

**TO THE COUNCIL OF THE
CITY OF LOS ANGELES**

Your

ENERGY AND ENVIRONMENT COMMITTEE

reports as follows:

ENERGY AND ENVIRONMENT COMMITTEE REPORT relative to the issuance of up to \$480 million in Power System Revenue Bonds, to finance a portion of the Power System's capital improvement program for fiscal year 2012-2013.

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

1. CONCUR with the Board of Water and Power Commissioners' action of March 5, 2013, Resolution No. 4856, approving the issuance of up to \$480 million in Power System Revenue Bonds, to finance a portion of the Power System's capital improvement program for fiscal year 2012-2013, in accordance with the provisions of Charter Section 609 and Article 6.5 of the Los Angeles Administrative Code Sections 11.28.1 to 11.28.9.
2. AUTHORIZE the Los Angeles Department of Water and Power to use the City's remaining allocation of Qualified Energy Conservation Bonds totaling approximately \$27.859 million in connection with the upcoming issuance of \$480 million of Power System Revenue Bonds and assume responsibility for any and all related post-issuance reporting and continuing disclosure requirements.

Fiscal Impact Statement: The City Administrative Officer reports that approval of the recommended action will authorize the Los Angeles Department of Water and Power to issue up to \$480 million of Power System Revenue Bonds to finance a portion of its capital improvements program for fiscal year 2012-13. The Los Angeles Department of Water and Power estimates the net impact of this issuance, including principal and interest, will be to increase debt service costs of the Power System Revenue Fund by approximately \$775 million over 20 years or approximately an average of \$40 million annually. This amount is based on the current interest rates for tax-exempt bonds. One-time costs of issuance from the Power System Revenue Fund are estimated at approximately \$2.25 million. One-time costs consist of underwriter's discount; bond and disclosure counsels, financial advisor; and ratings agencies fees. Approval of the proposed resolution will have no impact on the City's General Fund.

Community Impact Statement: None submitted.

Summary:

On April 3, 2013, the Energy and Environment Committee considered a March 12, 2013 Board of Water and Power Commissioners' report, and Resolution No. 4856, approving the issuance of up to \$480 million in Power System Revenue Bonds, to finance a portion of the Power System's capital improvement program for fiscal year 2012-2013, in accordance with the provisions of Charter Section 609 and Article 6.5 of the Los Angeles Administrative Code Sections 11.28.1 to 11.28.9.

Los Angeles Department of Water and Power and City Administrative Officer representatives provided an overview of the matter and responded to related questions from the Committee members.

After additional discussion and providing an opportunity for public comment, the Committee recommended that Council approve the Board report and Resolution and added the recommendation to authorize the Los Angeles Department of Water and Power to use the City's remaining allocation of Qualified Energy Conservation Bonds totaling approximately \$27.859 million in connection with the upcoming issuance of \$480 million of Power System Revenue Bonds and assume responsibility for any and all related post-issuance reporting and continuing disclosure requirements. This matter is now submitted to Council for its consideration.

Respectfully submitted,

ENERGY AND ENVIRONMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
HUIZAR:	YES
ZINE:	YES
LABONGE:	ABSENT
ALARCÓN:	ABSENT
KORETZ:	YES