

Agenda Report

TO: Mayor and City Council August 3, 1998

FROM: City Manager

RE: Recommendation to Hold a Public Hearing Pursuant to Section 147(f) of the Internal Revenue Code of 1986, as Amended, and Adopt a Resolution Approving the Financing and Refinancing of Certain Electric System Projects with Proceeds from the Sale of Tax Exempt Bonds

RECOMMENDATION

It is recommended that the City Council hold a public hearing pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended, for the financing and refinancing of certain electric system projects with proceeds from the sale of tax-exempt bonds and adopt a resolution approving the issuance of such tax-exempt bonds and the continuation of the outstanding bonds to be refunded thereby.

BACKGROUND

Because of the City's interest in participating and/or joint venturing with the Independent System Operator (ISO), which is a non-profit organization described in Section 501(c)(3) of the Internal Revenue Code rather than a state or local governmental unit, and pursuant to Section 147(f) of the Internal Revenue Code of 1986, the City must hold a Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) hearing. The public hearing is to provide an opportunity for interested persons to express their views on the issuance of the Bonds and the continuation of the bonds to be refunded thereby and on the nature of the facilities to be financed and refinanced with the proceeds of the Bonds.

If there was 100% assurance that proceeds would be used solely for the benefit of the City, this hearing would not be required. Since, however, the ISO, as described above, is a Private Non-Profit 501(c)(3) organization, this public hearing is required.

The City Council is not required to make any specific findings as to benefit or any other determination. Once the public hearing is held, the City Council will be asked to adopt a resolution approving the issuance of the Bonds and the continuation of the outstanding

bonds to be refunded thereby for the financing and refinancing of certain Electric System Projects of the City of Pasadena.

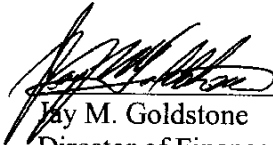
FISCAL IMPACT

The holding of this hearing is required under current IRS Code to ensure the tax exempt status of the Bonds. The hearing, in and of itself, has no fiscal impact on the City or the Electric Utility.

Respectfully submitted,


Cynthia J. Kurtz
Acting City Manager

Approved by:


Jay M. Goldstone
Director of Finance