



Legislation Text

File #: 210089., Version: 2

Resolution Authorizing the Cash Defeasance of Certain Outstanding Utility System Debt (B)

****This item is informational only.****

During fiscal year 2020 there were two initiatives executed which generated significant savings to GRU. First was the 2020 GRU debt restructuring process. This undertaking encompassed seven individual transactions completed between December 2019 and July 2020 that resulted in just over \$134 million in reduced debt service costs through 2047. The second initiative was the issuance by General Government of the 2020 Pension Obligation Bonds in September of 2020. Funding 95% of the then-existing Unfunded Actuarial Accrued Liability in the Employees' Pension Plan with the proceeds of this bond issue will reduce GRU's expected pension expense by approximately \$64 million through 2042.

As part of the City Commission's approval of these initiatives, the Commission directed that the savings realized from these transactions be utilized to defease existing GRU debt. The resolution presented here for the City Commission's consideration authorizes the cash defeasance of certain utility system debt as directed by the Commission, as well as approving the selection of an escrow agent and execution of escrow deposit agreements necessary to accomplish this debt defeasance.

Staff presented this item to the City Commission on June 17, 2021 with the following recommendation:

The City Commission approve:

- 1) the resolution authorizing the cash defeasance of certain outstanding utility system debt and
- 2) the form, execution and delivery of one or more escrow deposit agreements with respect to this cash defeasance and the appointment of the escrow agent.

The Commission approved the staff recommendation.

Accelerating principal repayment through cash defeasance will reduce annual GRU debt service expense.

Receive information from staff.