

ENERGY, CLIMATE CHANGE, AND ENVIRONMENTAL JUSTICE COMMITTEE
REPORT RESOLUTION, and ORDINANCE FIRST CONSIDERATION relative to request
for issuance of Solid Waste Resources Revenue Bonds, Series 2018-A.

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

1. ADOPT the accompanying RESOLUTION authorizing the issuance of City of Los Angeles Solid Waste Resources Revenue Bonds, Series 2018-A in an aggregate principal amount not to exceed \$150,000,000.
2. PRESENT and ADOPT the accompanying ORDINANCE dated June 11, 2018 providing for the issuance of bonds for the Solid Waste Resources Program and amending Los Angeles Administrative Code Section 5.121.5 to add a related special fund.
3. AUTHORIZE the City Administrative Officer, (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 as described in the Notice Inviting Bids for the Bonds.

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 solely from bond proceeds.

Debit Impact Statement: The CAO reports that the issuance of the Solid Waste Resources Revenue Bonds, Series 2018-A will not cause the City's debt service payments to exceed 15 percent of General Revenues for voter and non-voter approved debt, as established in the City's Financial Policies, Debt Management Section, because the debt service on the Bonds will be paid solely from the Solid Waste Resources Revenue Fund. The annual debt service payment is projected to be approximately \$11.4 million over 15 years.

Community Impact Statement: None submitted.

Summary:

On June 19, 2018, your Committee considered June 14, 2018 CAO and June 11, 2018 City Attorney reports, Resolution, and Ordinance relative to the issuance of Solid Waste Resources (SWR) Revenue Bonds, Series 2018-A. According to the CAO, the SWR Revenue Bond Program was established by the City in 2001 to provide a financing mechanism for projects and equipment related to the City's solid waste operations. Bonds are issued under a Master Trust Agreement, dated as of September 1, 2001, as amended and supplemented by the various supplemental trust agreements executed by and between the City and U.S. Bank National Association, as Trustee. These bonds are secured by a pledge of revenues consisting of the Solid Waste Collection, Transfer, Recycling, Recovery of Waste Resources and Disposal Fee and other revenues contained within the Solid Waste Resources Revenue Fund No. 508 (SWRRF). Annual debt service payments and other administrative fees associated with the Solid Waste Resources Bond Program are budgeted within and paid from SWRRF.

On April 24, 2018, the City Council adopted a Reimbursement Resolution allowing the City to

reimburse SWRRF for expenditures made in advance of the completion of this financing (Council File No. 18-0327). At this time, the Bureau of Sanitation (BOS) has expended approximately \$14 million for items originally anticipated to be financed by the Bonds, with the intention of reimbursing these expenditures from bond proceeds. A portion of the bond proceeds will be used to reimburse SWRRF for all reimbursable expenditures made in connection with the projects originally described in Exhibit A of the Reimbursement Resolution. The Master Trust Agreement established a debt service reserve fund (Reserve Fund) held with the Trustee to serve as a source of security to bondholders in the event that the City and SWRRF default on debt service payments for any reason. Amounts have been deposited in the Reserve Fund upon the issuance of each series of SWR bonds to be available for all outstanding SWR bonds on a parity basis. Historically, amounts deposited have been derived from a portion of the proceeds from each respective bond issuance. The amount that would be required to deposit in the Reserve Fund for the Bonds would be approximately \$12 million. Since the execution of the Master Trust Agreement, this requirement has become less common amongst issuers, including across the various City bond programs managed by the CAO. The bond market has become more accepting of bond issuances without a debt service reserve feature. By eliminating the reserve requirement for the Bonds, the City would decrease the size of the issuance by approximately \$12 million. The 13th Supplemental Trust Agreement amends certain sections of the Master Trust Agreement and the 12th Supplemental Trust Agreement in order to remove the Reserve Fund provisions as they relate to the Bonds. The existing Reserve Fund provisions will remain unchanged in regards to all other previously issued SWR Bonds.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the June 14, 2018 CAO report and detailed in the above recommendations. This matter is not submitted to Council for its consideration.

After further consideration and having provided an opportunity for public comment, the Committee moved to recommend that Council concur with the Board's actions as detailed in the above recommendation. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY, CLIMATE CHANGE, AND ENVIRONMENTAL JUSTICE COMMITTEE



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

ARL
6/19/18

-NOT OFFICIAL UNTIL COUNCIL ACTS-