



## Legislation Text

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**File #:** 18-0207, **Version:** 1

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An Ordinance authorizing the termination by the City of existing Interest Rate Exchange Agreements; delegating to the Utilities Chief Executive Officer and the Utilities Chief Planning and Finance Officer the authority to determine the financial terms of transactions terminating such agreements; ratifying action heretofore taken and relating to such agreements; and providing other matters relating thereto.

**Presenter:**

Bob Leshner, Manager, Treasury and Finance  
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**Summary:**

The Ordinance delegates to the Utilities Chief Executive Officer and the Chief Planning and Finance Officer the authority to determine the precise timing and circumstances under which one or more of the City's existing Interest Rate Exchange Agreements ("Agreements") can be terminated during calendar year 2018.

**Previous Council Action:**

N/A

**Background:**

The City has entered into individual Interest Rate Exchange Agreements associated with the majority of its outstanding variable interest rate bonds. Under these Agreements the City and a counterparty exchange payment, thereby creating a synthetically fixed interest rate for the City's variable interest rate bonds. The City wants to strategically exit one or more of these Agreements when the financial markets provide an opportunity. The financial markets can change rapidly, and the capability to quickly terminate Agreements can have a large financial impact. Delegating authority to the Utilities Chief Executive Officer and the Chief Planning and Finance Officer will enable the City to take advantage of market opportunities and selectively terminate Agreements during calendar year 2018.

**Financial Implications:**

The timing of the termination can have a major impact on the financial benefit or cost of these Agreements. Generally, the closer the termination decision is to the actual termination date is advantageous to the City. Dependent upon financial market conditions the City may also elect to refund the associated variable rate bonds and replace with fixed rate bonds. A settlement amount to either the counterparty or the City upon termination may also be required as a condition of the Agreement.

**Board/Commission Recommendation:**

N/A

**Stakeholder Process:**

N/A

**Alternatives:**

The City could choose not to approve the Interest Rate Exchange Agreements Termination Ordinance. This alternative would not be advantageous to the City at this time.

**Proposed Motion:**

Move approval of the Interest Rate Exchange Agreements Termination Ordinance.

The Ordinance authorizes the termination of the City's existing Interest Rate Exchange Agreements; delegating the authority to the Utilities Chief Executive Officer and the Chief Planning and Finance Officer to determine the financial terms of the termination transaction.