



Legislation Text

File #: 200813., **Version:** 2

Resolution Authorizing Extension of the Existing Liquidity Agreement with respect to GRU Variable Rate Utilities System Revenue Bonds 2007 Series A (B)

****This item was presented to the UAB on February 11, 2021.****

GRU's debt portfolio contains a mix of fixed rate and variable rate debt. In order to obtain the lowest interest rate GRU maintains liquidity facilities to secure its outstanding publicly issued variable rate demand bonds. These liquidity facilities provide cash to pay investors that tender their bonds, in the event of a market disruption that precludes remarketing of the bonds or in certain instances, a termination of the liquidity facility.

The liquidity facility on our 2007 Series A Bonds currently issued by State Street Bank expires April 1, 2021. Our financial advisor, PFM Financial Advisors, LLC, has engaged in discussions with State Street Bank regarding terms for extension of the facility. State Street was agreeable to a four year extension of the facility at terms favorable to GRU and has required in connection therewith certain amendments to conform to the bank's standard terms of agreement.

The cost of the four-year extension is 54 basis points, an increase of three basis points over the current three year agreement.

The City Commission approve 1) the resolution authorizing an extension of the existing liquidity facility with State Street Bank for Variable Rate Utilities System Revenue Bonds 2007 Series A, subject to the approval of the City Attorney as to form and legality and 2) the form of the amendment to the Standby Bond Purchase Agreement for the liquidity facility and fee letter.

On February 11, 2021, the UAB voted 6-0 (with Member Rockwell absent) to advise the City Commission to approve the staff recommendation.