

ACTION FORM BRYAN CITY COUNCIL

DATE OF COUNCIL MEETING: May 13, 2014		DATE SUBMITTED: May 2, 2014	
DEPARTMENT OF ORIGIN: BTU		SUBMITTED BY: Joe Hegwood	
MEETING TYPE:	CLASSIFICATION:	ORDINANCE:	STRATEGIC INITIATIVE:
<input type="checkbox"/> BCD	<input type="checkbox"/> PUBLIC HEARING	<input type="checkbox"/> 1ST READING	<input type="checkbox"/> PUBLIC SAFETY
<input type="checkbox"/> SPECIAL	<input type="checkbox"/> CONSENT	<input type="checkbox"/> 2ND READING	<input type="checkbox"/> SERVICE
<input checked="" type="checkbox"/> REGULAR	<input checked="" type="checkbox"/> STATUTORY		<input type="checkbox"/> ECONOMIC DEVELOP.
<input type="checkbox"/> WORKSHOP	<input type="checkbox"/> REGULAR		<input checked="" type="checkbox"/> INFRASTRUCTURE
			<input type="checkbox"/> QUALITY OF LIFE
AGENDA ITEM DESCRIPTION: A resolution approving an increase in the Texas Municipal Power Agency Commercial Paper credit facility capacity from \$100 million to \$125 million. The BTU Board has reviewed and recommends the resolution.			
SUMMARY STATEMENT: The Texas Municipal Power Agency (TMPA) established a \$100 million commercial paper facility to principally finance transmission construction through 2018. More transmission projects are now projected than were originally planned, necessitating an increase in the commercial paper limit to \$125 million. This will allow for needed transmission construction through 2018 plus a contingency of \$16 million. Post 2018 TMPA planning will encompass alternative, longer term, financing methods to eventually replace the commercial paper. TMPA's commercial paper currently costs approximately 0.6% annually.			
The BTU Board has reviewed the resolution and recommended City Council approval. All four City's participating in TMPA (Garland, Greenville, Denton and Bryan) must approve this resolution before the TMPA Board can proceed.			
STAFF ANALYSIS AND RECOMMENDATION: Transmission revenues, which are billed to ERCOT customers, are a valuable resource to BTU customers and help keep down BTU's retail cost of power. Approval of this resolution will allow TMPA available credit to continue transmission construction. If approved, increasing TMPA's Commercial Paper credit facility capacity increases TMPA's and BTU's debt obligation.			
City staff and the BTU Board recommend approval.			
OPTIONS (In Suggested Order of Staff Preference):			
<ol style="list-style-type: none"> 1. Approve the resolution. 2. Modify and then approve the resolution, which may require City Council consideration at a future City Council meeting. 3. Do not approve the resolution and provide direction to staff. 			
ATTACHMENTS: (All items are attached as a single Word document)			
<ol style="list-style-type: none"> 1. Proposed Resolution 2. BTU Board recommendation to approve the resolution will be available in the City Secretary's office for viewing 			
FUNDING SOURCE: BTU			

APPROVALS: Hugh R. Walker, 05/05/2014

APPROVED FOR SUBMITTAL: CITY MANAGER

APPROVED FOR SUBMITTAL: CITY ATTORNEY Janis K. Hampton, 5/6/2014

Revised 04/2013

RESOLUTION NO _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BRYAN RELATING TO INCREASING THE TEXAS MUNICIPAL POWER AGENCY COMMERCIAL PAPER CREDIT FACILITY CAPACITY AND PROVIDING THE APPROVAL OF THE CITY THERETO.

WHEREAS, the Texas Municipal Power Agency (the “Agency”) has heretofore been created and established as a municipal power agency by the cities of Bryan, Denton, Garland, and Greenville, Texas (the “Member Cities”); and

WHEREAS, the Agency has represented to the Member Cities as follows:

