



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 34

Agenda Date: May 2, 2024

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Authorizing the Replacement of One or More Paying Agent/Registrars (“PAR”) Associated with CPS Energy’s Outstanding Debt Obligations

SUMMARY:

CPS Energy requests authorization to replace one or more PAR associated with outstanding debt obligations.

BACKGROUND INFORMATION:

CPS Energy issues revenue debt periodically to finance new capital construction and capital improvement projects and/or to refinance, defease, or restructure outstanding revenue debt, and each series of outstanding debt has an associated PAR to manage payments and records on behalf of CPS Energy.

PAR Replacement and Approval of Related Documentation:

CPS Energy is legally required to maintain a PAR on each of its outstanding debt obligations and entered into a PAR agreement in conjunction with each associated transaction. In order to obtain the most competitive pricing for this service, in addition to potential cost reduction related to

continued transaction fees, CPS Energy desires to replace one or more PAR and requests approval of a resolution (the “Resolution”) related to the foregoing. The ordinances related to each series of outstanding debt require City Council approval prior to selecting a replacement PAR.

Procedures Applicable to the PAR Replacement:

The Resolution contains a delegation of authority that allows CPS Energy’s Designated Financial Officers, such as the President & CEO or CFO, as defined in the Resolution, the flexibility to obtain the most competitive pricing and effectuate the PAR replacement at a time most favorable to CPS Energy.

PAR REPLACEMENT SCHEDULE:

<u>Date</u>	<u>Action</u>
May 2, 2024	Approve PAR replacement pursuant to a delegated authority
TBD	Within 12 months, execute the PAR replacement and other matters in accordance therewith

ISSUE:

CPS Energy requests authorization to replace one or more PAR associated with outstanding debt obligations, and approval of all related documentation.

ALTERNATIVES:

The City could wait to adopt the Resolution at any time in the next twelve months. However, due to (1) multiple planned transactions over the course of the current fiscal year, and (2) the timeline associated with conducting a competitive solicitation process, it is advisable to proceed with adopting the Resolution now. Adoption on May 2, 2024 allows CPS Energy, in consultation with its Co-Financial Advisors, to determine when to execute to obtain the most advantageous services that will ensure financial savings to the City and CPS Energy.

FISCAL IMPACT:

There is no fiscal impact on the City.

RECOMMENDATION:

The CPS Energy Board of Trustees, the Supervisor of Public Utilities, and City Staff recommend approval of the Resolution to replace the PAR.