



Legislation Text

File #: 22-467, **Version:** 2

Title

Ordinance No. 22-44 of the City of Colorado Springs, Colorado Approving and Authorizing the Execution and Delivery of a First Amendment to Standby Letter of Credit and Reimbursement Agreement Between the City of Colorado Springs, Colorado and Sumitomo Mitsui Banking Corporation and an Amended and Restated Fee Agreement Between the City of Colorado Springs, Colorado and Sumitomo Mitsui Banking Corporation, Relating to the City of Colorado Springs, Colorado, Variable Rate Demand Utilities System Refunding Revenue Bonds, Series 2009C; and Providing Other Matters Relating Thereto.

Presenter:

Tristan Gearhart, Chief Planning and Financial Officer, Colorado Springs Utilities.
Aram Benyamin, Chief Executive Officer, Colorado Springs Utilities.

Summary:

The Ordinance addresses approval of an extension to a Standby Letter of Credit and Reimbursement Agreement ("Standby Agreement") for the Variable Rate Demand Utilities System Refunding Revenue Bonds, Series 2009C. The current Standby Agreement for the Bonds is set to routinely expire this fall. Utilities has elected to renew the existing 2009C Standby Agreement with Sumitomo Mitsui Banking Corporation for a term of five years.

Background:

The Bond Ordinance for the City's 2009C Bonds 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 Agreement is one of the acceptable financial instruments to provide liquidity for the City's variable rate bond issues.

Previous Council Action:

City Council approved the Ordinance authorizing the 2009C bonds as well as all corresponding past Standby Agreements and amendments associated with this issuance.

Financial Implications:

The City's resulting overall cost for liquidity will decrease as a result of these actions.

City Council Appointed Board/Commission/Committee Recommendation:

The Utilities Board Finance Committee reviewed this proposed action at their July 15, 2022 meeting. Additionally, the Utilities Board also reviewed this item at the July 20, 2022 meeting.

Stakeholder Process:

N/A

Alternatives:

The City could choose not to renew the Standby Agreement when it expires in 2022, which would be a violation of the Ordinance. This alternative would not be advantageous to the City.

Proposed Motion:

Approval of proposed Ordinance.

Summary of Ordinance Language

The City requests approval to renew the expiring Standby Agreement for the 2009C Bonds for a five-year term. This action maintains The City's compliance with the bond ordinances requiring such facilities be in place, and does so at lower overall prices than current costs.