



## Legislation Text

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**File #:** 16-466, **Version:** 2

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Ordinance No. 16-74 of the City of Colorado Springs, Colorado Approving and Authorizing the Execution and Delivery of the First Amendment to Standby Bond Purchase Agreement by and Among the City of Colorado Springs, Colorado and Wells Fargo Bank, National Association, as Tender Agent and Paying Agent and Bank of America, N.A., as Credit Facility Bank and the First Amendment to Fee Agreement Between the City of Colorado Springs, Colorado and Bank of America, N.A.; and Providing Other Matters Relating Thereto

**Presenter:**

Bill Cherrier, Chief Planning and Finance Officer  
Jerry Forte, P.E., Chief Executive Officer, Colorado Springs Utilities

**Summary:**

The attached Ordinance addresses renewal of a Standby Bond Purchase Agreement ("SBPA") for the Variable Rate Demand Utilities System Subordinate Lien Refunding Revenue Bonds, Series 2004A ("the 2004A Bonds").

The current SBPA for the 2004A Bonds is provided by Bank of America, N.A. with a stated expiration date of August 01, 2016. The City has elected to renew with Bank of America, N.A. for a term of three years. The decision to renew with our current counterparty was determined through a competitive RFP process conducted by Utilities earlier in 2016.

**Previous Council Action:**

City Council approved the following Ordinance authorizing the 2004A variable rate bond issue and the corresponding Standby Bond Purchase Agreement. Subsequent Amending Ordinances approved by City Council for the bond issue are also listed.

Authorizing Ordinance	Amending Ordinances		
04-164	04-183	09-103	13-51
(07/27/2004)	(08/24/2004)	(08/25/2009)	(08/27/2013)

**Background:**

The 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 five 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. On occasion these opportunities have required that the City replace the incumbent liquidity facility provider. This renewal, if approved by City Council, will allow the City to maintain diversity in the liquidity provider portfolio. Annual cost will increase marginally.

**Financial Implications:**

The City's resulting overall cost for liquidity will be marginally higher with this renewal. 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 2004A Standby Bond Purchase Agreement when the agreement expires in 2016, which would be a violation of the Bond Ordinance. This alternative would not be advantageous to the City.

**Proposed Motion:**

Move approval of proposed Ordinance.

Colorado Springs Utilities requests approval to renew the Standby Bond Purchase Agreement for the 2004A Bonds with Bank of America, N.A. With this renewal Utilities will maintain counterparty diversity in the liquidity provider portfolio and annual costs increase marginally.