



## AMENDED AND RESTATED SUBORDINATE LINE OF CREDIT AGREEMENT TO SUPPORT THE WATER AND ELECTRIC UTILITIES

Finance Department

Board of Public Utilities  
January 10, 2022

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1

## BACKGROUND

1. Original Subordinate Line of Credit 2/1/2019
  - a. \$35,000,000 Electric Utility
  - b. \$25,000,000 Water Utility
  - c. 3 Year Term
2. Expires 2/1/2022
3. Primary purpose to maintain compliance with Cash Reserve Policy for Water and Electric Utilities to spend reserve cash
4. No plans to draw on LOC, but available for emergency

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2

## DISCUSSION

1. Initial term of Line of Credit is due to expire February 1, 2022
2. Based on Finance Plans and current financials, recommend extension of agreement for three more years – Water \$25,000,000 and Electric \$35,000,000
3. US Bank, NA agreed to extend term 3.5 years with no change to commitment fee (.20%)
4. Should RPU draw on LOC, interest rate will be based on Bloomberg Professional Services Index (BSBY)



3

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## FINANCING TEAM

1. Staff from Public Utilities Department, City's Finance Department, and City Attorney's Office
2. Bond Counsel: Stradling, Yocca, Carlson, & Rauth
3. Financial Advisor: PFM Financial Advisors
4. Credit Provider: US Bank, National Association



4

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## STRATEGIC PLAN ALIGNMENT

Strategic Priority No. 5 High Performing Government  
 Goal No. 5.4. - Achieve and maintain financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact.

### Cross-Cutting Threads



Community Trust



Fiscal Responsibility



Sustainability & Resiliency



Equity



Innovation



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## RECOMMENDATIONS

That the Board of Public Utilities recommend that the City Council:

1. Amend and extend an existing subordinate line of credit with the Water Utility for \$25 million, and with the Electric Utility for \$35 million, for an additional three and a half years, for an estimated cost of \$475,000;
2. Adopt a resolution to amend and restate the existing Subordinate Revolving Credit Agreement with U.S. Bank National Association for the Water and Electric Utility;
3. Approve the City's Financing Team, as described herein; and
4. Authorize the City Manager, or designee, to execute all documents related to this transaction.



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