	\$ -
2017	938,250	863,312	74,938
2018	941,500	863,400	78,100
2019	937,750	857,900	79,850
2020	937,250	859,350	77,900
2021	939,750	860,050	79,700
	<u>\$ 4,694,500</u>	<u>\$ 4,304,012</u>	<u>\$ 390,488</u>

Series: 2006C

Refunded Principal: \$ 4,065,000

Call Date: 6/1/2016

Maturities: 2017-2021

Average Coupon Refunded: 5.00%

True Interest Cost (TIC): 1.42%

Net Present Value Savings: \$ 371,629

Percentage of Refunded Bonds: 9.142%

GREEN, YOLANDA B

From: RODRIGUEZ, OSCAR S.
Sent: Thursday, March 17, 2016 11:21 AM
To: GREEN, YOLANDA B
Subject: FW: Potential Refunding of Sr. Lien GRT Bonds
Attachments: Santa Fe - 2016 Sr. Lien Refunding Summary.pdf

From: George Williford (HTS) [<mailto:George.Williford@hilltopsecurities.com>]
Sent: Thursday, March 10, 2016 4:25 PM
To: RODRIGUEZ, OSCAR S.
Cc: Chris P. Muirhead (cmuirhead@modrall.com); Katherine M. Creagan (kmc@modrall.com)
Subject: Potential Refunding of Sr. Lien GRT Bonds

Oscar:

As I have mentioned, currently lower interest rates offer potential savings opportunities from refunding of the 2006B and 2008 Sr. Lien GRT (CIP) bonds. The Series 2006 B issue is callable beginning June 1, 2015, with maturities through 2023. The Series 2008 issue, which included supplemental funding for the Convention Center, is callable beginning June 1, 2018 with a final maturity of 2035.

The attached file contains two schedules. Schedule 1 illustrates prospective refunding at approximate current market interest rates. As can be seen, projected annual savings for fiscal years 2017 through 2035 are approximately \$200,000 per year, with total projected savings of over \$3.8 million. Projected present value savings of \$3.1 million are equivalent to over 10% of the \$30.835 million refunded principal.

Schedule 2 is provided for sensitivity analysis. This schedule is meant to show the extent that interest rates would need to increase in order for annual savings to be approximately \$150,000. As shown, interest rates would have to increase by 45 basis points (.45%) in order for annual savings to decline to that level. Total savings, in that case would be \$2.87 million. Present value savings of \$2.25 million would be equivalent to 7.3% of the refunded principal amount.

If this refunding of the two Sr. Lien GRT secured issues is of interest, we will be pleased to provide additional information, and to work with bond counsel toward the issuance process, if desired. Please call on me with questions, and for any additional information. Also, I will be sending information regarding possible refunding of certain issues secured by the Subordinate Lien GRT pledge.

Thanks,

George

George Williford
Managing Director
FirstSouthwest, a Division of Hilltop Securities Inc.

direct 214.953.8705 fax 214.953.4050
1201 Elm Street, Suite 3500, Dallas, TX 75270

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Schedule 1 - Level Savings
SAVINGS
Santa Fe, NM
Refunds Series 2006B and 2008
Current Market Rates
*** Preliminary / Subject to Change***

FYE	Prior Debt Service	Unrefunded Debt Service	Refunding Debt Service	Savings
2016	\$ -	\$ -	\$ -	\$ -
2017	3,424,860	885,750	2,340,336	198,774
2018	4,410,475	1,872,000	2,341,550	196,925
2019	5,539,150	-	5,344,450	194,700
2020	6,627,800	-	6,427,900	199,900
2021	7,230,025	-	7,029,900	200,125
2022	7,231,300	-	7,033,800	197,500
2023	1,900,650	-	1,706,200	194,450
2024	594,063	-	391,200	202,863
2025	592,000	-	386,400	205,600
2026	594,150	-	391,400	202,750
2027	595,250	-	395,800	199,450
2028	595,300	-	394,600	200,700
2029	594,300	-	393,000	201,300
2030	592,250	-	386,000	206,250
2031	589,150	-	378,800	210,350
2032	595,000	-	391,400	203,600
2033	585,500	-	383,000	202,500
2034	595,250	-	389,400	205,850
2035	593,250	-	390,000	203,250
	<u>\$ 43,479,723</u>	<u>\$ 2,757,750</u>	<u>\$ 36,895,136</u>	<u>\$ 3,826,837</u>

