



Legislation Text

File #: 180961., **Version:** 2

Amendment to the Thirty-First Supplemental Utilities System Revenue Bond Resolution (B)

On March 21, 2019 the City Commission adopted the Thirty-First Supplemental Utilities System Revenue Bond Resolution No.180818 authorizing the issuance of the Variable Rate Utilities System Revenue Bonds, 2019 Series C.

In order to enhance the marketability of the 2019 Series C Bonds and thereby reduce the interest cost of the bonds, the City has requested short-term ratings from Moody's, S&P and Fitch (the "Rating Agencies"), which ratings are based on the underlying credit enhancement provided by Bank of America N.A. and the credit of GRU. In the course of assigning these ratings, the rating agencies requested that certain technical amendments be made to the Thirty-First Supplemental Resolution, which changes will allow for a higher short-term credit rating to be assigned to the 2019 Series C Bonds. The requested amendments:

- Clarified that if the Bank fails to honor a draw for any payments other than a tender that the City will pay (i.e. principal, interest, redemption, acceleration).
- Section 7.01 - Changed to reflect that if there is a default of Bank of America as credit provider, that amounts received from the tender and remarketing of bonds will always be used to pay the holder of the bonds tendered and cannot be used to pay principal and interest on the Bonds.
- 7.06(3) - Add language to clarify that upon a substitution of a credit facility, any bonds tendered for purchase are paid from the current credit facility.
- Add a provision that the Tender Agent can't require indemnity for a draw on the credit facility, consistent with the provision already existing for the Trustee.

These changes to the resolution are reflected in the attached resolution document.

This item was presented to the UAB on April 11, 2019.

None

Staff recommends that the City Commission approve the amendment to the Thirty-First Supplemental Utilities System Revenue Bond Resolution.

On 4/11/19, the Utility Advisory Board voted 7-0 to advise the City Commission to approve the staff recommendation.