



AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT WATER AND ELECTRIC UTILITY

Finance Department

City Council Meeting
May 6, 2025

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BACKGROUND

1. Original Revolving Credit Agreement (Line of Credit)
 - a. Term: Feb 1, 2019 – Feb 1, 2022
 - b. 20 bps commitment fee (or 0.20%)
 - c. \$35 million Electric Utility, \$25 million Water Utility
2. Amendment and restatement of LOC:
 - a. Term: Feb 1, 2022 – August 1, 2025
 - b. No changes to any of the conditions except the agreement term and index
3. Primary purpose to maintain compliance with Cash Reserve Policy for Water and Electric Utilities to use cash reserves, while lowering borrowing costs by improving liquidity ratios and providing higher credit ratings to the Electric and Water System bonds
4. No plans to draw on the LOC, but available for emergencies



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DISCUSSION

1. Current term of Line of Credit due to expire August 1, 2025
2. Based on Finance Plans and current financials, recommend extension of the agreement for 3-years, 3 months with no change to the commitment fee 20 bps or 0.20% (unchanged from prior terms)
3. Should RPU draw on the Line of Credit, the interest rate will be based on Term SOFR Index. SOFR is short for Secured Overnight Financing Rate, which is the rate by which the US financial market measures the cost of borrowing cash



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FINANCING TEAM

1. The financing team is comprised of City staff from the Finance Department, City Attorney's Office and RPU.
2. Below is a list of the counterparties involved in the financing.

Entity Name	Role
PFM Financial Advisors	Municipal Advisor
US Bank National Association	Credit Provider
Stradling, Yocca, Carlson & Rauth	City's Bond/Disclosure Council



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GOOD FAITH ESTIMATES

- Finance Charge - \$413,500
 - Includes the estimated issuance costs plus three-years three-months of unutilized fees.
- Aggregate Principal - \$60 million
 - \$25 million Water Utility
 - \$35 million Electric Utility
- Estimated True Interest Cost of Bonds – 0.21%
 - Includes the 0.20% unutilized fee and the annual issuance cost



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STRATEGIC PLAN ALIGNMENT

Strategic Priority 5 -High Performing Government

Goal 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 City Council:

1. Conduct a public hearing to amend and extend an existing revolving credit agreement with the Water Utility for \$25 million, and with the Electric utility for \$35 million, for an additional three years and three months, for an estimated cost of \$413,500;
2. Adopt a resolution to amend and restate the existing 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, the Chief Financial Officer/Treasurer, the Finance Director/Assistant Chief Financial Officer, the Public Utilities General Manager of the City (or any duly authorized designee of any of such officers) the authority to execute all the documents related to this transaction and make certain non-substantive changes to the final documents necessary to complete the transaction.



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