

RESOLUTION OF THE CITY COUNCIL

No. 497

Approved NOVEMBER 8, 2007

RESOLVED, that His Honor, the Mayor, is hereby authorized to execute an amendment to the existing revolving credit agreement between the City of Providence, on behalf of the Providence Water Supply Board, and Bank of America, N.A., for a Two Million Seven Hundred and Fifty Thousand Dollar (\$2,750,000.00) revolving loan for a 364 day period through August 09, 2008.

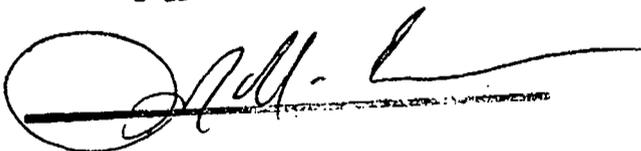
The terms and conditions of the agreement and any promissory note delivered in connection therewith shall be consistent with the Board of Contract and Supply award of June 26, 2006 to Bank of America, N. A., the lowest qualified bidder, for RFP for Short Term Line of Credit Borrowing up to \$2,750,000.00 plus interest, in an amount not to exceed 50 basis points above the floating LIBOR Rate (or greater upon the occurrence of an event of default).

IN CITY COUNCIL
NOV 1 2007
READ AND PASSED


PRES.


CLERK

APPROVED



MAYOR 11/8/07

IN CITY COUNCIL
JUN 21 2007
FIRST READING
REFERRED TO COMMITTEE ON
FINANCE
Ann M. Steiner CLERK

THE COMMITTEE ON
FINANCE
Approves Passage of
The Within Ordinance Resolution
Ann M. Steiner
Clerk
10-18-07

AND PASSED

BY

IT

2007 JUN 13 P 3:09
CITY CLERK
PROVIDENCE, RI

Providence Water
Resolution authorizing amendment to revolving credit agreement (line of credit)
Finance Committee 10/18/07

Purpose

- Resolution will authorize Mayor to sign an agreement for a new line of credit for the second of three years

Analysis

- Original agreement was initiated in 2000, the contract was rebid in 2003, and again in 2006
- This can only be used for our Infrastructure Replacement Fund or Automated Meter Reading Fund
- Will provide cash flow for the construction season and to meet contractual demands
- The Providence Water Board approved the line of credit on June 20, 2007, see attached
- The Board of Contract and Supply approved the renewal with Bank of America on June 25, 2007, see attached
- Interest rate is variable at LIBOR plus 50 basis points (a reduction of 20 points from prior contract)
- Maximum outstanding at any given time could be \$2.75 million dollars
- Line of credit will be paid off within the year with a new expiration date of August 09, 2008

Fiscal Impact

- Line of Credit has no impact on the City of Providence
- Interest is charged to the restricted IFR or AMR accounts
- IFR fund is \$13.2 million per year, AMR is \$700,000 in the FY '08 budget
- Total Interest expense for most recent year was \$8,835, previous year to date was \$28,663, see attached history.

Recommendation

- Finance Committee approve the Resolution



ANDREW K. MOFFIT
Chairman
 JOSEPH D. CATALDI
Vice Chairman
 JOHN C. SIMMONS
Ex-Officio
 CARISSA R. RICHARD
Secretary
 FERNANDO S. CUNHA, ESQ.
Legal Advisor

DAVID N. CICILLINE
Mayor
 PAMELA M. MARCHAND, P.E.
Chief Engineer & General Manager
 JOSEPH DE LUCA
City Councilman
 MICHAEL A. SOLOMON
City Councilman
 JOHN A. FARGNOLI
Member
 EVERETT BIANCO
Member

CERTIFICATE OF SECRETARY

I, Carissa R. Richard, do upon oath say:

1. That I am the duly appointed Secretary of the Providence Water Supply Board (PWSB), an entity established by the Home Rule Charter of the City of Providence.
2. That at the regular monthly meeting of the PWSB held on Wednesday, June 20, 2007, the following was voted by all members of the Providence Water Supply Board present:

RESOLVED: That the Board of Directors voted to authorize the Chief Engineer and General Manager, and the staff, to process the necessary paperwork to renew a one year, two million seven hundred and fifty thousand dollar (\$2,750,000.00) revolving line of credit.

