

# Agenda Report

November 18, 2013

**TO:** Honorable Mayor and City Council

**FROM:** Director of Finance

**SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA CONFIRMING THE AWARD OF ITS ELECTRIC REVENUE/ REFUNDING BONDS 2013A SERIES**

**RECOMMENDATION:**

It is recommended that the City Council adopt a resolution confirming the award of its Electric Revenue/Refunding Bonds, 2013A Series.

**BACKGROUND:**

On September 30, 2013 the City Council authorized the issuance of its Electric Revenue/Refunding Bonds, 2013A Series to finance a portion of the capital expenditures for fiscal years 2014 through 2016, more specifically to replace the existing Glenarm Power Plant steam generating Unit B3 with a new natural gas-fired combined-cycle unit known as the Gas Turbine Unit 5 ("GT5 Repowering Project"), fund a portion of the capital improvement program of the electric distribution system, and refinance the outstanding 2002 bonds. The 2013A bonds will be sold on a competitive basis on Monday November 18, 2013. In accordance with Section 1414 of the City Charter, once bids have been received, the City Council must, by resolution, officially accept the bid and fix the interest rate or rates on the bonds. Based on this requirement, it is recommended that the City Council adopt the attached resolution.

On Monday November 18, 2013, bids will be received for the above referenced bonds. A calculation will be done by the City's financial advisor to determine the lowest cost bid to the City. Since the City has 24 hours to accept (or reject) any bid, the City Council will be asked to take formal action that same evening at its regularly scheduled meeting. The attached resolution refers to Exhibit A which is the result of the bids that will be distributed at the council meeting and become part of the official record.

**In addition, Section 3 and 4 of the resolution require financial information that will not be known until after the bids are received. This information will also be presented at the November 18, 2013 council meeting and will be incorporated into the final official version of the resolution.**

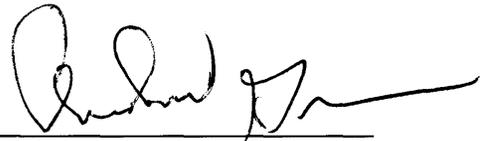
**COUNCIL POLICY CONSIDERATION:**

The City Council's strategic planning goal to maintain fiscal responsibility and stability for the City will be met through this action.

**FISCAL IMPACT:**

Under the anticipated results of the bids, the True Interest Cost is expected at an estimated 4.75% rate and the Electric Fund is expected to realize an estimated net present value savings of approximately \$330,000. There will be no increase in the annual debt service amount nor will there be an extension in the term of the 2002 bonds. Interest on the capital expenditure portion will be addressed by utilization of current and future appropriation in Power Capital Improvement Program Budget number 3194-Local Generation Repowering Project. Interest on the refunding portion will be addressed by utilization of existing budgeted appropriations in account #8677-841910-0427 and funds are available from currently approved rates. There is no indirect or support cost requirements. The anticipated impact to other operations programs will be none.

Respectfully submitted,



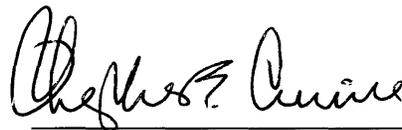
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