



STAFF REPORT
January 28, 2026

TO: Honorable Mayor and City Council Members

FROM: Lincoln Bogard, Finance Director
Bill Pattison, City Manager

SUBJECT: Resolution No. 2026-05 Approving an Underwriter Engagement Letter with Piper Sandler for Underwriting Debt Associated with the Establishment of the Coachella Electric Financing Authority

STAFF RECOMMENDATION:

Staff recommends that the City Council approve Resolution 2026-05, approving an Underwriter Agreement Letter with Piper Sandler for underwriting debt associated with the establishment of the Coachella Electric Financing Authority.

BACKGROUND:

Staff has communicated its discussions with Imperial Irrigation District (IID) to Council. IID electrical capacity in our city is limited. Construction of additional substations in the city is needed for energy reliability, resiliency and continued economic growth. Indio and IID recently created the Indio Electric Financing Authority which successfully financed the construction of new substations within in Indio through the levy of surcharge on each kilowatt hour of energy sold by IID in Indio. IID talks have progressed to the point that our city needs to begin the formation and rate setting process for the Coachella Electric Financing Authority. Staff is hoping to use the same consultants that Indio used since this is a new type of funding mechanism and we feel that using the same consultants will result in lower costs due to economies of scale from the prior experience with Indio and from their experience collaborating with IID on behalf of Indio.

The goal of the Coachella Electric Financing Authority would be to issue bonds secured by a surcharge collected by IID on behalf of the City. The bonds would finance the expansion of 3 existing substations and the construction of a new substation within the City.

DISCUSSION/ANALYSIS:

Staff would like to have Council consider Piper Sandler as underwriter to the City in connection with any issued debt associated with the formation of the City of Coachella Electric Financing Authority (“Formation Services”) which will be repaid from revenue from the implementation of

a surcharge on electrical power provided by Imperial Irrigation district within the City (the “Surcharge”).

The terms allow the City to cancel with or without cause at any time with immediate effect upon written notification. If the City does not move forward with the formation of the Coachella Electric Financing Authority, this contract can be terminated to avoid any unnecessary costs.

ALTERNATIVES:

1. Approve the action.
2. Do not approve the action.

FISCAL IMPACT:

The estimated cost of underwriting services for the first issuance of \$40 million is \$320,291.56. Staff would like to ask council to approved a ten percent contingency in the event that the average takedown costs exceed the estimated \$7 per bond for a Not-To-Exceed amount of \$352,320.72 and can be recuperated from bond issuance for consultant costs of formation.

Attachments:

Resolution 2026-05

Underwriter Engagement Letter