



## Legislation Text

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**File #:** 210593., **Version:** 1

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### **Resolution Authorizing Extension of the Existing Letter of Credit with Respect to GRU's Tax-Exempt Commercial Paper Program (B)**

GRU's debt portfolio includes two commercial paper programs. In order to obtain the lowest interest rate GRU maintains lines of credit to secure its outstanding commercial paper. The lines of credit provide funds to pay investors the principal amount of the commercial paper investments as they mature, in the event of a market disruption that precludes the issuance of renewal commercial paper.

The line of credit on our tax-exempt commercial paper program currently held by Bank of America expires November 30, 2021. Our financial advisor, PFM Financial Advisors, LLC, has engaged, at the direction of GRU, in discussions with Bank of America regarding terms for extension of the facility. Bank of America was agreeable to a three year extension of the facility at terms favorable to GRU.

The cost of the three year extension is 43 basis points, a reduction of 12 basis points, or \$150,000 per year compared to the cost of the current three year agreement.

The City Commission approve 1) the resolution authorizing an extension of the existing liquidity agreement with Bank of America for GRU's tax-exempt commercial paper program, subject to the approval of the City Attorney as to form and legality and 2) the form of the amendment to the Letter of Credit for the liquidity facility and amended and restated fee letter.