

Summary

Board Bill Number 132

Primary Sponsor: Alderwoman Sharon Tyus

October 2, 2020

The Board Bill, which is recommended by the Parking Commission of the City of St. Louis, authorizes and directs the City, acting through the Treasurer of the City in the capacity as Parking Supervisor, to request proposals from financial institutions selected by the Treasurer for a revolving line of credit in an amount not to exceed \$5,000,000 effective for a period not to exceed five (5) years.

BOARD BILL NUMBER 132 INTRODUCED BY: ALDERWOMAN SHARON TYUS

1 An ordinance recommended by the Parking Commission of the City of St. Louis and authorizing
2 and directing the City, acting through the Treasurer of the City in the capacity as Parking
3 Supervisor, to request proposals from financial institutions selected by the Treasurer for a
4 revolving line of credit in an amount not to exceed \$5,000,000 effective for a period not to
5 exceed five (5) years; authorizing the execution and delivery of a revolving line of credit
6 agreement; and the taking other actions, and the execution and approval of other documents, as
7 are necessary or desirable to carry out and comply with the intent hereof and containing a
8 severability clause.

9 **WHEREAS**, the City of St. Louis, Missouri (the “City”), acting through the Treasurer
10 (the “Treasurer”) in her capacity as Parking Supervisor pursuant to Chapter 17.62 of the Revised
11 Code of the City of St. Louis, is authorized to, among other things, take all actions necessary or
12 appropriate to ensure the successful operation of the Parking Division (the “Parking Division”)
13 of the City; and

14 **WHEREAS**, the City and the Treasurer of the City in her capacity as Parking Supervisor
15 deem it advisable in this period of economic slow-down due to the Coronavirus pandemic, for
16 the general welfare of the people residing and working in the City, to provide for a back-up
17 source of working capital so as to be able to continue to carry out its responsibilities in case of a
18 temporary short-fall in revenue; and

19 **WHEREAS**, for such purpose, the City deems it advisable to now request proposals for a
20 revolving Line of Credit (the “Line of Credit”) in an amount not to exceed Five Million Dollars
21 (\$5,000,000) to be entered into with one or more banks or other financial institutions for a period
22 not to exceed five years, the proceeds of which may be borrowed, repaid and reborrowed and
23 which shall be used only for general working capital purposes and not for capital expenditures;
24 and

25 **WHEREAS**, in connection with the Line of Credit, it is necessary and desirable that the
26 City, as obligor, enter into a Revolving Line of Credit Agreement and certain other documents,
27 including, but not limited to, a Revolving Credit Note and such ancillary documents and
28 certifications as the lenders may reasonably require (collectively, the “Line of Credit
29 Documents”); and

1 **WHEREAS**, the Line of Credit Documents shall state that no loans thereunder constitute
2 an indebtedness of the City, the State of Missouri or any political subdivision thereof within the
3 meaning of any constitutional or statutory debt limitation or restriction and that the taxing power
4 of the City, the State of Missouri or any political subdivision thereof is not pledged to the
5 payment of the principal of or interest on any such loan.

6 **NOW THEREFORE BE IT ORDAINED BY THE CITY OF ST. LOUIS AS**
7 **FOLLOWS:**

8 **Section One. Findings, Determinations and Declarations.** The Board of Aldermen
9 hereby finds, determines and declares as follows:

10 (a) The establishment of the Line of Credit pursuant to a negotiation with
11 certain financial institutions selected by competitive bidding is necessary and desirable for the
12 general welfare of the City.

13 (b) In approving the establishment of the Line of Credit, it is the intention of
14 the Board of Aldermen, that:

15 (i) the aggregate principal amount of the Line of Credit shall not
16 exceed the amount set forth in Section 2 hereof; and

17 (ii) this Ordinance authorizes a \$5,000,000 Line of Credit only.

18 **Section Two. Authorization of the Credit Agreement.**

19 (a) The Board of Aldermen, acting as the governing authority of the City and
20 on the recommendation of the Parking Commission, does hereby authorize the City, as the
21 obligor, to enter into a Line of Credit agreement in an aggregate principal amount at any one
22 time outstanding not to exceed Five Million Dollars (\$5,000,000), the proceeds of which shall be
23 used only for general working capital purposes and not for capital expenditures, pursuant to Line
24 of Credit Documents negotiated with one or more banks or other financial institutions selected
25 by competitive bidding.

26 (b) The Line of Credit shall (i) have a final maturity not later than
27 December 15, 2025; and (ii) bear a rate of interest not greater than the rate permitted by
28 applicable Missouri law.

