



Legislation Text

File #: 20-169, **Version:** 2

Ordinance No. 20-25 of the City of Colorado Springs, Colorado approving and authorizing the execution and delivery of a second amendment to Standby Bond Purchase Agreement by and among the City of Colorado Springs, Colorado and Wells Fargo Bank, National Association, as Tender Agent and Paying Agent and U.S. Bank National Association and a second amended and restated fee agreement between the City of Colorado Springs, Colorado and U.S. Bank National Association relating to the City of Colorado Springs, Colorado, Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2008A; and providing other matters relating thereto.

Presenter:

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Aram Benyamin, Chief Executive Officer, Colorado Springs Utilities

Summary:

The attached Ordinance addresses issuance of a second amendment to the Standby Bond Purchase Agreement (“SBPA”) for Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2008A (“the 2008A Bonds”). The current amendment to the SBPA for the 2008A Bond is provided by U.S. Bank National Association with a stated expiration date of August 31, 2020. The City has elected to renew with U.S. Bank National Association for a term of three years.

Background:

The Bond Ordinance for the City’s 2008A Bonds requires 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. The City elects, through the use of a second amendment to the SBPA, to renew 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 decrease in annual costs.

Previous Council Action:

City Council approved the following Ordinance authorizing the 2008A bonds and the corresponding Standby Bond Purchase Agreement. Subsequent Amending Ordinances approved by City Council for the 2008A Bonds are also listed.

Issue	Bond Ordinance	Authorizing Amending Ordinance	
2008A	08-121	09-103	13-51

(08/12/2008)

(08/25/2009) (08/27/2013)

Financial Implications:

The City's resulting overall cost for liquidity will be lower with this renewal. Counterparty diversity in the liquidity provider portfolio will be maintained at a level acceptable to the City.

City Council Appointed Board/Commission/Committee Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

The City could choose not to renew the Standby Bond Purchase Agreement for the 2008A Bonds when the agreement expires in 2020, which would be a violation of the Ordinance. This alternative would not be advantageous to the City.

Proposed Motion:

Approval of proposed Ordinance.

The City requests approval to renew the Standby Bond Purchase Agreement ("SBPA") for the 2008A Bonds, currently with U.S. Bank, National Association for a three-year term. With this renewal, the City will maintain diversity in the liquidity provider portfolio with a decrease in annual costs.