



Legislation Text

File #: 170806., **Version:** 1

Extension of Standby Bond Purchase Agreement for Variable Rate Utilities System Revenue Bonds, 2007 Series A (B)

On March 1, 2007 the City issued its Variable Rate Utilities System Revenue Bonds, 2007 Series A (the "Bonds") payable from revenues of the City's utilities system. The Bonds are subject to mandatory tender upon certain events and optional tender at the request of the holders of the Bonds. The Bonds have liquidity support pursuant to a Standby Bond Purchase Agreement dated as of March 1, 2007 (the "SBPA") between the City and State Street Bank and Trust Company ("State Street"). The SBPA is scheduled to expire by its terms on March 1, 2018.

Staff, GRU's Financial Advisor Public Financial Management (PFM), and Bond Counsel Holland & Knight have negotiated with State Street a long-term extension of the SBPA. State Street has agreed to extend the expiration of the facility for an additional three years at a fee of 46 basis points or two years at a fee of 43 basis points. Based on discussions with PFM, a review of GRU's recently renewed liquidity facilities, proposed terms, long-term and short-term bank ratings and other fees and expenses, State Street's three year term was determined to be the best option.

Under the authority delegated to the General Manager by Resolution No. 061002 adopted on February 26, 2007, upon satisfying certain conditions under the State Street SBPA, the City and State Street agreed to a 30 day extension of the current agreement through March 31, 2018, to provide the Utility Advisory Board and the City Commission time to consider the proposed long-term extension before the Bonds become subject to mandatory tender.

The facility fee under the current State Street SBPA is 39 basis points, which based on an existing par amount of \$136,900,000 translates to an annual cost of \$533,910. The fee proposal from State Street for the three year facility extension is 46 basis points, which based on the same par amount of \$136,900,000 translates to an annual cost of approximately \$629,740.

On February 26, 2007, the City Commission adopted Resolution No. 061002, which delegated to the General Manager for Utilities the authority, upon satisfying certain conditions, to extend the term of the State Street SBPA securing the Bonds. Although those conditions could be satisfied, it is requested that the City Commission:

- 1) Approve the extension of the liquidity facility for the Bonds with State Street for an additional three (3) years at a cost of 46 basis points, and in connection therewith to enter into such amendments to the SBPA and the applicable fee letter as necessary or desirable and in the best interests of the City as determined by the General Manager, Chief Financial Officer, and/ or Mayor and not inconsistent with the terms hereof, and
- 2) Authorize the Clerk of the Commission, General Manager, Chief Financial Officer, and/ or Mayor to enter in such other agreements and documents as may be necessary to complete the transaction, subject to approval of the City Attorney as to form and legality.

3) Adopt Resolution No. 170806.

The Utility Advisory Board, at their February 8, 2018 meeting, voted unanimously to recommend that the city commission accept the staff recommendation.