



## Legislation Text

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**File #:** 19-611, **Version:** 4

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Ordinance No. 19-98 of the City of Colorado Springs, Colorado authorizing the termination by the City of existing Interest Rate Exchange Agreements delegating to the Utilities Chief Executive Officer or the Utilities Chief Planning and Financial Officer (or the Acting Chief Planning and Financial Officer, as applicable) 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:**

Scott Shewey, Acting Chief Planning and Finance Officer, Colorado Springs Utilities  
Aram Benyamin, Chief Executive Officer, Colorado Springs Utilities

### **Summary:**

The attached Ordinance addresses the delegation of authority from City Council to the Utilities Chief Executive Officer or the Utilities Chief Planning and Financial Officer (or the Acting Chief Planning and Financial Officer, as applicable) to determine the financial terms terminating existing Interest Rate Exchange Agreements. The delegation of authority will enable the Utilities to react quickly to changing financial market conditions in making the decision to terminate interest rate exchange agreements. This delegation of authority is only applicable for calendar year 2020.

### **Background:**

The City has entered into individual Interest Rate Exchange Agreements associated with 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 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 or the Chief Planning and Financial Officer will enable the City to take advantage of market opportunities and selectively terminate Agreements during calendar year 2020.

### **Previous Council Action:**

City Council approved Ordinance 18-56 at the June 12, 2018 meeting providing the same delegation of authority for calendar year 2018. This item was taken to the December 5, 2019 City Council meeting and minor amendments to the Ordinance were requested at that time. The changes requested at that meeting are included in the revised Ordinance.

### **Financial Implications:**

The timing of the Interest Rate Exchange Agreement termination can have a major impact on the financial benefit or cost of those 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.

**City Council Appointed Board/Commission/Committee 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:**

Approval of proposed 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.