



Legislation Text

File #: 15-00532, Version: 2

**Ordinance No. 15-60 of the City of Colorado Springs, Colorado Approving and Authorizing the Execution and Delivery of the Standby Bond Purchase Agreements Among the City of Colorado Springs, Colorado, Wells Fargo Bank, National Association, As Tender Agent, and Certain Banking Organizations, The Fee Agreements Between the City of Colorado Springs, Colorado, and such Banking Organizations, and the Official Statements for the Utilities System Revenue Bonds Previously Issued by the City to Which the Agreements Relate; Ratifying Certain Action Heretofore Taken**

**From:**

Jerry Forte, P.E., Chief Executive Officer Colorado Springs Utilities

**Summary:**

The attached Ordinance addresses issuance of Standby Bond Purchase Agreements (“SBPA”) for Variable Rate Demand Utilities System Subordinate Lien Revenue Bonds, Series 2000A (“the 2000A Bonds”), Taxable Variable Rate Demand Utilities System Subordinate Lien Revenue Bonds, Series 2002C (“the 2002C Bonds”) and the Variable Rate Demand Utilities System Subordinate Lien Improvement Revenue Bonds, Series 2005A (“the 2005A Bonds”).

The current SBPA for the 2000A Bonds is provided by Bayerische Landesbank with a stated expiration date of November 30, 2015. The City has elected to replace Bayerische Landesbank with Landesbank Hessen Thuringen Girozentrale (“Helaba”) for a term of five years. The current SBPA for the 2002C Bonds is provided by Bank of New York Mellon with a stated expiration date of September 14, 2015. The City has elected to replace Bank of New York Mellon with Mizuho Bank, Ltd. for a term of four years. The current SBPA for the 2005A Bonds is provided by Bank of Montreal with a stated expiration date of September 15, 2015. The City has elected to replace Bank of Montreal with Mizuho Bank, Ltd. for a term of four years. The new counterparties were selected through a competitive RFP process conducted by Utilities earlier in 2015.

**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.

			Amending Ordinances			
Bond Issue	Authorizing Ordinance	00-178 (12/22/2000)	03-184 (10/28/2003)	04-429 (11/09/2004)	09-103 (08/25/2009)	13-51 (8/27/2013)

2000A	00-154 (10/24/2000)	X	X	X	X	X
2002C	02-196 (11/26/2002)		X	X	X	X
2005A	05-111 (08/23/2005)				X	X

**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. Liquidity Facilities generally have terms of one to five years. Due to volatility in financial markets over the past several years, the City has elected to release a competitive RFP for expiring facilities in order 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 result in a decrease in pricing and also maintain diversity in the liquidity provider portfolio.

**Financial Implications:**

The City’s resulting overall cost for liquidity will be lower with these three counterparty 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 2000A Bonds, the 2002C Bonds or the 2005A Bonds when their agreements expire in 2015, 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.

Colorado Springs Utilities requests approval to replace providers of Standby Bond Purchase Agreements for 2000A Bonds, 2002C Bonds and 2005A Bonds. For 2000A Bonds, Landesbank Hessen Thuringen Girozentrale (“Helaba”) will replace Bayerische Landesbank. For 2002C Bonds, Mizuho Bank, Ltd. will replace Bank of New York Mellon. For 2005A Bonds, Mizuho Bank, Ltd. will replace Bank of Montreal. Colorado Springs Utilities will achieve cumulative cost savings on the three replacement Agreements.