

Program Note Renewal

Louisville Metro Council
Public Works Committee

December 1, 2020



Program Note Background:

- Program Note Resolution adopted by the MSD Board May 29, 2018
- Ordinance 095, Series 2018 approved by Metro Council July 2, 2018
- Provides for issuance and sale by MSD of Commercial Paper (CP) Notes and Direct Purchase Notes in a principal amount not to exceed \$500,000,000
- Ordinance and Resolution limit maturities to no later than July 1, 2021
- Proceeds used for capital program financing

Program Note Background continued:

- MSD issued RFP for credit facility provider that allowed for a total contract of up to 5 years
- Contracts were awarded in 2018 to JP Morgan Chase and Bank of America for \$250,000,000 each
- Initial CP and Direct Purchase Note agreements with both banks terminate July 1, 2021

Program Note Success:

Benefits:

- Eliminates carrying cost during 1st year of a new revenue bond
 - Provides immediate source of funds for Emergency Repair projects
 - Eliminates “Market Access Risk” on BAN
 - Provides liquidity in emergency situations (COVID-19)
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- MSD issued \$225M in long term bonds in July to redeem \$225M in outstanding CP
 - MSD desires to renew program for an additional 2 years

Pricing Changes – Credit Facility:

JP Morgan		
	7/1/2018	7/1/2021
Facility Fee	0.40%	0.75%
Annual Cost	\$ 1,000,000	\$ 1,875,000

Bank of America		
	7/1/2018	7/1/2021
Facility Fee	0.40%	0.60%
Annual Cost	\$ 1,000,000	\$ 1,500,000

KRS 76.150: District Revenue Bonds

(2)...the bonds shall be authorized by resolution of the board...

...the issuance of bonds shall first be authorized by ordinance passed by the legislative body of the city and approved by the mayor of the city.

...the bonds shall be sold at public sale...

(4) The bonds or other obligations of the district shall not constitute an obligation or indebtedness of the city or of the county...

Questions?