

TOWN OF WINDSOR AGENDA REPORT

Joint Windsor Town Council, Windsor Redevelopment Successor Agency and Windsor Water District Meeting Date: February 18, 2026

To: Mayor and Town Council
From: Nick Walker, Administrative Services Director
Shannon Cotulla, Public Works Director
Subject: Approve the Addition of the Water District as a Member of the Windsor Joint Powers Financing Authority, Approve the Financing and Issuance of 2026 Wastewater Revenue Bonds to Fund Improvements to the Water Reclamation System, and Approve the Adoption of the Updated Debt Policy

Recommendation to Council:

Add Water District to Authority:

1. Adopt a resolution of the Board of Directors of the Windsor Water District approving a Joint Powers Agreement with the Town of Windsor and authorizing and directing execution of the Joint Powers Agreement and an amendment to the Joint Powers Agreement.
2. Adopt a resolution of the Town Council consenting to an amendment to the Joint Powers Agreement for the Joint Powers Financing Authority.
3. Adopt a resolution of the Governing Board of the Windsor Joint Powers Financing Authority approving the Windsor Water District as a new member and approving an amendment to the Joint Powers Agreement.

To Approve Financing and Debt Policy:

Town Council

4. Adopt a resolution of the Town Council approving, authorizing and directing execution of certain financing documents and directing certain related actions in connection with financing certain improvements to the Town's Water Reclamation System.
5. Adopt a resolution authorizing the Town to adopt an updated Debt Policy.

Windsor Joint Powers Authority

6. Adopt a resolution authorizing the issuance by the Windsor Joint Powers Authority of Wastewater Revenue Bonds in an amount not to exceed \$40,000,000 to assist in financing certain improvements to the Water Reclamation System of the Town of Windsor, and approve related documents and actions.

Windsor Water District

7. Adopt a resolution of the Board of Directors of the Windsor Water District approving, authorizing, and directing execution of an Installment Sale financing for Water Reclamation Capital Facilities, and approving related documents and official actions.

Strategic Plan Element:

The recommended action supports the goal of Infrastructure. Goal Statement: Through a lens of sustainability and innovation, invest in the Town's infrastructure and public facilities to meet the needs of future generations.

Background:**Joint Powers Financing Authority:**

The Joint Powers Financing Authority (the “Authority”) was formed in 1993 with the Town and the Windsor Redevelopment Agency as its members to assist the members and other public agencies, including the Water District, with issuing bonds to finance the acquisition, construction and improvement of certain public capital improvements. The Redevelopment Agency has now been dissolved under the Redevelopment Dissolution Act, and the Town and the Authority desire to add the Water District as a new member of the Authority.

Financing: The Town provides wastewater collection, treatment, and disposal services to its residents through its Water Reclamation System (the “System”). The System operates the Windsor Water Reclamation Facility (the “WRF”), which was constructed in 1964. Over the past 50 years, the WRF has grown in size and has been upgraded several times, although some of the original structures are still in . The current wastewater flows into the WRF have exceeded some design parameters of the facility. Staff have implemented measures so that the system will continue to meet recycled water standards. However, the aging system needs modernization to prevent future system failures. Through alternates analysis and pilot testing, the Town have developed a cost effective design that will meet the current and long-term needs of the Town.

On June 4, 2025, the Town Council adopted wastewater rate increases to fund a program to improve the wastewater system. That program included \$138 Million in funding from \$11.3 million in cash, and two debt issuances. The two debt issuances were anticipated to be \$68.2 million from the federal Water Infrastructure Financing and Innovation Act (WIFIA) program and \$58.5 million in bonds. Since the rate study the Town has become eligible for a \$48.5 million low interest loan from the Clean Water State Revolving Fund (CWSRF) and the WIFIA program experienced delays in funding projects due to federal staffing changes. changes have led to the Town revising the funding approach to include an initial bond issuance of \$35 million that will be followed by either a WIFIA loan or second bond issuance planned for December of 2026, and finalizing the CWSRF in February of . The revised funding plan is still aligned with the adopted rate plan adopted on June 4, 2025.

The improvement projects to be financed by the funding program include:

- Secondary process improvements, including the retrofit and refurbishment of the existing secondary clarifiers, modifications to the waste and return activated sludge pump stations, and major upgrades to the blower facility.
- Electrical upgrades and switchgear in order to replace aging components of the main power switchboard which distributes utility power to all locations of the treatment plant.
- Biosolids Handling Facility in order to reduce greenhouse gas emissions, avoid land application of biosolids and produce a marketable biochar product.

These improvements are a component of the Town’s Water Reclamation Facility Modernization Project, which is projected to be substantially completed in Spring of 2028.

