



Meeting Date: December 12, 2024 **Agenda Type:** Action Items

From: Jessica Coleman **Reviewed by:** John Warren
Finance & Risk Manager Director of Finance

Submitted by: Dawn Schriewer **Approved by:** Ryan Kelso
Chief Financial Officer Chief Executive Officer

RECOMMENDED ACTION: Discuss and Consider Adoption of Resolution #2024-191 Approving the First Amendment to Revolving Credit Agreement and the Second Amendment to Note Purchase Agreement with JPMorgan Chase Bank, National Association in Connection with the "City of New Braunfels, Texas Utility System Commercial Paper Notes, Series 2019A and Series 2019B," and Resolving Other Matters Incident and Related Thereto, Including the First Amendment to Fee Letter Related Thereto

BACKGROUND

On March 20, 2019, as a part of NBU’s plan to manage the issuance of debt efficiently, the NBU Board authorized the use of a commercial paper program, in the aggregate principal amount of not to exceed \$75 million, with an initial expiration date of May 29, 2022. The commercial paper program was subsequently approved by City Council on March 25, 2019. This program has allowed NBU to access funds at lower short-term interest repayment rates, remain flexible and liquid, and quickly access funds when needed.

On December 9, 2021, the NBU Board approved the extension of the commercial paper program with JPMorgan Chase Bank, National Association to May 29, 2025, pursuant to the terms contemplated in the Revolving Credit Agreement and the Note Purchase Agreement of the existing commercial paper program. This extension has continued to allow NBU to remain flexible in funding its capital program to meet continued growth at the most economical cost.

On June 29, 2023, the NBU Board approved the First Amendment to the Note Purchase Agreement of the existing commercial paper program to reflect changes from the London Interbank Offered Rate (LIBOR) Index to the Secured Overnight Financing Rate (SOFR) Index as the benchmark loan index associated with the Series 2019B Notes.

NBU staff requests that the Board approve Resolution #2024-191 to extend the commercial paper program with JPMorgan Chase Bank, National Association to May 29, 2028, pursuant to the terms contemplated in the Revolving Credit Agreement and the Note Purchase Agreement of the existing commercial paper program. This extension will allow NBU to remain flexible in funding its capital program to meet continued growth at the most economical cost.

FINANCIAL IMPACT

NBU's staff estimates liquidity costs of approximately \$4.3 million over the program term. Extending the commercial program allows NBU to remain flexible and liquid to allow quicker access to funds when needed for projects. It is projected that NBU will continue to benefit from access to funds at the normally lower short-term interest repayment rates associated with a commercial paper program.

LINK TO STRATEGIC PLAN

Financial Excellence

EXHIBITS

1. Resolution #2024-191