

CITY OF LOS ANGELES

CALIFORNIA

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City Clerk



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When making inquiries
relative to this matter,
please refer to the Council
File No.

08-0951

July 25, 2008

City Administrative Officer

RE: AMENDING THE LOS ANGELES ADMINISTRATIVE CODE TO COMBINE THE DEBT SERVICE RESERVE FUNDS INTO ONE DEBT SERVICE RESERVE FUND FOR THE WASTEWATER SYSTEM SENIOR LIEN BONDS

At the meeting of the Council held July 11, 2008, the following action was taken:

Attached report adopted	_____
Attached resolution adopted	_____
To the Mayor FORTHWITH	_____
Motion adopted to approve communication recommendation(s)	X
Ordinance adopted	X
Ordinance number	180056
Publication date.....	07-25-08
Effective date	08-25-08
Mayor approved	07-21-08
Findings adopted	_____
Negative Declaration adopted	_____
Categorically exempt.....	_____
Generally exempt.....	_____

City Clerk
et

TIME LIMIT FILES
ORDINANCES

Mayor's Time Stamp OR
RECEIVED

2008 JUL 16 AM 9:47

CITY OF LOS ANGELES

RECEIVED
City Clerk's Time Stamp
CITY CLERK'S OFFICE

2008 JUL 16 AM 9:41

CITY CLERK
BY _____
DEPUTY

COUNCIL FILE NUMBER 08-0951 COUNCIL DISTRICT _____

COUNCIL APPROVAL DATE July 11, 2008 LAST DAY FOR MAYOR TO ACT JUL 28 2008

ORDINANCE TYPE: Ord of Intent Zoning Personnel General

 Improvement LAMC LAAC CU or Var Appeals - CPC No. _____

SUBJECT MATTER: AMENDING THE LOS ANGELES ADMINISTRATIVE CODE TO COMBINE THE DEBT SERVICE RESERVE FUNDS INTO ONE DEBT SERVICE RESERVE FUND FOR THE WASTEWATER SYSTEM SENIOR LIEN BONDS

	APPROVED	DISAPPROVED	BY
AD HOC COMMITTEE ON PUBLIC DEBT, BONDS & FINANCING COMMITTEE	<u>X</u>	_____	CITY CLERK DEPUTY
DIRECTOR OF PLANNING	_____	_____	
CITY ATTORNEY	<u>X</u>	_____	
CITY ADMINISTRATIVE OFFICER	_____	_____	

JUL 21 2008

DATE OF MAYOR APPROVAL, DEEMED APPROVED OR *VETO _____
(*VETOED ORDINANCES MUST BE ACCOMPANIED WITH OBJECTIONS IN WRITING PURSUANT TO CHARTER SEC. 250(b) (c))

(CITY CLERK USE ONLY PLEASE DO NOT WRITE BELOW THIS LINE)

DATE RECEIVED FROM MAYOR JUL 22 2008 ORDINANCE NO. 180056

DATE PUBLISHED JUL 25 2008 DATE POSTED _____ EFFECTIVE DATE AUG 25 2008

ORD OF INTENT: HEARING DATE _____ ASSESSMENT CONFIRMATION _____

ORDINANCE FOR DISTRIBUTION: YES NO

et

JUL 24 2008
Sec. 14

13

COMMUNICATION

TO: LOS ANGELES CITY COUNCIL

**FROM: COUNCILMEMBER TONY CARDENAS, CHAIR
AD HOC COMMITTEE ON PUBLIC DEBT, BONDS AND FINANCING**

COMMUNICATION FROM THE CHAIR, AD HOC COMMITTEE ON PUBLIC DEBT, BONDS AND FINANCING, and ORDINANCE amending the Los Angeles Administrative Code (LAAC) to combine the Debt Service Reserve Funds into one Debt Service Reserve Fund for the Wastewater System Senior Lien Bonds.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. PRESENT and ADOPT the accompanying ORDINANCE amending Section 5.168.1(b) of the LAAC to combine the Debt Service Reserve Funds into one Debt Service Reserve Fund for the Wastewater System Senior Lien Bonds.
2. INSTRUCT the Controller to:
 - a. ESTABLISH a new fund entitled "Wastewater System Debt Service Reserve Fund;
 - b. TRANSFER all cash balances from the existing Wastewater System Debt Service Reserve Funds to the new Fund established pursuant to Recommendation No. 2a.
3. AUTHORIZE the City Administrative Officer (CAO) to make technical corrections as necessary to implement the Mayor and Council intentions.

Fiscal Impact Statement: The CAO reports there is no impact on the General Fund. These recommendations address required actions to complete previously-approved financings and create efficiencies in the administration of the Wastewater System Bond Program.

Debt Impact Statement: The CAO reports there is no debt impact as a result of these procedural and administrative recommendations.

Community Impact Statement: None submitted

SUMMARY

At its meeting on July 1, 2008, the Chair, Ad Hoc Committee on Public Debt, Bonds and Financing considered the City Attorney's report and Ordinance and City Administrative Officer (CAO) report relative to amending Section 5.168.1(b) of the LAAC to combine the Debt Service Reserve Funds into one Debt Service Reserve Fund for the Wastewater System Senior Lien Bonds. In ongoing discussions with the Office of Accounting, the CAO has confirmed that there are procedural changes that could be made to improve the administration of the Wastewater System Bond Program. The LAAC currently requires the establishment of separate debt service reserve funds for each senior lien bond issue. Every year on January 15, the Office of Accounting evaluates the status of these reserve funds to ensure that sufficient funds are set aside. Dealing with separate funds is cumbersome and increases the opportunities for errors. Given that there is no legal

requirement mandating separate reserve funds, the Office of Accounting has requested that all existing debt service reserve funds be collapsed into one Wastewater System Senior Lien Bonds reserve fund.

The Chair, Ad Hoc Committee on Public Debt, Bonds and Financings, recommended approval of the CAO recommendations relative to adopting the Ordinance amending Section 5.168.1(b) of the LAAC to combine the Debt Service Reserve Funds into one Debt Service Reserve Fund for the Wastewater System Senior Lien Bonds. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,



Councilmember Tony Cardenas, Chair
AD HOC COMMITTEE ON PUBLIC DEBT, BONDS AND FINANCING

LB
#080951a
7/3/08

ADOPTED
MOTION ADOPTED TO APPROVE COMMUNICATION RECOMMENDATION
JUL 11 2008

LOS ANGELES CITY COUNCIL
ORD. ADOPTED