This initial \$35 million debt issuance will fund the first year of construction of the secondary process improvements and fund completion of the design of the biosolids and switchgear. The secondary process improvements project has been put out for bid with construction expected to begin later this Spring. The design of the biosolids and switchgear upgrades are underway and expected to be complete by the end of the year.

Discussion:

The Windsor Joint Powers Authority (the “Authority”) was formed to assist the Town in financing capital projects. The Town has determined finance the 2026 Project through the issuance by the Authority of 2026 Wastewater Revenue Bonds (Green Bonds) (the “2026 Bonds”). To do so, (i) the Town Council, in its capacity as the legislative body of the Authority, needs to authorize the delivery of the 2026 Bonds in a principal amount not to exceed \$40,000,000, (ii) the Town Council, in its capacity as the legislative body of the Town, needs to approve issuance of the 2026 Bonds, and (iii) the Town Council, in its capacity as the legislative body of the Windsor Water District (the “District”), needs to approve issuance of the 2026 Bonds.

The 2026 Bonds will be secured by Net Revenues of the Water Reclamation System and will be secured and payable on parity with the Authority’s 2012 Installment Sale Agreement and 2023 Installment Sale Agreement.

The Authority will be obtaining an underlying credit rating for the 2026 Bonds from S&P Global Ratings. The Authority is also seeking to obtain bond insurance for the 2026 Bonds, as a form of credit.

The resolution being presented for approval authorizes the issuance of the 2026 Bonds and approves the form and authorizes execution of the related financing , including:

- **Installment Sale Agreement** – The Installment Sale Agreement is a contract between the Town, the District, and the Authority, under which the Authority will provide funds to acquire, construct and/or improve the 2026 Project and sell the 2026 Project to the Town and the District in consideration of the agreement by the Town and the District to pay the purchase price thereof in semiannual installment payments.
- **Indenture of Trust** - The Indenture is a contract between the Authority and U.S. Bank Trust Company, National Association., acting as Trustee. The Indenture specifies the particulars of the Bonds, including the dated date, maturity date or dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption and other terms of 2026 Bonds.
- **Bond Purchase Agreement** – The Bond Purchase Agreement is a contract between the Authority, the Town, and Oppenheimer & Co. Inc., as underwriter (the “Underwriter”), whereby the Authority agrees to sell the Bonds to the Underwriter and the Underwriter agrees to buy the Bonds from the Authority for resale to the public.
- **Preliminary Official Statement** – The Preliminary Official Statement is the offering document used by the Underwriter to inform the marketplace of the terms of the 2026 Bonds and contains all relevant information for the investor to decide whether to purchase the 2026 Bonds.
- **Continuing Disclosure Certificate** – Contained in the Preliminary Official Statement is the form of the Continuing Disclosure Certificate, which requires the Authority and the Town to submit annual continuing disclosure reports and notice of certain listed events to the marketplace as long as the Bonds are outstanding. Such information will be provided through the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access website. NHA Advisors, as dissemination agent, assists the Authority with this responsibility.

Disclosure Documents:

Staff and the Town’s financing team have prepared the Preliminary Official Statement in connection with the offering of the 2026 Bonds. The Preliminary Official Statement presents material information relating to the Bonds and the Town’s finances and operations and will be used in the offering of the Bonds to potential investors.

The United States Securities Exchange Commission has stated that elected officials have certain

responsibilities under federal securities law. If Town Council members during their review of the Preliminary Official Statements determine that it contains any material false statements or omissions of material information, they should bring this to the attention of staff.

Updated Debt Policy:

Additionally, the Town is recommending the adoption of a Resolution approving an updated Debt Policy. The Town's existing Debt Policy (Policy No. 2020-02) was most recently approved by Resolution No. 3566-20 on January 15, 2020. The Debt Policy requires periodic review by the Town to ensure regulatory compliance or to clarify objectives and guidelines for the issuance and management of debt.

The recommended revisions to the Debt Policy include the following:

- Clarification that the policy constitutes as the debt policy for the Windsor Water District and the Windsor Joint Powers Financing Authority, and any other entities for which the Town Council acts as legislative body.
- A limit on General Fund-supported debt obligations, so that total annual debt service for all General Fund-supported debt in each year should not exceed 6% of the Town's annual budgeted General Fund revenues. The limit will be reviewed on a case-by-case basis.
- Inclusion of Water Infrastructure Finance and Innovation Act (WIFIA) Loans as a permitted type of financing.
- A statement that the Town seeks to maintain strong credit ratings that reflect sound financial management, economic stability, and responsible debt practices.

Bond Sizing (Not-to-Exceed Amounts):

To authorize the sale of the 2026 Bonds, staff must provide not-to-exceed amounts in the Town Resolution and the Authority Resolution. To provide staff with maximum in determining the optimal size of the 2026 Bonds, staff requests: a not to exceed principal amount of \$40 million; a not to exceed true interest cost of 5.00%; and a not to exceed underwriter's discount of 0.75%. These limits have been included in the Town Resolution and Authority Resolution as "not to exceed" to create a reasonable amount of flexibility for the Town and the Authority, even though the final principal amount, true interest cost and underwriter's discount are anticipated to be less.

