



Legislation Text

File #: 24-167, **Version:** 3

Ordinance No. 24-31 of the City of Colorado Springs, Colorado Approving and Authorizing the Execution and Delivery of a First Amendment to Standby Bond Purchase Agreement Among the City of Colorado Springs, Colorado, Computershare Trust Company, N.A., As Tender Agent, and Bank of America, N.A., and an Amended and Restated Fee Agreement Between the City of Colorado Springs, Colorado and Bank Of America, N.A., Relating to the City of Colorado Springs, Colorado, Variable Rate Demand Utilities System Subordinate Lien Improvement Revenue Bonds, Series 2005a; and Providing Other Matters Relating Thereto.

Presenter:

Tristan Gearhart, Chief Planning and Financial Officer, Colorado Springs Utilities
Travas Deal, Chief Executive Officer, Colorado Springs Utilities

Summary:

The attached Ordinance approves an extension to a Standby Purchase Agreement (“SBPA”) for the Variable Rate Demand Utilities System Subordinate Lien Improvement Revenue Bonds, Series 2005A. and the related fee agreement. The current SBPA for the Bonds is set to routinely expire this fall. Utilities has elected to renew the existing 2005A SBPA agreement with Bank of America, N.A. for a term of five years.

Background:

The Bond Ordinance for the City’s 2005A Bonds 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.

Previous Council Action:

City Council approved the Ordinance authorizing the 2005A bonds as well as all corresponding past Standby Bond Purchase Agreements and amendments associated with this issuance.

Financial Implications:

The City’s resulting overall cost for liquidity will decrease as a result of these actions.

City Council Appointed Board/Commission/Committee Recommendation:

The Utilities Board Finance Committee reviewed this proposed action at their April 15, 2024 meeting. Additionally, the Utilities Board also reviewed this item at the April 17, 2024 meeting.

Stakeholder Process:

N/A

Alternatives:

The City could choose not to renew the Standby Bond Purchase Agreement when it expires in 2024, which would be a violation of the Ordinance. This alternative would not be advantageous to the City.

Proposed Motion:

Approval of Ordinance No. 24-31.

The City requests approval to renew the expiring Standby Bond Purchase Agreement for the 2005A Bonds and the related fee agreement for a five-year term. This action maintains The City's compliance with the bond ordinances requiring such facilities be in place and does so at lower overall prices than current costs.