



Legislation Text

File #: 200812., **Version:** 2

Resolution Authorizing Extension of the Existing Credit Facility with respect to GRU's Taxable Commercial Paper Program (B)

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

GRU's debt portfolio includes two commercial paper programs. In order to obtain the lowest interest rate GRU maintains a credit facility for each commercial paper program to secure its outstanding commercial paper. These credit facilities provide funds to pay upon the principal amount due upon the maturity of the commercial paper, in the event of a market disruption that precludes remarketing of the commercial paper.

The credit facility on our taxable commercial paper program currently issued by State Street Bank expires August 27, 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 64 basis points, a reduction of three basis points compared to the current three year agreement.

The City Commission approve 1) the resolution authorizing an extension of the existing credit facility with State Street Bank for GRU's taxable 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 Credit Agreement for the credit 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.