

Order 68-12/13
Passage: 8-0 (Leeman absent) 10/1/12

MICHAEL F. BRENNAN. (MAYOR)
KEVIN J. DONOGHUE (1)
DAVID A. MARSHALL (2)
EDWARD J. SUSLOVIC (3)
CHERYL A. LEEMAN (4)

**CITY OF PORTLAND
IN THE CITY COUNCIL**

JOHN R. COYNE (5)
JOHN M. ANTON (A/L)
JILL C. DUSON, (A/L)
NICHOLAS M. MAVODONES, JR.

**ORDER APPROVING REPLACEMENT STANDBY BOND PURCHASE AGREEMENT
WITH RESPECT TO PENSION BONDS**

WHEREAS, in 2001, the City refinanced its unpooled, unfunded pension liability under the Maine State Retirement System with the proceeds of the City's \$111,800,000 Pension Obligation Bond's dated July 19, 2001 (the "Pension Bonds");

WHEREAS, upon issuance of the Pension Bonds, the City also entered into a Standby Bond Purchase Agreement with respect thereto with Landesbank Hessen Thüringen Girozentrale (referred to as "Helaba"), acting through its New York Branch (the "2001 SBPA");

WHEREAS, Helaba has notified the City that it will not extend the 2001 SBPA beyond the November 1, 2012 expiration date

WHEREAS, the City solicited proposals to replace the 2001 SBPA and now desires to accept the proposal submitted by JPMorgan Chase Bank, N.A.;

**NOW, THEREFORE, BE IT HEREBY ORDERED BY THE CITY COUNCIL OF
THE CITY OF PORTLAND, MAINE AS FOLLOWS:**

THAT the Director of Finance be and hereby is authorized to enter into the a replacement Standby Bond Purchase Agreement with JPMorgan Chase Bank, N.A., which Standby Bond Purchase Agreement shall contain such other terms and conditions including but not limited a consent to jurisdiction provision, indemnity and a waiver of governmental immunity provision as the Director of Finance shall approve, such approval to be conclusively evidenced by her execution thereof.

THAT the Director of Finance be and hereby is authorized to take all such other action, to do all acts and things and to execute and deliver such other documents, certificates, agreements, or other instruments as may be necessary or desirable to implement the replacement Standby Bond Purchase Agreement and to effect the transactions contemplated hereby, including but not limited to a replacement Tender Agent Agreement with The Bank of New York Mellon Trust Company, as successor tender agent to The Chase Manhattan Bank.

**CITY OF PORTLAND, MAINE
MEMORANDUM**

TO: Mark Rees, City Manager

FROM: Ellen Sanborn, Finance Director

DATE: September 17, 2012

RE: Replacement Agreements for Pension Bond Facility

Attached is a Council Order that I am requesting be placed on the October 1 Agenda regarding the following.

The Pension Bond financing has various associated legal agreements, including ones related to the Standby Bond Purchase and the Tender Agent. Since the bonds were issued in 2001, changes in the banking and liquidity facilities markets have made it necessary to replace these agreements with new ones between the City and new providers. The original Council authorization given to the Finance Director to execute these agreements was specific to the providers so the Council must now authorize me to execute the replacement agreements.

The Standby Bond Purchase Agreement (SBPA) is currently held by the German bank Lendebank Hessen Thuringen Girozentrale, or Helaba, who has notified the City that they will not renew their agreement with us which expires on November 1, 2012. This decision was not related in any way to the fiscal or credit worthiness of the City, only to the business plans of this international company. Because an SBPA is a requirement of the bonds, an RFP was solicited over the summer for a new company to provide this security. The successful company was JPMorgan Chase Bank, N.A..

The Tender Agent Agreement was originally with The Chase Manhattan Bank, who has been succeeded by The Bank of New York Mellon Trust Company (BNYM). A new agreement has been written with BNYM which needs to be executed to reflect this change.

In both cases the City's Bond Council and Financial Advisor have been involved in the RFP solicitation and review and development of the legal agreements. Both agreements are still in development and will be completed before November 1. Bond Council will be available at the Council meeting to answer any questions.