

ENERGY AND ENVIRONMENT COMMITTEE REPORT, ORDINANCE FIRST CONSIDERATION, and RESOLUTION relative to amending Section 5.168.1 of Article 5, Chapter 9, Division 5 of the Los Angeles Administrative Code (LAAC) to provide for the issuance of a replacement subordinate bond designated as the Wastewater System Subordinate Revenue Bond, Series 2021 (Water Infrastructure Finance and Innovation Act) (WIFIA Bond), and the creation of a construction fund to receive proceeds of the WIFIA Bond.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. PRESENT and ADOPT the accompanying ORDINANCE dated September 4, 2024, amending Section 5.168.1 of Article 5, Chapter 9, Division 5 of the Los Angeles Administrative Code to provide for the issuance of a replacement subordinate bond - WIFIA, and the creation of a construction fund to receive proceeds of the WIFIA Bond.
2. ADOPT the Twenty-Eighth Supplemental Subordinate General RESOLUTION, included as Attachment A of the City Administrative Officer (CAO) report dated September 5, 2024, attached to the Council file, which authorizes and approves amendments to the Twenty-Sixth Supplemental Subordinate General Resolution relating to the Los Angeles WIFIA Bond in order to allow for earlier disbursement of proceeds, including to incorporate a new loan amortization schedule related thereto, and other related actions.
3. AUTHORIZE the CAO to make technical changes and adjustments necessary to make technical corrections and adjustments as necessary to those transactions included in this report to implement the intent of the Mayor and City Council.

Fiscal Impact Statement: None submitted by the City Attorney. The CAO reports that there is no impact to the General Fund as a result of the proposed recommendations as these recommendations relate to amending an existing WIFIA Loan Agreement between the City and the United States Environmental Protection Agency (EPA) and all associated debt service of the replacement Los Angeles Wastewater System Subordinate Revenue Bond, Series 20217 WIFIA Bond issued pursuant to this amended loan agreement will be paid solely from the Sewer Construction and Maintenance Fund. Additionally, the Los Angeles Department of Water and Power (LADWP) and the Bureau of Sanitation are jointly drafting a Memorandum of Agreement (MOA) for the construction, operation, and maintenance of the Donald C. Tillman Water Reclamation Plant Advanced Water Purification Facility Project (Project). While the MOA is still in the process of being finalized, the expectation is that LADWP will share in significant portions of these Project costs, including reimbursing the Sewer Construction and Maintenance Fund for all debt service payments associated with the WIFIA Bond.

Financial Policies Statement: The CAO further reports that the recommendations comply with the City's Financial Policies in that debt service on the replacement WIFIA Bond will be paid from the Sewer Construction and Maintenance Fund.

Debt Impact Statement: The CAO further reports that there is no debt impact to the City's General Fund from the approval of the recommendations in this report as debt service on Wastewater System Revenue Bonds (including the replacement WIFIA Bond) are paid from the Sewer Construction and Maintenance Fund. Total debt service for the approximate \$224 million replacement WIFIA Bond is projected to be \$292 million, including \$68 million in interest, over 31 years at an interest rate of 1.72 percent. The City will only make interest payments until June 2028, at which point principal repayment will commence with level debt service payments thereafter of approximately \$10.1 million annually. Debt service amounts are estimated, as actual amounts will depend on the amounts and timing of disbursements of proceeds of the replacement WIFIA Bond.

Community Impact Statement: None submitted.

Summary:

On September 13, 2024, your Committee considered the September 5, 2024 CAO and September 5, 2024 City Attorney reports and Ordinance relative to amending Section 5.168.1 of Article 5, Chapter 9, Division 5 of the Los Angeles Administrative Code to provide for the issuance of a replacement subordinate bond - WIFIA, and the creation of a construction fund to receive proceeds of the WIFIA bond. The reports attached to the file include some background on the matter.

After providing an opportunity for public comment, the Committee moved to approve the recommendations reflected above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

ENERGY AND ENVIRONMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
YAROSLAVSKY:	YES
MCOSKER:	YES
BLUMENFIELD:	ABSENT
DE LEON:	YES
RAMAN:	YES