

ENERGY, CLIMATE CHANGE, ENVIRONMENTAL JUSTICE, AND RIVER COMMITTEE REPORT, RESOLUTIONS and ORDINANCE FIRST CONSIDERATION relative to the issuance of subordinate bonds for the Wastewater System (Bonds), and amending Sections 5.168.1(a) and 5.168.1(d) of the Los Angeles Administrative Code (LAAC) to add special funds related to the issuance of the Bonds and prior Commercial Paper Issuances.

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

1. PRESENT and ADOPT the accompanying ORDINANCE dated January 6, 2022, providing for the issuance of subordinate bonds for the Wastewater System, and amending Sections 5.168.1(a) and 5.168.1(d) of the LAAC to add special funds related to the issuance of the Bonds and prior Commercial Paper Issuances.
2. ADOPT the accompanying Twenty-Seventh Supplemental Subordinate General RESOLUTION attached to the addendum included in the February 4, 2022, City Administrative Officer (CAO) report, attached to the Council file, which authorizes the negotiated sale of up to \$750 million of Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2022, including refunding bonds, in one or more series, on a tax-exempt and taxable basis, proposes 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 the transaction.
3. ADOPT the accompanying Thirtieth Supplemental General RESOLUTION, which includes non-material amendments to Section 1.01, Section 5.07, and Section 6.09 of the Wastewater System Revenue Bonds General Resolution.
4. AUTHORIZE the CAO to make technical changes and adjustments necessary to those transactions included in this report and to implement the intent of the City Council and the Mayor.

Fiscal Impact Statement: The CAO reports that there is no impact to the General Fund as a result of the recommendations contained in this report. The Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2022 are payable solely from revenues and from amounts in the Sewer Construction and Maintenance Fund. All costs associated with these transactions shall be paid from bond proceeds or existing Sewer Construction and Maintenance funds, and in no event shall the General Fund be called upon for the repayment of any principal and interest on the Series 2022 Subordinate Bonds.

Financial Policies Statement: The CAO reports that the recommendations comply with the City's Financial Policies in that debt service on the Los Angeles Wastewater System Subordinate Revenue Bonds, Series 2022 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 the CAO report as debt service on all Los Angeles Wastewater System Revenue Bonds are paid from the Sewer Construction and Maintenance (SCM) Fund. The issuance of approximately \$541.69 million (par amount) in Los Angeles Wastewater System Subordinate Series 2022-AB Bonds and Refunding Bonds, Series 2022-C is currently expected to result in the City paying a total of approximately \$779.45 million, including \$237.76 million in interest, over 30 years at a true interest cost of approximately 2.20 percent. Debt service payments will commence on June 1, 2022. The average annual debt service for the Series 2022 Subordinate Bonds is \$25,838,236.80. The proposed Refunding Bonds, Series 2022-C are expected to generate savings over the life of the bonds for the SCM Fund. The estimated present value savings from the Refunding Bonds, Series 2022- C is \$57.6 million or 12.96 percent of the refunded bonds. These borrowing amounts and interest rates are based on market conditions as of January 19, 2022. Actual borrowing amounts and interest rates are subject to change based on market conditions at the time of pricing.

Community Impact Statement: None submitted.

Summary:

On February 17, 2022, your Committee considered reports from the City Attorney, CAO, Resolutions, and Ordinance relative to the issuance of subordinate bonds for the Wastewater System, and amending Sections 5.168.1(a) and 5.168.1(d) of the LAAC to add special funds related to the issuance of the Bonds and prior Commercial Paper Issuances. The reports attached to the Council 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, CLIMATE CHANGE, ENVIRONMENTAL JUSTICE, AND RIVER COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
O'FARRELL:	YES
KORETZ:	ABSENT
CEDILLO:	YES
DE LEON:	YES
KREKORIAN:	YES