



Legislation Text

File #: 14-0410, Version: 1

**Ordinance No. 14-56 of the City of Colorado Springs, Colorado Approving and Authorizing the Execution and Delivery of a Remarketing Agreement Between the City of Colorado Springs, Colorado and Barclays Capital Inc. Relating to Utilities Revenue Bonds; and Ratifying Certain Action Heretofore Taken**

**From:**

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

**Summary:**

The attached Ordinance addresses the approval and appointment of Barclays Capital, Inc. (“Barclays”) as Remarketing Agent for Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2007A (“the 2007A Bonds”).

George K. Baum and Company presently serves as Remarketing Agent for the 2007A Bonds but elected to resign pursuant to Section 1202 of Ordinance No. 07-125 adopted on August 28, 2007. Barclays’ response to a competitive RFP was judged to provide the best overall value to the City as the replacement Remarketing Agent. Barclays will replace George K. Baum and Company as soon as practical following approval of the Ordinance by City Council.

**Previous Council Action:**

City Council approved the following Ordinances authorizing the 2007A Bonds. Subsequent Amending Ordinances approved by City Council for the 2007A Bonds are also listed.

Bond Issue	Authorizing Ordinance	Amending Ordinances
2007A	07-125 (8/28/2007)	09-103 (8/28/2009) 13-51 (8/27/2013)

**Background:**

The Bond Ordinances for the City’s variable rate bond issues provide that the owners of the bonds may elect (or may be required) in certain instances to tender their bonds for purchase. The Remarketing Agent is an important counterparty in efforts to obtain new owners for tendered bonds within the specified time period for settlement. The Remarketing Agent is also responsible for resetting the weekly variable interest rate that is payable to bond owners, thereby ensuring that the interest rate paid by Colorado Springs Utilities on the bonds remains competitive.

George K. Baum and Company has been the Remarketing Agent for the 2007A bonds since 2007. Pursuant to Section 1202 of Ordinance No. 07-125 George K. Baum and Company has submitted its resignation. The City issued a competitive RFP and Barclays was evaluated as the supplier

providing the best overall value to the City as the new Remarketing Agent. Barclays also currently provides remarketing services for Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2010C and Series 2012A. Barclays will replace George K. Baum and Company as soon as practical following approval of the Ordinance by City Council.

**Financial Implications:**

The City's resulting annual cost for remarketing the 2007A bonds will be higher as a result of replacing George K. Baum and Company with Barclays. The cost remains within the competitive range of the other eleven remarketing agreements that the City currently has in place for its variable rate bond issues.

**Board/Commission Recommendation:**

N/A

**Stakeholder Process:**

N/A

**Alternatives:**

The City could choose not to accept Barclays as the replacement Remarketing Agent. This alternative would not be advantageous to the City.

**Proposed Motion:**

Approval of proposed Ordinance.

The City requests approval to appoint Barclays Capital, Inc. ("Barclays") as Remarketing Agent for Series 2007A bonds. George K. Baum and Company has resigned as Remarketing Agent and Barclays was chosen as replacement after a competitive RFP process. The City will incur additional annual expense with this replacement but the cost remains within a competitive range for all remarketing agreements the City has in place.