

# MEMORANDUM

DIVISION OF ACCOUNTING AND FINANCE



## Office of Financial Management and Budget

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DATE: 3 Dec, 2012

TO: Transportation Commission

FROM: Ben Stein, Chief Financial Officer

SUBJECT: Possible TRANS 2004A Refunding Opportunity

The current volatility in the bond markets due to European sovereign debt, economic uncertainty in the United States, and a variety of other factors, has once again driven interest rates for high quality debt instruments to remarkably low levels.

As part of their routine search to identify opportunities for business, several investment banking firms have recently met with our investment advisor, Stifel Nicolas and with me to recommend that CDOT consider refinancing the remaining portion of the TRANS bonds that have never been subject to a refunding. Specifically, these are the remainder of the 2004A series that CDOT was unable to refinance on a tax exempt basis last year. .

If current interest rates remain available in the market place, CDOT could realize a savings in excess of \$1 million refinancing this approximately \$28 million of TRANS in a TAXABLE transaction.

If the Commission approves this effort, staff will embark upon an expedited effort to quickly complete such transaction. Stifel Nicolas is currently reviewing options for the most economically efficient approach (private placement, competitive, or negotiated). Once that is complete per SB12-150 staff will work through the State Treasurer to put in place a finance team, complete the necessary legal documents, and obtain the ratings to take advantage of the current market conditions.

If you have any additional questions please do not hesitate to contact me. This is an item for action on the December Commission agenda due to the need to move promptly while interest rates remain at such low levels.