

ENERGY, CLIMATE CHANGE AND ENVIRONMENTAL JUSTICE COMMITTEE REPORT and RESOLUTION relative to extension and replacement of the credit facilities for the wastewater system commercial paper program.

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

1. ADOPT, the 23RD SUPPLEMENTAL SUBORDINATE GENERAL RESOLUTION, which authorizes the execution of an extension and replacement of credit facilities for the Wastewater System Commercial Paper Program, including various documents to execute the transactions, and authorizes the City Administrative Officer (CAO) to take certain actions required to manage the transactions and the Commercial Paper Program.
2. AUTHORIZE the CAO to make technical adjustments as necessary to implement the intent of the Mayor and Council.

Fiscal Impact Statement: The CAO reports that there is no impact to the General Fund from the approval of the proposed recommendation to extend and replace the Credit Facilities for the Wastewater System CP Program as the Letter of Credit fees, interest costs, and other fees associated with this transaction are budgeted in the Sewer Construction and Maintenance Fund for Fiscal Year 2018-19.

Community Impact Statement: None submitted.

SUMMARY:

At its regular meeting held on October 2, 2018, the Energy, Climate Change and Environmental Justice Committee considered a CAO report and Resolution relative to the proposed Twenty-Third Supplemental Subordinate General Resolution authorizing the execution of an extension and replacement of credit facilities for the Wastewater System Commercial Paper Program and related matters.

The CAO reports requests authority to execute agreements with banks providing credit facilities for the Wastewater System Commercial Paper Program (LAWW CP Program). CAO recommends extending the Letter of Credit (LOC) currently provided by Barclays Bank PLC for an additional three-years through October 2021 and replacing the LOC currently provided by Sumitomo Mitsui Banking Corporation (Sumitomo) with Toronto- Dominion Bank, New York Branch (TD Bank) for three-years through October 2021. CAO also recommends increasing the size of the LAWW CP Program from \$200 million to \$250 million to meet the capital needs of the Wastewater System consistent with the Bureau of Sanitation's (BOS) Capital Improvement Plan. The Barclays LOC is for \$100 million plus interest. The TD Bank LOC is for \$150 million plus interest. The credit facilities for the current LAWW CP Program with Barclays and Sumitomo expire on December 7, 2018.

According to the CAO report the recommendations are based on a procurement process completed in June 2018. Ten banks responded to a Request for Proposals, of which Barclays and TD Bank provided the most favorable terms, including lowest fees. The proposed annual fees for the credit facility to be provided by Barclays and TD Bank are both 22 basis points. This

represents savings over the current LOC fees of 26 basis points for Barclays and 32.5 basis points for Sumitomo. The CAO report further states that the existing CP dealers for the LAWW CP Program are Barclays and Citigroup Global Markets. The CP Dealers were previously approved by the Mayor and Council to serve as CP Dealers for the LAWW CP Program. The CP dealers will continue to sell and resell the notes for the proposed LAWW CP Program as they possess significant experience in selling notes and the ability to underwrite unsold notes if necessary. The Issuing and Paying Agent for the LAWW CP Program is US Bank.

After providing an opportunity for public comment, the Committee moved to approve the recommendations contained in the CAO report, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

ENERGY, CLIMATE CHANGE AND ENVIRONMENTAL JUSTICE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
MARTINEZ:	YES
KORETZ:	ABSENT
KREKORIAN:	YES
CEDILLO:	YES
O'FARRELL:	YES

LC 10/02/18

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