

0150-10917-0000

**TRANSMITTAL**

TO David H. Wright, General Manager Department of Water and Power	DATE MAR 29 2017	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT	

**AMENDMENTS TO THE INTERNATIONAL SWAP DEALERS ASSOCIATION MASTER AGREEMENTS AND RELATED CUSTODY AGREEMENTS**

Approved and transmitted for further processing including Council consideration.  
See the City Administrative Officer report attached.



Ana Guerrero

MAYOR

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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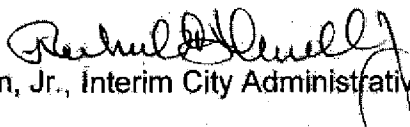
Date: March 29, 2017

CAO File No. 0150-10917-0000

Council File No.

Council District:

To: The Mayor

From: Richard H. Llewellyn, Jr.,  Interim City Administrative Officer

Reference: Communication from the Department of Water and Power dated March 2, 2017

Subject: **AMENDMENTS TO THE INTERNATIONAL SWAP DEALERS ASSOCIATION  
MASTER AGREEMENTS AND RELATED CUSTODY AGREEMENTS**

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### RECOMMENDATIONS

That the Mayor:

1. Approve the proposed resolution authorizing the execution of amendments to the International Swap Dealers Association Master Agreements and related Custody Agreements; and,
2. Return the proposed resolution to the Department for further processing, including Council consideration.

### SUMMARY

Approval of the proposed resolution authorizes the amendment of International Swap Dealers Association (ISDA) Master Agreements with qualified counterparties and related Custody Agreements (collectively Agreements) to extend the term by an additional 10 years. DWP currently has eight ISDA agreements with 10 year terms that are scheduled to expire between March 2017 and December 2017. The Agreements are considered standard in the financial industry and enable the DWP to mitigate the price risk and volatility of purchasing natural gas.

The DWP maintains a natural gas hedging program pursuant to Section 10.5.3 of the Los Angeles Administrative Code which authorizes the DWP Board, or the DWP General Manager if delegated by the Board, to enter into financial contracts for the purchase and delivery of natural gas and/or financial transactions with terms of up to 10 years and a price not to exceed \$10.00 per million British Thermal Units (MMBtu).

Council approval is requested pursuant to Charter Section 373. In accordance with the Los Angeles Administrative Code Section 10.5, unless the Council takes action disapproving the proposed Agreement within 60 days after submission to the Council, the Agreement will be deemed approved. The City Attorney has approved the proposed resolution as to form and legality.

**FISCAL IMPACT STATEMENT**

Approval of the proposed resolution will impact the DWP Power Revenue Fund. There is no fiscal impact to the City General Fund. The proposed Agreement complies with the Department's adopted Financial Policies.

*RHL:RR:10170105*