Sugar Land Wastewater Treatment Operations Contract Letter of Credit

Brad Brunett
Central and Lower Basin Regional Manager

Meeting Date: October 28, 2019
“WHEREAS, the Brazos River Authority has operated wastewater treatment plants for the City of Sugar Land for a period of 44 years, with its current operations Contract beginning on October 1, 2018;

WHEREAS, the Contract includes a provision requiring the Brazos River Authority to provide a Letter of Credit in an amount equal to each year’s annual budget in connection with the services, with such amount subject to an annual CPI adjustment, in accordance with the terms of the Contract;

WHEREAS, the Board of Directors authorized the General Manager/CEO and/or CFO to execute an irrevocable standby Letter of Credit in favor of the City of Sugar Land for the purpose of securing the Brazos River Authority’s performance under the Contract for the operation, maintenance, and management of the City of Sugar Land’s wastewater treatment plants and reclaimed water facility on April 30, 2018; and
WHEREAS, the standby Letter of Credit required by the Sugar Land Contract for FY2020 will exceed the total amount approved by the Board of Directors in the April 30, 2018, meeting.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Brazos River Authority hereby authorizes the General Manager/CEO and/or CFO to annually execute an irrevocable standby Letter of Credit in favor of the City of Sugar Land for the purpose of securing the Brazos River Authority’s performance under the Contract for the operation, maintenance, and management of the City of Sugar Land’s wastewater treatment plants and reclaimed water facility; and

BE IT FURTHER RESOLVED that the Letter of Credit will be in an amount not to exceed the annual budget, and shall be renewed annually throughout the term of the Contract, including any renewal periods, with the base fee component of the annual budget being subject to an annual CPI adjustment, which shall be calculated in accordance with the terms of the Contract.”