



Legislation Details (With Text)

File #: 17-1078 **Version:** 2 **Name:**
Type: Ordinance **Status:** Mayor's Office
File created: 6/20/2017 **In control:** City Council
On agenda: 8/8/2017 **Final action:** 8/8/2017
Title: Ordinance No. 17-67 of the City of Colorado Springs, Colorado approving and authorizing the execution and delivery of Amendments to Standby Bond Purchase Agreements

Presenter:
 Bob Leshner, Manager, Treasury and Finance
 Jerry Forte, P.E., CEO, Colorado Springs Utilities

Sponsors:

Indexes:

Code sections:

Attachments: 1. Ordinance No. 17-__ - 2008A 2007A 2006A (45795273v1).pdf, 2. Signed Ordinance 17-67

Date	Ver.	Action By	Action	Result
8/8/2017	1	City Council	finally passed	Pass
7/25/2017	1	City Council	approved on first reading	Pass

Ordinance No. 17-67 of the City of Colorado Springs, Colorado approving and authorizing the execution and delivery of Amendments to Standby Bond Purchase Agreements

Presenter:

Bob Leshner, Manager, Treasury and Finance
 Jerry Forte, P.E., CEO, Colorado Springs Utilities

Summary:

The attached Ordinance addresses renewal of Standby Bond Purchase Agreements (“SBPA”) for Variable Rate Demand Utilities System Subordinate Lien Improvement and Refunding Revenue Bonds, Series 2006A (“the 2006A Bonds”), Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2007A (“the 2007A Bonds”) and Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2008A (“the 2008A Bonds”).

The current SBPA for the 2006A Bonds is provided by JPMorgan Chase Bank, N.A. with a stated expiration date of September 15, 2017. The current SBPA for the 2007A Bonds is provided by Wells Fargo Bank, N.A. with a stated expiration date of September 22, 2017. The current SBPA for the 2008A Bonds is provided by U.S. Bank, N.A. with a stated expiration date of September 1, 2017.

The City elected to renew these Agreements through a competitive RFP process conducted earlier in 2016 for the following term; JPMorgan Chase Bank, N.A. (2006A Bonds) for 1 year; Wells Fargo Bank, N.A. (2007A Bonds) for 3 years; and U.S. Bank, N.A. (2008A Bonds) for 3 years

Previous Council Action:

City Council approved the following Ordinances authorizing variable rate bond issues and their corresponding Standby Bond Purchase Agreements. Subsequent Amending Ordinances approved by City Council for each bond issue are also listed.

Bond Issue	Authorizing Ordinance	Amending Ordinances	
2006B	06-137 (08/08/2006)	09-103 (08/25/2009)	13-51 (08/27/2013)
2007A	07-125 (08/28/2007)	09-103 (08/25/2009)	13-51 (08/27/2013)
2008A (08/12/2008)	08-121 (08/25/2009)	09-103 (08/27/2013)	13-51

Background:

The respective Bond Ordinances for the City’s variable rate bond issues require that the City “maintain a Liquidity Facility in full force and effect at all times when the bonds are bearing interest at a Variable Rate other than Auction Mode Rate, except as otherwise provided in Section 1212 of the Bond Ordinance”. A Standby Bond Purchase Agreement is one of the acceptable financial instruments to provide liquidity for the City’s variable rate bond issues. Due to volatility in financial markets over the past several years, the City has elected to release a competitive RFP for expiring facilities in an effort to improve pricing and contractual terms as opportunities are presented. This action, if approved by City Council, will allow the City to maintain diversity in the liquidity provider portfolio with a decrease in annual costs for the 2006A SBPA and the 2007A SBPA and a small increase in annual costs for the 2008A SBPA

Financial Implications:

The City’s resulting overall cost for liquidity will be marginally lower with these renewals. Counterparty diversity in the liquidity provider portfolio will be maintained at a level acceptable to the City.

Board/Commission Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

The City could choose not to renew the Standby Bond Purchase Agreements for either the 2006A Bonds or the 2007A Bonds or the 2008A Bonds when their respective agreements expire in 2017, which would be a violation of their Bond Ordinances. This alternative would not be advantageous to the City.

Proposed Motion:

Move approval of proposed Ordinance.

The City requests approval to renew the Standby Bond Purchase Agreements (“SBPAs”) for the 2006A, the 2007A Bonds and the 2008A Bonds, currently with JPMorgan Chase Bank, N.A., Wells Fargo Bank, N.A. and U.S. Bank, N.A., respectively. With these renewals overall costs will be marginally lower and the City will maintain diversity in the liquidity provider portfolio.