

Legislation Text

File #: 21-215, Version: 2

Presenter/Contact

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SUBJECT:

Discuss and consider an ordinance authorizing the issuance of short term obligations in the aggregate principal amount not to exceed \$100,000,000 to pay project costs for eligible projects for the City's utility systems, authorizing the execution of agreements to be entered into on connection therewith, approving and authorizing certain authorized officers and employees to act on behalf of the City and New Braunfels Utilities in the sale and delivery of such short term obligations and resolving other matters incident and related thereto and providing an effective date.

BACKGROUND / RATIONALE:

NBU is proposing the use of short term obligations, in the aggregate principal amount of not to exceed \$100 million. This financing mechanism will provide NBU additional liquidity and allow NBU to remain flexible and liquid with quick access to funds when needed. NBU is proposing J.P. Morgan Chase Bank, N.A., to serve as the initial liquidity provider for the short term obligations. The short term obligations will be structured similarly to NBU's existing Series B component of NBU's Series 2019A&B Commercial Paper Program.

The major components of the proposed short term obligations are as follows:

- Taxable obligations;
- Aggregate principal amount of not to exceed \$100 million;
- Allows for the purchase of power as a qualified use of proceeds;
- Two Year Program;
- Ability to refund the short term notes into long term financing if, and as, needed; and
- Optionality to end the program if no longer needed.

The NBU Board of Trustees, at its February 25, 2021 Board Meeting, authorized NBU staff to proceed with the necessary steps for the issuance of up to \$100 million in short term obligations, with an anticipated access to funding by mid-March 2021.

ADDRESSES A NEED/ISSUE IN A CITY PLAN OR COUNCIL PRIORITY:

N/A

FISCAL IMPACT:

There is no direct impact to the City of New Braunfels from the issuance of the obligations described above.

COMMITTEE RECOMMENDATION:

NBU Board approved on February 25, 2021.

STAFF RECOMMENDATION:

NBU staff recommends approval.