



City of Gilroy

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City Closes on Refinancing of Sewer Revenue Bonds

The City successfully closed today on the refinancing of its sewer revenue bonds for its portion of the South County Regional Wastewater Authority (SCRWA) debt. SCRWA is a joint arrangement between the cities of Gilroy and Morgan Hill. The refinancing will enable the City to save approximately \$1.8 million. This bond refinancing is related to the City's sewer system which operates as a city enterprise.

The cash flow savings will be used to fund additional treatment plant projects which prior to the refinancing did not have an identified funding source and was deferred. The City's all-in interest cost on the refinancing is approximately 2.9%.

Last month Standard and Poor's (S&P) issued the city a "AA rating with a stable outlook," which is an outstanding rating. S&P cited the city's strong cash position, current capital planning effort in preparation for the next expansion including the commissioning of a new rate study and strong management in general for the high rating. S&P also stated there were no negative offsetting factors.

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