


# SAINT PAUL PORT AUTHORITY

## MEMORANDUM

**TO:** BOARD OF COMMISSIONERS  
**FROM:** Laurie J. Hansen   
**SUBJECT:** EPUC Franchise Ordinance Extension

**DATE:** April 7, 2016

### Action Requested:

Extension of the EPUC Franchise Ordinance to August 1, 2036.

### Background:

In 2011, the EPUC Franchise Ordinance was amended to extend the term to February 28, 2031. This 20-year term is the maximum allowable term for a franchise per City ordinance.

In 2012, bonds were issued to finance the conversion of the EPUC district heating/cooling system from a two-pipe to a four-pipe system. The final maturity date of the bonds is August 1, 2036.

### Current Status:

The Trust Indenture for the Series 2012-3 bond issue requires the Port Authority request a franchise extension to make the term of the Franchise Ordinance consistent with the maturity of the bonds. The request must be submitted prior to August 1, 2016 and must extend the term to August 1, 2036. If the extension is not approved, the debt service requirements will increase to provide enough money to fully amortize the bonds as of February 28, 2031, the current term of the franchise agreement. The increase in debt service payments would result in a significant increase in utility rates for customers of EPUC.

This Franchise Ordinance will also require approval by the City Council after a public hearing scheduled for May 4, 2016.

No other terms in the Franchise Ordinance will change.

### Recommendation:

We recommend approval.

LJH:amk