Series:	2006B	2008	
Refunded Principal:	\$ 7,595,000	\$ 23,240,000	\$ 30,835,000
Call Date:	6/1/2016	6/1/2018	
Maturities:	2017-2023	2019-2035	
Average Coupon Refunded:	4.90%	5.22%	5.17%
True Interest Cost (TIC):	1.65%	2.15%	2.07%
Negative Arbitrage:	\$ -	\$ 441,369	\$ 441,369
Net Present Value Savings:	\$ 924,908	\$ 2,182,723	\$ 3,107,631
Percentage of Refunded Bonds:	12.178%	9.392%	10.078%

Schedule 2 - \$150,000 Annual Savings
SAVINGS
Santa Fe, NM
Refunds Series 2006B and 2008
45 Basis Points Above Current Market Rates
*** Preliminary / Subject to Change***

FYE	Prior Debt Service	Unrefunded Debt Service	Refunding Debt Service	Savings
2016	\$ -	\$ -	\$ -	\$ -
2017	3,424,860	885,750	2,385,017	154,093
2018	4,410,475	1,872,000	2,385,900	152,575
2019	5,539,150	-	5,383,400	155,750
2020	6,627,800	-	6,476,400	151,400
2021	7,230,025	-	7,077,650	152,375
2022	7,231,300	-	7,080,800	150,500
2023	1,900,650	-	1,752,200	148,450
2024	594,063	-	451,200	142,863
2025	592,000	-	439,800	152,200
2026	594,150	-	443,400	150,750
2027	595,250	-	446,400	148,850
2028	595,300	-	443,800	151,500
2029	594,300	-	445,800	148,500
2030	592,250	-	437,200	155,050
2031	589,150	-	438,400	150,750
2032	595,000	-	444,000	151,000
2033	585,500	-	433,800	151,700
2034	595,250	-	443,400	151,850
2035	593,250	-	442,000	151,250
	<u>\$ 43,479,723</u>	<u>\$ 2,757,750</u>	<u>\$ 37,850,567</u>	<u>\$ 2,871,406</u>

Series:	2006B	2008	
Refunded Principal:	\$ 7,595,000	\$ 23,240,000	\$ 30,835,000
Call Date:	6/1/2016	6/1/2018	
Maturities:	2017-2023	2019-2035	
Average Coupon Refunded:	4.90%	5.22%	5.17%
True Interest Cost (TIC):	2.11%	2.60%	2.52%
Negative Arbitrage:	\$ -	\$ 700,097	\$ 700,097
Net Present Value Savings:	\$ 778,474	\$ 1,471,095	\$ 2,249,569
Percentage of Refunded Bonds:	10.250%	6.330%	7.296%

REDEMPTION OF WATER UTILITLY SYSTEM/CAPITAL OUTLAY GRT
BONDS SERIES 2006D

**CITY OF SANTA FE, NEW MEXICO
REDEMPTION OF WATER UTILITY SYSTEM/CAPITAL OUTLAY GRT BONDS,
SERIES 2006D
FINANCING SCHEDULE**

MARCH 2016						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

APRIL 2016						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

MAY 2016						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

JUNE 2016						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

 Council Meeting Dates 5:00/7:00 p.m.

 Finance Committee Meeting Dates 5:00 p.m.

DATE	ACTION	RESPONSIBLE PARTIES
Tuesday, March 15, 2016	Distribute Draft Calendar of Events	Modrall
Week of March 21, 2016	Meet with Kelly Brennan and Mayor Gonzales to sign Deposit Agreement	Modrall
Week of March 28, 2016	Meet with Cindy Mitchell at BOKF to sign Deposit Agreement and Distribute Originals to City and BOKF	Modrall
Tuesday, April 26, 2016	Initiate Wire Transfer from City to BOKF of Funds necessary to Redeem 2006D Bonds	City Finance

DATE	ACTION	RESPONSIBLE PARTIES
Friday, April 29, 2016	BOKF delivers Notice of Redemption as attached to Deposit Agreement	BOKF
Wednesday, June 1, 2016	Funds Wired to DTC and Redemption of outstanding 2006D Bonds	BOKF

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