

# Agenda Report

TO: City Council  
ATTN: Finance Committee  
DATE: JUNE 24, 2002

FROM: Cynthia J. Kurtz, City Manager

SUBJECT: AUTHORIZATION FOR THE SALE OF ELECTRIC REVENUE BONDS, 2002 SERIES IN THE AMOUNT NOT TO EXCEED \$95 MILLION AND RELATED DOCUMENTS

## RECOMMENDATION

It is recommended that the City Council adopt:

1. A Resolution authorizing the invitation of bids for the purchase of Electric Revenue Bonds, 2002 Series; approving a Notice of Intention to sell Bonds, a Preliminary Official Statement, a Notice Inviting Bids and Official Form of Proposal; and authorizing the publication of the Notice of Intention to Sell Bonds; and
2. An Ordinance authorizing the issuance by the City of Electric Revenue Bonds, 2002 Series, payable out of the Light and Power Fund, approving the execution and delivery of a second supplement to the Electric Revenue Bond Fiscal Agent Agreement and approving the Continuing Disclosure Agreement.

## BACKGROUND

On November 19, 2001, the City Council approved Pasadena Water and Power Strategic Resource Plan. As part of this action, the City Council amended the Light and Power Fund fiscal year 2002 Capital Improvement Project budget to include a new project entitled "Local Generation Repowering" at an estimated cost of \$85.8 million.

This proposed bond sale is intended to generate the necessary capital for this project.

**DISCUSSION**

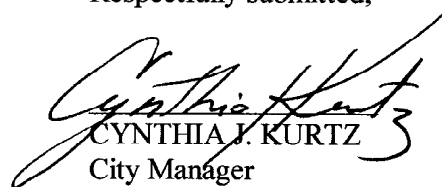
If staff recommendation is approved, the City Council will be authorizing the issuance of up to \$95 million in Electric Revenue Bonds. The debt service on the Bonds will be paid solely from revenue generated by the Electric Utility.

These bonds will be issued on parity with the 1998 Electric Revenue Bonds and will be sold on a competitive basis. Bids will be received by the City on Monday July 1, 2002. The bid with the lowest interest rate will be brought to the City Council that evening for formal award. If the bids received are not competitive due to unexpected market conditions, the City Council may reject all bids and re-bid the sale at a later date.

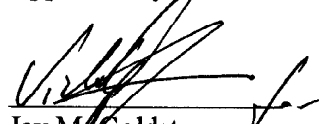
**FISCAL IMPACT**

Under the proposed bond structure, debt service will be approximately \$7.2 million per year for 20 years. The additional debt service has factored into the financial plan and no rate increase is anticipated to be required. This is due to the comparable savings the utility expects to achieve through the operation of the new units.

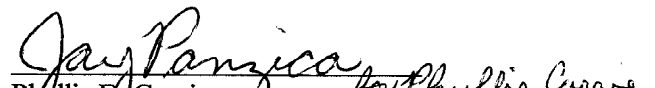
Respectfully submitted,

  
CYNTHIA J. KURTZ  
City Manager

Approved by:

  
Jay M. Goldstone  
Director of Finance

Concurred:

  
Phyllis E. Currie for Phyllis Currie  
General Manager, Water & Power