

ENERGY AND ENVIRONMENT COMMITTEE REPORT relative to authorizing the issuance of up to \$380 million of Water System Revenue Bonds.

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

CONCUR with the Board of Water and Power Commissioners' (Board) action of October 1, 2013, Resolution No. 4866, authorizing the issuance of up to \$380 million of Water System Revenue Bonds pursuant to Charter Section 609 and Los Angeles Administrative Code (LAAC) Sections 11.28.1 through 11.28.9.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that there is no direct impact on the City's General Fund. Approval of the recommended action will authorize the Los Angeles Department of Water and Power (LADWP) to issue \$380 million of Water System Revenue Bonds to finance a portion of its capital improvements program for Fiscal Year 2013-14. The LADWP estimates that the net impact of this issuance will be to increase debt service costs of the Water Revenue Fund by approximately \$28.6 million annually. The costs of proposed bond issuance are estimated at \$1.9 million, i.e. underwriter's discount; bond and disclosure counsels, financial advisor; ratings agencies fees, and printing costs.

Community Impact Statement: None submitted.

Summary:

On October 16, 2013, your Committee considered October 3, 2013 Board and September 3, 2013 reports and Resolution No. 4866 relative to authorizing the issuance of up to \$380 million of Water System Revenue Bonds. According to the CAO, the Los Angeles Department of Water and Power (LADWP) requests approval of the Resolution No. 4866 (Resolution) which authorizes the issuance of \$380 million in Water System Revenue Bonds, in order to finance a portion of the Water System's Fiscal Year (FY) 2013-14 Capital Improvements Program/The LADWP Water System multi-year Capital Program focuses on critical projects necessary to comply with increasing water quality standards; protect existing water supplies; expand and upgrade the existing water distribution system; and develop new water resources.

The LADWP states that the Resolution is an initial resolution of the Board, which sets forth the purpose for future indebtedness and establishes the maximum limit as to principal, interest costs, and term. The Resolution also provides for the private sale of the bonds to one or more underwriting firms selected by the Board pursuant to City Charter Section 609 (d) and LAAC Section 11.28.4(b) of the Procedural Ordinance. The bonds will be Water System Revenue Fund obligations and will not constitute an obligation of the City or the General Fund. The City Attorney has approved the proposed resolution as to form and legality.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend the Council concur with the Board's October 1, 2013 action. This matter is now submitted to Council for further consideration.

Respectfully Submitted,

ENERGY AND ENVIRONMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
FUENTES:	YES
BLEUMENFIELD:	YES
LABONGE:	YES
HUIZAR:	ABSENT
KORETZ:	YES

-NOT OFFICIAL UNTIL COUNCIL ACTS-