29 **Section Three. Authorization to Request Proposals.** The Treasurer is hereby
30 authorized to issue to not less than fifteen (15) such banks or other financial institutions as the

1 Treasurer may select, a Request for Financing Proposal in substantially the form attached as
2 **Exhibit A.**

3 **Section Four. Limited Obligation.** The Line of Credit and the interest thereon (a) shall
4 be limited obligations of the City payable solely out of monies legally available for such
5 purposes; (b) shall not constitute an indebtedness of the City, the State of Missouri or any
6 political subdivision thereof within the meaning of any constitutional or statutory debt limitation
7 or restriction; and (c) shall not be backed by the taxing power of the City, the State of Missouri
8 or any political subdivision thereof.

9 **Section Five. Approval of Line of Credit Documents.** The proper officials of the City
10 are hereby authored and directed to execute and deliver, on behalf of the City, Line of Credit
11 Document not inconsistent with the provisions of this Ordinance, as the City officials executing
12 the same shall approve, and the signatures of the City officials executing the same shall be
13 conclusive as to their approval of such Line of Credit Documents.

14 **Section Six. Incorporation of Exhibits.** **Exhibit A** to this Ordinance is incorporated
15 herein and made part of this Ordinance by this reference.

16 **Section Seven. Further Authority.** The City shall, and the Mayor, the Comptroller, the
17 Treasurer, with the advice as to form of the City Counselor, and other appropriate officials,
18 agents and employees of the City are hereby authorized to, take such further actions and execute
19 such other documents as may be necessary or desirable to carry out, comply with and perform
20 the duties of the City. The Parking Commission, the Treasurer and the City, after advising and
21 consulting with the Board of Estimate and Apportionment, are authorized to take all measures
22 consistent herewith deemed necessary to generate revenues necessary to carry our the City's
23 obligations under the Line of Credit Documents.

24 **Section Eight. Preservation of Revenue Sources.** Recognizing that a good credit rating
25 is important to the City and can minimize its costs of borrowing, and further recognizing the
26 importance of the City's reputation for sound financial management with bond underwriters,
27 bond insurers, investors and other financial institutions, the Treasurer is hereby urged to take
28 reasonable steps required by good practice to preserve sources of revenues and to consult the
29 Parking Commission before authorizing actions that might materially adversely affect revenues.

1 **Section Nine. Superseding of Inconsistent Provisions.** The provisions of this
2 Ordinance hereby amend any provision of any ordinance of the City inconsistent with the terms
3 hereof, but only to the extent of such inconsistency.

4 **Section Ten. Severability.** The sections of this Ordinance shall be severable. In the
5 event that any section of this Ordinance is found by a court of competent jurisdiction to be
6 unconstitutional, the remaining sections of this Ordinance shall be valid, unless the court finds
7 the valid sections of this Ordinance are so essentially and inseparably connected with, and so
8 dependent upon the void section that it cannot be presumed that the Board of Aldermen would
9 have enacted the valid section without the void ones; or unless the court finds the valid sections,
10 standing alone, are incomplete and incapable of being executed in accordance with legislative
11 intent.

EXHIBIT A

REQUEST FOR FINANCING PROPOSAL

BOARD BILL NUMBER 32
FISCAL NOTE

The City of St. Louis Parking Division's revolving line of credit, in an amount not to exceed \$5,000,000, will be utilized for a portion of the Division's working capital expenditures due to the impact of COVID-19 on the Division's revenues and material decline in the Division's reserves.

Utilization of the revolving line of credit will prevent the Division from further depleting reserves and also allow for repayment at a future date when the Division's revenues will have potentially normalized. The Fiscal Impact to the City will likely be limited to the following:

- 1) Cost of Issuance – The cost of the transaction is expected not to exceed 2% of the principal amount. Payment of cost of issuance is anticipated to come from an initial draw against the line of credit.
- 2) Interest Expense – The City will pay interest on the funds drawn from the line of credit. No interest is paid amounts not drawn on the line of credit.
- 3) Utilization/commitment fee – in the event that line of credit goes largely unutilized, there may be a fee incurred. This fee is usually not very large and covers the bank keeping the facility on their books while not generating much income from interest expense as the line of credit is not largely utilized.

In addition to the prevention of depleting reserves and allowing utilization for working capital expenditures for the Parking Division, the revolving line of credit would prevent and/or lessen the possibility of personnel layoffs that could affect productivity and create safety concerns.