



## Legislation Text

**File #:** 19-314, **Version:** 2

Ordinance No. 19-52 of the City of Colorado Springs, Colorado approving and authorizing the execution and delivery of the Standby Bond Purchase Agreement among the City of Colorado Springs, Colorado, Wells Fargo Bank, National Association, as Tender Agent, and Bank of America, N.A., the Fee Agreement between the City of Colorado Springs, Colorado and such Banking Organization, and the Official Statement for the Utilities System Revenue Bonds previously issued by the City to which the agreement relates; ratifying certain action heretofore taken.

**Presenter:**

Tamela Monroe, Chief Planning and Financial Officer  
Aram Benyamin, Chief Executive Officer

**Summary:**

The attached Ordinance addresses issuance of a Standby Bond Purchase Agreement (“SBPA”) for Variable Rate Demand Utilities System Subordinate Lien Improvement Revenue Bonds, Series 2005A (“the 2005A Bonds”). The current SBPA for the 2005A Bonds is provided by Mizuho Bank, Ltd. with a stated expiration date of September 13, 2019. The City has elected to replace Mizuho Bank, Ltd. with Bank of America, N.A. for a new term of five years. The new counterparty was selected through a competitive RFP process conducted by the City earlier in 2019.

**Previous Council Action:**

City Council approved the following Ordinance authorizing the 2005A bonds and the corresponding Standby Bond Purchase Agreement. Subsequent Amending Ordinances approved by City Council for the 2005A Bonds are also listed.

Issue	Bond Ordinance	Authorizing Amending Ordinance	
2005A	05-111 (08/23/2005)	09-103 (08/25/2009)	13-51 (08-27/2018)

**Background:**

The Bond Ordinance for the City’s 2005A Bonds requires 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. The City has elected to release a competitive RFP for expiring facilities in an effort to improve pricing and contractual terms as opportunities are presented. On occasion the City elects to replace the incumbent liquidity facility provider or the liquidity facility provider declines an extension of their facility. This action, if approved by City Council, will allow the City to maintain diversity in the liquidity provider portfolio with a decrease in annual costs.

**Financial Implications:**

The City's resulting overall cost for liquidity will be lower with this replacement. 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 Agreement for the 2005A Bonds when the agreement expires in 2019, which would be a violation of the Ordinance. This alternative would not be advantageous to the City.

**Proposed Motion:**

Move approval of proposed Ordinance.

The City requests approval to replace the Standby Bond Purchase Agreement ("SBPA") for the 2005A Bonds, currently with Mizuho Bank, Ltd. The new SBPA will be with the Bank of America, N.A. for a five-year term. With this replacement, the City will maintain diversity in the liquidity provider portfolio with a decrease in annual costs.