



Legislation Details (With Text)

File #: 17-1162 **Version:** 2 **Name:**
Type: Ordinance **Status:** Mayor's Office
File created: 7/17/2017 **In control:** City Council
On agenda: 8/8/2017 **Final action:** 8/8/2017
Title: Ordinance No. 17-68 of the City of Colorado Springs, Colorado approving and authorizing the execution and delivery of the Standby Bond Purchase Agreement - Series 2009C ("the 2009C Bonds") and Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2010C ("the 2010C Bonds").

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

Sponsors:

Indexes:

Code sections:

Attachments: 1. ORDINANCE NO. __ 17-__ - 2009C and 2010C (45636903v1).pdf, 2. Signed Ordinance 17-68

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. 17-68 of the City of Colorado Springs, Colorado approving and authorizing the execution and delivery of the Standby Bond Purchase Agreement - Series 2009C ("the 2009C Bonds") and Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2010C ("the 2010C Bonds").

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 Jerry Forte, P.E., CEO, Colorado Springs Utilities

Summary:

The attached Ordinance addresses issuance of Standby Bond Purchase Agreements ("SBPA") for Variable Rate Demand Utilities System Refunding Revenue Bonds, Series 2009C ("the 2009C Bonds") and Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2010C ("the 2010C Bonds").

The current SBPA for the 2009C Bonds is provided by Royal Bank of Canada with a stated expiration date of September 18, 2017. The City has elected to replace Royal Bank of Canada with Sumitomo Mitsui Banking Corporation for a term of five years. The current SBPA for the 2010C Bonds is provided by JPMorgan Chase Bank, N.A. with a stated expiration date of October 25, 2017. The City has elected to replace JPMorgan Chase Bank, N.A. with Barclays Bank PLC for a term of four years. The new counterparties were selected through a competitive RFP process conducted by the City

earlier in 2017.

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.

<u>Issue</u>	<u>Bond Ordinance</u>	<u>Authorizing Amending Ordinance</u>
2009C	09-108 (09/08/2009)	13-51 (08/27/2013)
2010C	10-78 (10/12/2010)	13-51 (08/27/2013)

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. On occasion these opportunities have required that the City replace the incumbent liquidity facility provider. This action, if approved by City Council, will allow the City to maintain diversity in the liquidity provider portfolio with a small decrease in annual costs.

Financial Implications:

The City’s resulting overall cost for liquidity will be marginally lower with these replacements. 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 replace the Standby Bond Purchase Agreements for the 2009C Bonds or the 2010C Bonds when their agreements expire in 2017, which would be a violation of their respective Ordinances. This alternative would not be advantageous to the City.

Proposed Motion:

Move approval of proposed Ordinance.

The City requests approval to replace the Standby Bond Purchase Agreements (“SBPAs”) for the 2009C and 2010C Bonds, currently with Royal Bank of Canada and JPMorgan Chase Bank, N. A.,

respectively. The new SBPAs will be with Sumitomo Mitsui Banking Corporation (2009C Bonds) and Barclays Bank PLC (2010C Bonds). With these replacements, the City will maintain diversity in the liquidity provider portfolio with a small decrease in annual costs.