Good Faith Estimates:

The required good faith estimates discussed below, with respect to the 2026 Bonds, are provided in accordance with California Government Code Section 5852.1. good faith estimates have been provided by Fieldman, Rolapp & Associates, Inc., the Town's Municipal Advisor, in consultation with the Underwriter and are based on assumptions of the estimated principal amount of the 2026 Bonds and on market interest rates prevailing at the time the estimate is prepared. The estimates reflect the combined totals for the 2026 Bonds, as follows:

Principal Amount: The Municipal Advisor informed the Town that based on the Town's financing plan and current market conditions, the good faith estimate of the aggregate principal amount of the 2026 Bonds to be sold (the Estimated Principal Amount) is \$37,090,000.

True Interest Cost of the Bonds: The Municipal Advisor informed the Town that its good faith estimate of the true interest cost of the 2026 Bonds, which is the rate necessary to discount the amounts payable on the respective principal and interest payment to the purchase price received for the 2026 Bonds, is 4.49%.

Finance Charge of the Bonds: The Municipal Advisor informed the Town that its good faith estimates

of the finance charge for the 2026 Bonds, which is the sum of all fees and charges paid to third parties, or costs associated with the 2026 Bonds, is \$807,577. Such fees and charges include fees for bond and disclosure counsel, municipal advisor, appraiser, escrow verification, trustee, rating agency, title insurance, municipal bond insurance, debt service reserve policy, printing and underwriting. These fees are all paid for with bond proceeds.

Amount of Proceeds to be Received: The Municipal Advisor informed the Town that its good faith estimate of the amount of proceeds expected to be received by the Town for sale of the 2026 Bonds less the finance charge of the Bonds, as estimated above, and any capitalized interest funded with proceeds of the 2026 Bonds is \$35,000,000.

Total Payment Amount: The Municipal Advisor informed the Town that its good faith estimate of the total payment amount of all payments the Town will make to pay debt service on the 2026 Bonds calculated to the final maturity of the Bonds is \$71,291,250.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the 2026 Bonds issued and sold, the true interest costs, the finance charges, the amount of proceeds received, and the total payment amount may differ from such good faith estimates due to:

1. The actual date of the sale of the 2026 Bonds being different than the date assumed for purposes of such estimates;
2. The actual principal amount of the 2026 Bonds sold being different from the Estimated Principal Amount;
3. The actual amortization of the 2026 Bonds being different than the 30-year amortization assumed for purposes of such estimates;
4. The actual market interest rates at the time of sale of the 2026 Bonds being different than those estimated for purposes of such estimates;
5. Other market conditions; or
6. Alterations in the Town's financing plan, delays in the financing, additional legal work (including federal tax law due diligence), or a combination of such factors.

The actual date of sale of the 2026 Bonds and the actual principal amount of 2026 Bonds sold will be determined by the Town and the Authority based on the timing of the need for proceeds of the 2026 Bonds and other factors. The actual interest rates and amortization of the 2026 Bonds will depend on market interest rates at the time of sale, with an expected amortization period of 30 years. Market interest rates are affected by economic and other factors beyond the control of the Town and the Authority. If market rates change so that the transaction is no longer financially beneficial, the Town and the Authority can terminate the transaction at any time before the 2026 Bonds are sold to the Underwriter.

Fiscal Impact:

The estimated project costs to be funded with the 2026 Bonds are \$35,000,000. The proposed 2026 Bonds have an estimated par amount of \$37,090,000, which with issuance premium, would secure funding for the and cover bond issuance costs. The 2026 Bonds would be repayable, with interest, over 30 years from the Town's Water Reclamation System.

Environmental Review:

The project is exempt from the California Environmental Quality Act (CEQA) in accordance with section 15302 because it consists of replacement or reconstruction of an existing facility where the new structure will be located on the same site and will have substantially the same capacity as the structure

being replaced. Therefore, no environmental review is required.

Attachment(s):

1. Resolution of Water District to Join JPA
2. Resolution of Town re JPA
3. Resolution of Authority re Amendment
4. Resolution re Water Reclamation
5. Resolution - Dept Policy
6. Resolution - JPA - 2026 Water Reclamation
7. Resolution - Windsor Water District
8. First Amendment to Joint Powers Agreement
9. Windsor Debt Policy
10. Installment Sale Agr 2026 Windsor Water Reclamation
11. Indenture 2026 Windsor Water Reclamation
12. BPA Windsor 2026
13. POS - Windsor Wastewater Bonds
- 13.2 PowerPoint (Distributed 2026.02.18)

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Reviewed by:

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Jon Davis
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