



MEMORANDUM

DATE: December 15, 2025
TO: Public Utilities Board
FROM: Randee Klingele, Treasury Manager
SUBJECT: Utility System Extendable Commercial Paper Program

Following the cancellation of the Public Utilities Board (PUB) meeting originally scheduled for November 17, 2025, agenda item PUB25-203 was advanced directly to the City Council on December 2, 2025, Ord 25-1987.

The Utilities established an Extendable Commercial Paper program (UECP) in 2021 which requires an annual adoption of a refunding bond ordinance.

Commercial paper notes cannot have a maturity that is later than the 270th day after the date on which the paper is initially issued. This Ordinance is an integral part of the UECP program because it provides delegated authority that allows refunding bonds to be issued, within certain parameters, in the event that commercial paper is issued and cannot otherwise be retired or defeased by the 270th day. The delegated authority allows City staff to execute the sale without additional Council action. Once the exact terms of the transaction are determined, staff will provide the PUB with additional information in a management report and the City Council an informal staff report.

Outlined below are the key benefits of this refunding ordinance.

- Establishing the authority to execute the sale of long-term debt quickly, avoiding additional costs of step-up rates by not having to extend the commercial paper term.
- Rating agencies view the refunding ordinance as a positive measure that ensures the City has a quick and viable means of paying off maturing commercial paper. This measure will assist in maintaining a desirable credit rating on the commercial paper, which in turn lowers the City's borrowing costs.
- Potential investors view the refunding ordinance as a positive measure that increases confidence in the investment, which in turn creates more demand and may lower borrowing costs.

OUR CORE VALUES

Inclusion • Collaboration • Quality Service • Strategic Focus • Fiscal Responsibility