

BUDGET AND FINANCE COMMITTEE REPORT and RESOLUTION relative to the issuance of Solid Waste Resources Refunding Revenue Bonds Series 2015-A.

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

1. ADOPT the accompanying authorizing RESOLUTION approving certain documents and authorizing the issuance of up to \$85 million in refunding bonds (Series 2015-A).
2. INSTRUCT the City Clerk to place on the Council agenda on **MARCH 24, 2015**, or on an alternate date specified by the City Administrative Officer (CAO), the adoption of a resolution for final approval of documents and award to the lowest bidder(s) of the sale of the bonds, in an amount not exceeding \$85 million.
3. AUTHORIZE the CAO, on behalf of the City, to receive and open bids on the published date and to award the bonds to the bidder(s) with the lowest true interest cost, if there is no Council quorum or meeting in City Hall, as described in the Notice Inviting Bids for the bonds.
4. AUTHORIZE the CAO to make technical changes to implement the intent of the Council and Mayor.

Fiscal Impact Statement: The CAO reports that there is no fiscal impact on the General Fund as a result of the proposed bond issuance as annual debt service will be paid from the Solid Waste Resources Revenue Fund. The costs of issuance will be paid from bond proceeds.

Debt Impact Statement: The CAO reports that there is no debt impact to the City's General Fund from the proposed bond issuance. The proposed issuance is expected to generate savings of approximately \$7 million over the life of the bonds for the Solid Waste Resources Revenue Fund, pursuant to the City's Debt Management Policies. The exact amount of savings will be determined at the time of issuance subject to market conditions.

Community Impact Statement: None submitted.

(Energy and Environment Committee waived consideration of the above matter)

Summary:

At its meeting of March 2, 2015, the Budget and Finance Committee considered a February 25, 2015 CAO report and Resolution relative to the issuance of Solid Waste Resources (SWR) Refunding Revenue Bonds Series 2015-A. According to the CAO, it is requesting authority to issue SWR Revenue Refunding Bonds Series 2015-A in the amount not to exceed \$85 million. Series 2015-A proceeds will be used to refinance the entirety of the outstanding Series 2005-A and 2006-A SWR Revenue Bonds and a portion of the outstanding Series 2009-A bonds. Completion of the refinancing would result in approximately \$7 million in savings to the Solid Waste Resources Revenue Fund (SWRRF) over the life of the bonds. Repayment of the resulting debt service on the bonds will come from the SWRRF.

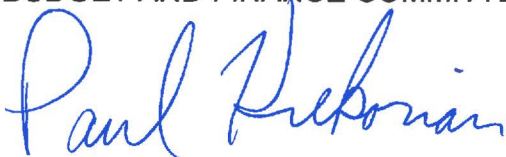
A portion of the proceeds will be held temporarily by an escrow agent in an irrevocable escrow account, and will be used to pay off outstanding Solid Waste Resources Revenue Bonds as they become redeemable. The expected sale date of the bonds is March 24, 2015. The CAO is recommending a competitive method of sale due to the strong credit rating of outstanding Solid Waste Resources Revenue Bonds, the market familiarity of the SWR bond program, and current favorable market conditions. The SWR bond program has traditionally sold on a competitive basis and has a successful history in doing so. Additionally, the CAO's financial advisors have conducted an analysis of other highly rated comparable competitive and negotiated deals sold in California in 2014 and they found that competitive deals typically outperformed their negotiated counterparts by a significant margin. The CAO believes a competitive method of sale will result in the lowest combination of interest rates and fees thus providing the City a substantial pricing benefit.

On March 24, 2015 or on an alternate date if needed, the CAO will return to the Council for award of the winning bidder(s) with the lowest true interest cost. If there is no Council quorum on that date, or no meeting at City Hall, it is recommend that the CAO be authorized to receive the bids and award the bonds to the bidder(s) with the lowest true interest cost.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations as contained in the February 25, 2015 CAO report and detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE



MEMBER	VOTE
KREKORIAN:	YES
ENGLANDER:	YES
KORETZ:	ABSENT
BLUMENFIELD:	YES
BONIN:	YES

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3/2/15

-NOT OFFICIAL UNTIL COUNCIL ACTS-