



Ordinance Fact Sheet

TO: CITY COUNCIL

DATE: September 19, 2016

FROM: CITY ATTORNEY

SUBJECT: ELECTRIC REVENUE/REFUNDING BONDS, 2016A SERIES OF PASADENA

TITLE OF PROPOSED ORDINANCE

AN ORDINANCE OF THE CITY OF PASADENA AUTHORIZING THE ISSUANCE BY THE CITY OF NOT TO EXCEED \$140,000,000 AGGREGATE PRINCIPAL AMOUNT OF CITY OF PASADENA ELECTRIC REVENUE/REFUNDING BONDS, 2016A SERIES, PAYABLE OUT OF THE LIGHT AND POWER FUND, AND APPROVING THE EXECUTION AND DELIVERY OF A NINTH SUPPLEMENTAL TO ELECTRIC REVENUE BOND FISCAL AGENT AGREEMENT, AN ESCROW AGREEMENT, AND A CONTINUING DISCLOSURE AGREEMENT IN CONNECTION THEREWITH

PURPOSES OF THE ORDINANCE

The purpose of this ordinance is to:

- (i) Refinance the outstanding balance on the Bank of America Line of Credit facility (LOC) of approximately \$60 million with long term fixed rate bonds. The LOC which was approved by the City Council in 2014 provided the Electric System a low cost way of funding the remaining cost of the GT5 Repowering project during its construction period as well as other electric distribution system capital improvements projects and saved ratepayers approximately \$3.4 million;
- (ii) Issue additional revenue bonds in the amount of \$30 million to fund a portion of the adopted 5-year (FY 2017–2021) Capital Improvement Program related to the Electric Distribution System; and
- (iii) Refund a substantial portion (approximately \$47,130,000) of the outstanding 2008 Bond series to take advantage of current low interest

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rates and realize significant savings. The outstanding 2008 Bonds bear interest at rates ranging from 4% to 5%, and the yield for the refunding portion of the 2016A Bonds is approximately 2.75%, based on current market conditions. The anticipated net present value savings from the refunding is approximately \$6.5 million (or 13.7% of the refunded par).

REASONS WHY LEGISLATION IS NEEDED

At its September 12, 2016 meeting, the City Council directed the City Attorney to prepare this ordinance.

PROGRAMS, DEPARTMENTS OR GROUPS AFFECTED

Debt service payments will be made from the Light and Power Fund. Interest on the refunding portion will be addressed by utilization of existing budgeted appropriations.

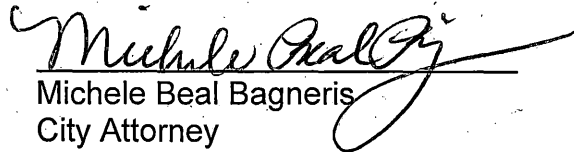
FISCAL IMPACT

The 2016A Bonds will be sold on a competitive basis with a maximum term of 30 years and will bear fixed interest rates. It is estimated that the bonds will have an average life of 16.7 years with final maturity in fiscal year 2046. The true interest cost is estimated at 3.06 percent based on current market rates, which is subject to change until the actual bidding is complete on the scheduled October 31, 2016 date. The refunding of the 2008 Electric Bonds is estimated to generate \$6.5 million of net present value savings or 13.7% of the existing principal amount of the refunded bonds, based on current market conditions.

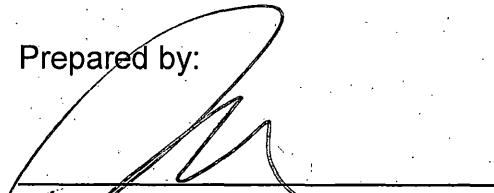
ENVIRONMENTAL DETERMINATION

On September 12, 2016, the Council determined that the proposed action is not a project subject to the California Environmental Quality Act (CEQA), pursuant to Public Resources Code Section 21065 and State CEQA Guidelines Section 15378.

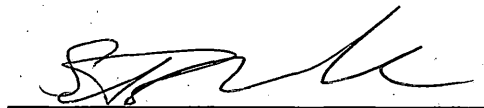
Respectfully submitted,


Michele Beal Bagneris
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Concurred by:


Steve Mermell
City Manager