

Agenda Report

November 7, 2016

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 2016A SERIES

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to California Environmental Quality Act (CEQA) as defined in Section 21065 of CEQA and section 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required for the project; and
2. Adopt a resolution confirming the award of the City of Pasadena Electric Revenue/Refunding Bonds, 2016A Series.

BACKGROUND:

On September 12, 2016, the City Council authorized the issuance of its Electric Revenue/Refunding Bonds, 2016A Series to refund the current outstanding estimated \$60 million balance on the existing Bank of America line of credit (LOC) which served as a short term construction financing mechanism for the GT5 project, borrow \$30 million to complete improvements on the Electric Distribution System in accordance with the adopted 5-year Capital Improvement Program for the Electric System and to refund a substantial portion of the 2008 Electric Revenue Bonds currently outstanding in a total principal amount of \$48.615 million. The 2016A bonds will be sold on a competitive basis on Monday November 7, 2016. In accordance with Section 1414 of the City Charter, once bids have been received, the City Council must, by resolution, officially accept the winning 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 7, 2016, 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 be presented at the November 7, 2016 council meeting and will be incorporated into the final official version of the resolution.

ENVIRONMENTAL ANALYSIS:

The proposed actions are governmental fiscal activities that would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project to CEQA, no environmental document is required

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 All-in True Interest Cost is expected at an estimated 3.30 percent rate based on current market rates, which is subject to change until the actual bidding is complete on the scheduled November 7, 2016 date. The refunding of the 2008 Electric Bonds is estimated to generate \$5.2 million of net present value savings or 11.05 percent of the existing principal amount of the refunded bonds. Debt service payments will be made from the Light and Power Fund and will be addressed by utilization of existing budgeted appropriations in Account #45004270-867700. There is no indirect or support cost requirements. The anticipated impact to other operations or programs will be none.


Respectfully submitted,


MATTHEW E. HAWKESWORTH
Director of Finance

Prepared by:


Vic Erganian
City Treasurer
Deputy Finance Director

Concurred by:


GURCHARAN BAWA
Interim General Manager
Water & Power Department

Approved by:


STEVE MERMELL
City Manager