



**JANUARY 11, 2018**

**AGENDA ITEM # 7**

**REPLACEMENT LIQUIDITY FACILITY FOR SERIES 2015A BONDS**

Action Requested: Continue Item to Next Meeting

Key Staff: Timothy Jones, Accounting/Finance Manager

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**Recommendation**

1. Continue item to next meeting.

**Background**

In March 2018, the existing Standby Bond Purchase Agreement (SBPA) with Mizuho Bank for the Series 2015A bonds is due to expire and Mizuho is exiting the liquidity facility market. Therefore, Authority staff, in conjunction with financial consultant, PFM Financial Advisors (PFM), prepared a request for fee quotations and qualifications for a new liquidity facility provider and distributed it to 11 commercial banks on December 11, 2017. At that time, the recently enacted tax reform was still working its way through Congress, so its impact on the municipal bond market was uncertain.

The Authority received bids from 6 qualified commercial banks by the January 3, 2018 deadline. Authority staff in conjunction with PFM and bond counsel reviewed and discussed the proposals received. Our conclusion is that pricing for liquidity facilities is favorable under the new tax law, so over the next several weeks staff and PFM will continue reviewing the proposals and monitor the municipal bond market as it responds to the tax reform. In addition, staff and PFM will be working with the two financial institutions holding the Authority's Series 2009C and 2014A bonds to ensure that debt service costs for these two issuances are comparable to the recent bids we received for the Series 2015A liquidity facility. If we find that the rates are higher and the banks are unwilling to negotiate favorable terms, staff may propose changes to one or both of these facilities as well. We will bring our analysis and recommendations back to your Board at the next scheduled meeting.