



Legislation Text

File #: 171087., **Version:** 2

Resolution Related to the Issuance of Additional Series C Commercial Paper (B)

****This item was presented to the UAB on May 9, 2018.****

During last year's budget process the City Commission approved a Capital Improvement Program (CIP) financing plan which called for issuing commercial paper every year and every third year issuing fixed rate bonds to take out the commercial paper issued in the two preceding years. This financing plan was designed to offer GRU maximum financial flexibility while accessing the capital markets at the lowest effective interest rates.

Consistent with this plan, the proposed resolution amends and supplements the City's Second Supplemental Subordinated Utilities System Revenue bond resolution. This resolution:

- Authorizes issuance of \$40 million in commercial paper to fund capital projects in 2018
- Increases the authorized line of credit under the commercial paper program from \$85 million to \$125 million. This increase in the authorized line will provide capacity for the utility to issue further commercial paper in 2019 in line with the approved CIP financing plan, as well as providing additional liquidity to meet reserve requirements
- Extends the commercial paper program for an additional 30 years to 2048
- Clarifies for future amendments to these amendments that bondholder consent is not required

In conjunction with the resolution several other documents are proposed for amendment:

- The paying agent agreement with U.S. Bank is amended to provide for the increase in the authorized commercial paper line from \$85 million to \$125 million.
- The credit agreement with Bank of America is amended to
 - o Extend the current liquidity facility to 2021. In negotiation with Bank of America associated with these proposed changes, Bank of America has agreed to extend the current agreement, which expires in November of 2018, to 2021 with no change in fees
 - o Provide for the increase in the authorized commercial paper line from \$85 million to \$125 million
- The dealer agreement with Goldman Sachs is amended to provide for the increase in the authorized commercial paper line from \$85 million to \$125 million.

The proposal will allow the utility to implement the CIP financing program approved by the City Commission as part of the 2018 budget process.

Staff recommends that the City Commission:

- 1) approve the Fourth Amendment of the Second Supplemental Resolution and Supplemental Resolution authorizing issuance of Additional Series C Commercial Paper and;
- 2) approve the forms of the paying agent agreement with U.S. Bank, credit agreement with Bank of America, and dealer agreement with Goldman Sachs, and authorize the execution and delivery thereof, subject to approval of the City Attorney as to form and legality.

UAB: On May 9, 2018, the Board voted 4-0 (with members Selvester and Jacobson absent) to advise the City Commission to approve the staff recommendation.