

Ordinance Fact Sheet

TO: CITY COUNCIL

DATE: August 13, 2012

FROM: CITY ATTORNEY

SUBJECT: ELECTRIC REVENUE REFUNDING BONDS, 2012A SERIES OF THE CITY OF PASADENA

TITLE OF PROPOSED ORDINANCE:

AN ORDINANCE OF THE CITY OF PASADENA AUTHORIZING THE ISSUANCE BY THE CITY OF NOT TO EXCEED \$15,000,000 AGGREGATE PRINCIPAL AMOUNT OF CITY OF PASADENA ELECTRIC REVENUE REFUNDING BONDS, 2012A SERIES, PAYABLE OUT OF THE LIGHT AND POWER FUND, AND APPROVING THE EXECUTION AND DELIVERY OF A SEVENTH SUPPLEMENT TO ELECTRIC REVENUE BOND FISCAL AGENT AGREEMENT, ESCROW AGREEMENTS, AND A CONTINUING DISCLOSURE AGREEMENT IN CONNECTION THEREWITH

PURPOSES OF THE ORDINANCE:

The primary purpose of the 2012A Series bonds is to produce attractive debt service savings which can be structured over the term of the new bonds, while refunding portions of outstanding 2002 and 2003 bonds. Additional purposes include funding a deposit to the parity reserve fund and paying the costs incidental to the issuance of the 2012A bonds.

In 2002, the City issued \$82,320,000 of its Electric Revenue Bonds, 2002 Series, and in 2003, the City issued \$9,905,000 of its Electric Revenue Bonds, 2003 Series; each issuance for the purpose of financing the costs of acquisition and construction of certain improvements to the Electric System, funding a parity reserve fund, and paying the costs of issuance of the bonds. The 2012A bonds will be issued with fixed interest rates and sold on a competitive basis with the same maturities as the existing 2002 and 2003 bonds to be refunded without any extension of debt service payments. The bidders will

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compete to purchase the 2012A bonds from the City based on the lowest true interest cost. Based on current market conditions and the proposed bond structure, the anticipated net present value savings are approximately \$900,000 (8.25% of refunded principal) or about \$100,000 per year.

REASONS WHY LEGISLATION IS NEEDED:

This action supports the City Council's strategic goal to maintain fiscal responsibility and stability.

PROGRAMS, DEPARTMENTS OR GROUPS AFFECTED:

The all-in true interest cost is estimated to be 2.10% based on current market conditions. Debt service payments will be addressed by the utilization of existing budgeted appropriations in account #8677-401-84910-0427 made from the Light and Power Fund and funds are available from currently approved rates.


FISCAL IMPACT:

In the current interest rate environment, it is anticipated that the Electric Fund could realize approximately \$900,000 in net present value savings. The actual savings will depend on the market conditions at the time of the actual bidding scheduled for October 15, 2012.


POLICY CHANGES:

This ordinance does not result in any policy changes.

Respectfully submitted, 8/9/12

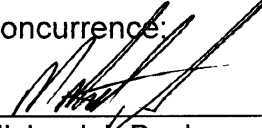
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Michele Beal Bagneris
City Attorney

Prepared by:

 8/9/2012

Lisa Hosey
Deputy City Attorney

Concurrence:

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Michael J. Beck
City Manager