



Legislation Text

File #: 14-0409, Version: 1

**Ordinance No. 14-55 of the City of Colorado Springs, Colorado Approving and Authorizing the Execution and Delivery of the Second Amendment to the Standby Bond Purchase Agreement by and Among the City of Colorado Springs, Colorado and Wells Fargo Bank, N.A., as Tender Agent and Paying Agent and Royal Bank of Canada, as Credit Facility Bank and the First Amendment to the Fee Letter Between the City of Colorado Springs, Colorado and Royal Bank of Canada; and Providing Other Matters Relating Thereto**

**From:**

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

**Summary:**

The attached Ordinance addresses renewal of the Standby Bond Purchase Agreement (“SBPA”) for Variable Rate Demand Utilities System Refunding Revenue Bonds, Series 2009C (“the 2009C Bonds”).

The current SBPA for the 2009C Bonds is provided by Royal Bank of Canada with a stated expiration date of September 19, 2014. Through a competitive RFP process the City has elected to renew the SBPA with Royal Bank of Canada. Due to updates in contractual terms, approval by City Council for the renewal of the SBPA is required.

**Previous Council Action:**

City Council approved the following Ordinance authorizing the 2009C Bonds and its corresponding Standby Bond Purchase Agreement. A subsequent Amending Ordinance approved by City Council for this bond issue is also listed. .

Bond Issue	Authorizing Ordinance	Amending Ordinances
2009C	09-108 (9/08/2009)	13-51 (8/27/2013)

**Background:**

The respective Bond Ordinances for the City’s variable rate bond issues 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. Liquidity Facilities generally have terms of one to three years. Due to volatility in financial markets over the past several years, the City has elected to release a competitive RFP for expiring facilities in order to improve pricing and contractual terms as opportunities are presented. The City has elected to renew the SBPA with Royal

Bank of Canada for the 2009C Bonds but an update to contractual terms requires approval by City Council for the renewal. This renewal, if approved by City Council, will result in a decrease in pricing and also maintain diversity in the overall liquidity provider portfolio.

**Financial Implications:**

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

**Board/Commission Recommendation:**

N/A

**Stakeholder Process:**

N/A

**Alternatives:**

The City could choose not to replace the Standby Bond Purchase Agreements for the 2009C Bond issue when it expires in 2014, which would be a violation of its Ordinance. This alternative would not be advantageous to the City.

**Proposed Motion:**

Approval of proposed Ordinance.

The City requests approval to renew a Standby Bond Purchase Agreement for Variable Rate Demand Utilities System Refunding Revenue Bonds, Series 2009C. City Council approval is required due to updates in contractual terms. The City will achieve cost savings on this renewal Agreement.