- A) (i) the Agency has issued and has outstanding commercial paper notes styled as the “Texas Municipal Power Agency Commercial Paper Notes, Series 2005”;
- (ii) such notes have been issued under a commercial paper program established by the Agency (the “CP Program”);
- (ii) liquidity for the CP Program is provided through a bank credit facility issued for a three year term on April 19, 2013 (the “2013 Bank Facility”) by Barclays Bank PLC (“Barclays”); and
- (iv) the 2013 Bank Facility currently accommodates the issuance of notes under the CP Program for payment of principal of notes issued thereunder of up to \$100,000,000 and \$4,931,507 for the payment of interest relating thereto.
- B) the Board of Directors of the Agency (the “Board”) has approved new investment in capital facilities, including, particularly in transmission facilities, by the Agency in an amount that exceeds the current capacity of the CP Program (the “New Capital Investment”);
- C) the Agency requires sufficient credit facility capacity for its CP Program to fund the New Capital Investment and to fund other lawful purposes of the Agency;
- D) the Agency intends to increase the credit facility capacity for the CP Program that is provided by the 2013 Bank Facility to cover outstanding notes and costs of the New Capital Investment and for other purposes of the Agency, so that the principal for notes issued under the CP Program from time to time (including notes currently outstanding) during the remaining term of the 2013 Bank Facility will include coverage for notes of up to \$125,000,000 in principal amount plus associated interest coverage for such amount;
- E) Barclays has indicated to the Agency that it is willing to increase the capacity under the 2013 Bank Facility to an amount described in D, above, and, upon receipt of the approvals of the Member Cities given in accordance with the Global Settlement Agreement, as described below and provided for herein, the Agency intends to pursue such an increase in such capacity provided by the 2013 Bank Facility with Barclays;
- F) No note issued under the CP Program may mature later than September 1, 2018, and the increase in 2013 Bank Facility capacity for the CP Program provided for hereby will not extend the term of the CP Program; and

- G) Consistent with the Global Settlement Agreement, TMPA plans to pay off, on or before September 1, 2018, (i) all generation related debt (including principal and interest) and (ii) the transmission related debt (including principal and interest) associated with the return on investment on deferred assets as authorized in PUC Docket 21711, and, pursuant to the Transmission Financing Program, and without extending the term of the Power Sales Contract, refinance the remaining transmission system principal beyond September 1, 2018.

WHEREAS, in accordance with Section 2(B)(9) of that certain Global Compromise and Settlement Agreement among the Agency and the Member Cities, which has an effective date of December 17, 2009 (the "Global Settlement Agreement"), the Agency and the Member Cities have agreed that, except for the issuance by the Agency of debt pursuant to the Transmission Financing Program (as defined by the Global Settlement Agreement), the Agency may incur debt obligations only with the approval of the governing body of each City, and provided that the maturity date of such debt does not extend beyond September 1, 2018; and

WHEREAS, the City Council (the "Governing Body") of the City of Bryan deems it appropriate to approve an increase in the principal and interest coverage provided by the 2013 Bank Facility to accommodate the issuance of commercial paper notes under the CP Program to a total principal amount of \$125,000,000 plus interest thereon for Agency purposes.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BRYAN, TEXAS:

Section 1. For all purposes of the Global Settlement Agreement, the Governing Body hereby approves an increase in the credit facility capacity for the CP Program provided that: (i) the capacity as provided by the 2013 Bank Facility or any future replacement liquidity facility that may be implemented in replacement for, or upon the expiration of, the 2013 Bank Facility shall not provide coverage in excess \$125,000,000 in principal amount of notes issued thereunder, plus interest on said notes; (ii) the Agency shall not have notes outstanding under the CP Program at any time exceeding \$125,000,000 in principal amount; and (iii) such notes shall mature on one or more dates, but no note so issued may mature later than September 1, 2018.

Section 2. The definitions and recitals set forth in the preamble to this resolution are hereby incorporated in and made a part of this resolution for all purposes.

Section 3. Nothing contained in this Resolution, nor in any authorization or consent expressed or implied from it shall be construed to modify the Power Sales Contract in any manner nor extend the term of the Power Sales Contract beyond September 1, 2018.

Section 4. This resolution shall take effect from the date that the last Member City approves a resolution in substantially the same form and content hereof, and the authorizations herein shall be effective for a period of six months following the date of adoption hereof.

ADOPTED, this ____ day of _____, 2014.

ATTEST:

CITY OF BRYAN:

Mary Lynne Stratta, City Secretary

Jason P. Bienski, Mayor

APPROVED AS TO FORM:

Janis K. Hampton, City Attorney