



# Agenda Report

November 16, 2020

**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 WATER REVENUE/ REFUNDING BONDS 2020A 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 Water Revenue/Refunding Bonds, 2020A Series.

**BACKGROUND:**

On September 14, 2020, the City Council authorized the issuance of its Water Revenue/Refunding Bonds, 2020A Series to refund the current outstanding \$25,425,000 balance on the existing 2010A Water Revenue Bond series and borrow an additional up to \$25,000,000 in new bond proceeds. The 2020A bonds will be sold on a competitive basis on Monday, November 16, 2020. 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 16, 2020, bids will be received for the above referenced bonds. A calculation will be done by the City's municipal 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 day at its

special scheduled meeting. The attached resolution refers to Exhibit B, which is the pricing summary and 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 16, 2020 city 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 2.52 percent rate based on current market rates, which is subject to change until the actual bidding is complete on the scheduled November 16, 2020 date. The refunding of the 2010A Water Revenue Bonds is estimated to generate \$7.8 million of net present value savings or 31% percent of the existing principal amount of the refunded bonds. Debt service payments will be made from the Water Fund and will be addressed by utilization of existing budgeted appropriations in Account #42008300-8967700. 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  
General Manager  
Water & Power Department

Approved by:

  
STEVE MERMELL  
City Manager