



CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** April 24, 2023

SUBJECT: Approve Resolution No. 2023-032, appointing a successor Paying Agent/Registrar for certain outstanding debt obligations of the City; approving and authorizing the execution of one or more Paying Agent/Registrar Agreements with such successor Paying Agent/Registrar, and resolving other matters incident and related thereto.

PRESENTER: Mark C. Mills, Director of Finance

SUMMARY:

After a series of performance-related events, staff has determined it is in the best interest of the city for Council to consider changing the Paying Agent / Registrar associated with many of the city's previous debt issuances. If approved, Resolution No. 2023-032 would facilitate this change.

GENERAL DESCRIPTION:

A Paying Agent is an entity, usually a corporate trust or bank, that takes payments from the issuer of securities (General Obligation Bonds, Certificates of Obligation, etc.) and distributes the funds to the holders of the securities. A Registrar is the entity responsible for keeping records of bondholders after an issuer has offered securities to the public. Bank of New York Mellon ("BNY") currently serves as the city's Paying Agent / Registrar for most of its outstanding debt issuances. Beginning in 2018, the city began to experience service issues related to the performance of, and information provided by, BNY. The city has continued to experience service issues through the February 2023 debt payment, despite providing BNY multiple opportunities to rectify the identified concerns.

As a result of these performance issues, staff recommends the termination of BNY as the city's Paying Agent / Registrar and recommends the appointment of UMB Bank, N.A. ("UMB") as its successor. Termination of the existing agreements with BNY and the appointment of UMB will not disrupt, delay, or otherwise adversely impact the payment of the outstanding obligations.



Resolution No. 2023-032 will:

- Appoint UMB as the successor Paying Agent / Registrar for the associated obligations, of which there are twenty-one (21).
- Cause a notice of this change to be sent to each registered owner of the associated obligations.
- Direct an authorized city official to deliver a copy of Resolution No. 2023-032 to BNY as notice that it has been replaced as the Paying Agent / Registrar for the associated obligations.
- Direct authorized city officials to coordinate with BNY and UMB to ensure the Security Registers, together with the pertinent books and records currently maintained at BNY, are transferred in a timely manner to UMB.
- Authorize payment to BNY any outstanding fees and expenses owed by the City and coordinate the delivery of all funds held by BNY to UMB to effectuate the transfer.
- Authorize the City Manager or Director of Finance to cause an appropriate notice to be filed with the Municipal Securities Rulemaking Board ("MSRB") regarding the change.

To terminate the agreement with BNY, the city will be required to pay fees of \$9,500. It is expected that these fees will be recuperated within the first two years of service with UMB. BNY currently charges the city between \$500 and \$700 per issuance on an annual basis while UMB's charge is \$350 per issuance. In preparation for this change, the city began to utilize UMB as the Paying Agent / Registrar on its newly issued debt in 2022.

RECOMMENDATION:

Approve Resolution No. 2023-032, appointing a successor Paying Agent/Registrar for certain outstanding debt obligations of the City; approving and authorizing the execution of one or more Paying Agent/Registrar Agreements with such successor Paying Agent/Registrar, and resolving other matters incident and related thereto.