In Witness Whereof, I have set my hand this 26th day of June, 2007.

Carissa R. Richard

Carissa R. Richard
 Secretary
 Providence Water Supply Board

STATE OF RHODE ISLAND
 PROVIDENCE, sc.

In Providence on the 26th day of June, 2007, there personally appeared before me the above-named, Carissa R. Richard, individually and in her capacity as Secretary of the Providence Water Supply Board, and she acknowledged the execution of this certificate to be her free act and deed and in her said capacity.

Joseph P. Murphy
 Notary Public: *Joseph P. Murphy*
 My Commission Expires: 3/27/10

WWW.PROVWATER.COM

City of Providence



Rhode Island

Department of City Clerk

MEMORANDUM

DATE: June 25, 2007

TO: Acting Purchasing Director

SUBJECT: APPROVAL TO RENEW THE WATER SUPPLY BOARD'S
LINE OF CREDIT WITH BANK OF AMERICA - WATER
SUPPLY BOARD

CONSIDERED BY: Board of Contract and Supply

DISPOSITION: VOTED: that the Board of Contract and Supply hereby authorizes approval to renew the Water Supply Board's line of credit, for an additional year, with Bank of America, in a total amount not to exceed One Hundred Fifty Thousand Dollars (\$150,000.00) as per the terms and the conditions of the original specifications, all in accordance with the request of Chief Engineer and General Manager Marchand, in communication dated June 12, 2007.

cc:Pur.Dir.
Contr.
WSB
File

Anne M. Stetson

City Clerk

**Fleet Revolving Credit Agreement
Dated August 2006**

Infrastructure Fund			AMR Fund				
<u>Repayment Amount</u>	<u>Outstanding Balance</u>	<u>Interest Cost</u>		<u>Repayment Amount</u>	<u>Outstanding Balance</u>	<u>Interest Cost</u>	
		\$0	01/30/07		\$300,000	\$0	
\$0	0	<u>0</u>	04/30/07	\$0	300,000	4,395	
			07/30/07	300,000	0	<u>4,440</u>	
Total		<u>\$0</u>				<u>\$8,835</u>	<u>\$8,835</u>

Notes: The original Revolving Credit agreement was dated 8/17/00.
This amendment was dated August 2006 with a new maturity date of 08/10/07.

Legal costs to process amendment in 2003 was \$604.
Legal costs to process amendment in 2004 was \$250.
Legal costs to process amendment in 2005 was \$631.
Legal costs to process amendment in 2006 was \$0.

**Fleet Revolving Credit Agreement
Dated August 2005**

Infrastructure Fund			AMR Fund				
<u>Repayment Amount</u>	<u>Outstanding Balance</u>	<u>Interest Cost</u>		<u>Repayment Amount</u>	<u>Outstanding Balance</u>	<u>Interest Cost</u>	
	\$0	\$0	08/18/05		\$735,000	\$0	
\$0	0	0	10/18/05	\$0	735,000	5,493	
0	0	0	11/17/05	0	735,000	0	
0	0	0	12/19/05	100,000	635,000	6,025	
0	0	0	01/18/06	75,000	560,000	2,683	
0	0	<u>0</u>	02/18/06	0	560,000	0	
			03/20/06	0	560,000	4,961	
			04/20/06	0	560,000	2,641	
			05/19/06	0	560,000	2,536	
			05/22/06	75,000	485,000	0	
			06/19/06	100,000	385,000	2,414	
			07/24/06	385,000	0	<u>1,910</u>	
Total		<u><u>\$0</u></u>				<u><u>\$28,663</u></u>	<u><u>\$28,663</u></u>

Notes: The original Revolving Credit agreement was dated 8/17/00.
This amendment was dated August 2005 with a new maturity date of 08/11/06.
Legal costs to process amendment in 2003 was \$604.
Legal costs to process amendment in 2004 was \$250.
Legal costs to process amendment in 2005 was \$631.