



Legislation Text

File #: 22-468, **Version:** 2

Title

Ordinance No. 22-45 of the City of Colorado Springs, Colorado Approving and Authorizing the Execution and Delivery of a Third Amendment to Standby Bond Purchase Agreement by and Among the City of Colorado Springs, Colorado, U.S. Bank National Association, and Computershare Trust Company, N.A., as Agent for Wells Fargo Bank, N.A., as Tender Agent and Paying Agent and a Second Amended and Restated Fee Agreement by and Among the City of Colorado Springs, Colorado, U.S. Bank National Association, and Computershare Trust Company, N.A., as Agent Wells Fargo Bank, National Association, as Tender Agent and Paying Agent, Relating to the City of Colorado Springs, Colorado, Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2012A; and Providing Other Matters Relating Thereto.

Presenter:

Tristan Gearhart, Chief Planning and Financial Officer, Colorado Springs Utilities.
Aram Benyamin, Chief Executive Officer, Colorado Springs Utilities.

Summary:

The Ordinance addresses approval of an extension to a Standby Purchase Agreement (“SBPA”) for the Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2012A. The current SBPA for the Bonds is set to routinely expire this fall. Utilities has elected to renew the existing 2012A SBPA agreement with U.S. Bank National Association for a term of five years.

Background:

The Bond Ordinance for the City’s 2012A 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 2012A 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 July 15, 2022 meeting. Additionally, the Utilities Board also reviewed this item at the July 20, 2022 meeting.

Stakeholder Process:

N/A

Alternatives:

The City could choose not to renew the Standby Bond Purchase Agreement when it expires in 2022, which would be a violation of the Ordinance. This alternative would not be advantageous to the City.

Proposed Motion:

Approval of proposed Ordinance.

Summary of Ordinance Language

The City requests approval to renew the expiring Standby Bond Purchase Agreement for the 2012A Bonds 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.