

ENERGY AND ENVIRONMENT COMMITTEE REPORT and ORDINANCE FIRST CONSIDERATION relative to the issuance of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2025-A, Series 2025-B, and Refunding Series 2025-C, and of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2025-A.

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

1. ADOPT the Twenty-Ninth Supplemental Subordinate General Resolution attached to the City Administrative Officer (CAO) report dated March 21, 2025, attached to the Council file, which authorizes the negotiated sale of up to \$900 million of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2025 (the “2025 Subordinate Bonds”), including refunding bonds, in one or more series, on a tax-exempt and taxable basis, reaffirms previously proposed amendments and supplements to the Subordinate General Resolution which require bondholder consent, and authorizes the execution of various documents required to consummate the transactions, including approval for the CAO to take necessary actions required to manage and effectuate the transaction.
2. ADOPT the Thirty-First Supplemental General Resolution, attached to said CAO report, which authorizes the negotiated sale of up to \$800 million of Los Angeles Wastewater System Revenue Bonds, Series 2025 (the “2025 Senior Bonds,” and together with the 2025 Subordinate Bonds, the “Bonds”), including refunding bonds, in one or more series, on a tax-exempt and taxable basis, proposes amendments and supplements to the General Resolution which require bondholder consent, and authorizes the execution of various documents required to consummate the transactions, including approval for the CAO to take necessary actions required to manage and effectuate the transaction.
3. PRESENT and ADOPT the accompanying FUND ORDINANCE, dated March 21, 2025, providing for the issuance of subordinate and senior bonds for the Wastewater System and amending Section 5.168.1 of Article 5 of Chapter 9 of Division 5 of the Los Angeles Administrative Code to create special funds related to the issuance of those bonds and to facilitate compliance with certain tax law requirements for the Wastewater System revenue bond program; and, to create new special funds for recording accounting transactions in connection with refunding of commercial paper issuances with the Bonds, for the purpose of payment of principal and interest on the Bonds, and for the administration of the bond proceeds released from the reserve fund for Senior Lien Bonds and other reimbursements received by the City to facilitate compliance with certain federal tax law requirements.
4. AUTHORIZE the CAO to make technical corrections and adjustments as necessary to those transactions included in this report to implement the Council’s intentions.

Fiscal Impact Statement: The CAO reports that there is no impact to the General Fund from approval of the proposed recommendations in said CAO report. Principal and interest on the Bonds will be paid solely from revenues and from amounts in the Sewer Construction and Maintenance Fund.

Financial Policies Statement: The CAO reports that the recommendations in said CAO report comply with the City’s Financial Policies in that principal and interest on the Bonds will be paid from the Sewer Construction and Maintenance Fund.

Debt Impact Statement: The CAO reports that there is no debt impact to the City’s General Fund from the approval of the recommendations in said CAO report as debt service on the Bonds will be paid from the Sewer Construction and Maintenance Fund. Based on current market rates, total debt service for the approximate \$798 million of 2025 Subordinate Bonds is projected to be \$1.4 billion, including \$606 million in interest, over 30 years at an interest rate of 4.47 percent. Total debt service for the approximate \$470 million of 2025 Senior Bonds is projected to be \$727 million, including \$257 million in interest, over

20 years at an interest rate of 3.71 percent. The refunding components of the 2025 Subordinate Bonds are expected to generate present value savings of approximately \$43 million or 8.23 percent of the refunded bonds. The 2025 Senior Bonds are expected to generate present value savings of approximately \$32 million or 6.24 percent of the refunded bonds. The estimated debt service, interest rates, and projected savings are based on market conditions as of March 17, 2025. Actual debt service, interest rates, and savings will be determined at the time of pricing.

Community Impact Statement: None submitted

SUMMARY

At the meeting held on April 1, 2025, your Energy and Environment Committee considered CAO and City Attorney reports, and Ordinance relative to the issuance of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2025-A, Series 2025-B, and Refunding Series 2025-C, and of Los Angeles Wastewater System Revenue Bonds, Refunding Series 2025-A.

After an opportunity for public comment, the Committee moved to approve the recommendations stated in the CAO report and adopted the ordinance, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

ENERGY AND ENVIRONMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
NAZARIAN	YES
YAROSLAVSKY	ABSENT
JURADO	ABSENT
RAMAN	YES
PADILLA	YES

ME

-NOT OFFICIAL UNTIL COUNCIL ACTS-