

CITY OF LOS ANGELES

CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

JUNE LAGMAY
City Clerk

KAREN E. KALFAYAN
Executive Officer

HOLLY L. WOLCOTT
Executive Officer

Office of the
CITY CLERK

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KONRAD CARTER
Acting Chief, Council and Public Services
Division

www.cityclerk.lacity.org

October 13, 2009

To All Interested Parties:

The City Council adopted the action(s), as attached, under

Council file No. 09-2004 , at its meeting held September 30, 2009.

City Clerk
OS

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TIME LIMIT FILES
ORDINANCES

OFFICE OF THE MAYOR
RECEIVED
2009 OCT -1 PM 4:13
CITY OF LOS ANGELES

RECEIVED
City Clerk's Time Stamp
CITY CLERK'S OFFICE
2009 OCT -2 PM 4:13
CITY CLERK
BY: _____
DEPUTY

COUNCIL FILE NUMBER 09-2004 COUNCIL DISTRICT _____
COUNCIL APPROVAL DATE SEPTEMBER 30, 2009 LAST DAY FOR MAYOR TO ACT OCT 13 2009
ORDINANCE TYPE: Ord of Intent Zoning Personnel ☒ General
Improvement LAMC LAAC CU or Var Appeals - CPC No.

SUBJECT MATTER: THE ISSUANCE OF SOLID WASTE RESOURCES REVENUE BONDS, SERIES 2009-A,
AND THE CREATION OF A RELATED SPECIAL FUND

	APPROVED	DISAPPROVED
PLANNING COMMISSION	_____	_____
DIRECTOR OF PLANNING	_____	_____
CITY ATTORNEY	<u>X</u>	_____
CITY ADMINISTRATIVE OFFICER	_____	_____
OTHER	_____	_____

CITY CLERK
DEPUTY
RECEIVED
CITY CLERK'S OFFICE
2009 OCT -9 AM 10:45

DATE OF MAYOR APPROVAL DEEMED APPROVED OR *VETO OCT 08 2009
(*VETOED ORDINANCES MUST BE ACCOMPANIED WITH OBJECTIONS IN WRITING PURSUANT TO CHARTER SEC. 250(b) (c))

(CITY CLERK USE ONLY PLEASE DO NOT WRITE BELOW THIS LINE)

DATE RECEIVED FROM MAYOR OCT 09 2009 ORDINANCE NO. 180897
DATE PUBLISHED OCT 15 2009 DATE POSTED _____ EFFECTIVE DATE OCT 15 2009
ORD OF INTENT: HEARING DATE _____ ASSESSMENT CONFIRMATION _____
ORDINANCE FOR DISTRIBUTION: YES NO

TO THE COUNCIL OF THE
CITY OF LOS ANGELES

Your

ENERGY AND ENVIRONMENT
AND
BUDGET AND FINANCE

Committees

report as follows:

ENERGY AND ENVIRONMENT and BUDGET AND FINANCE COMMITTEES REPORT and ORDINANCE relative to the issuance of Solid Waste Resources Revenue Bonds, Series 2009-A, and the creation of a related special fund.

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

1. PRESENT and ADOPT the accompanying ORDINANCE providing for the issuance of the City of Los Angeles Solid Waste Resources Revenue Bonds, Series 2009-A, and amending Section 5.121.5 of the Los Angeles Administrative Code to add a related special fund.
2. ADOPT the accompanying RESOLUTION approving certain documents and authorizing the issuance of up to \$75 million in bonds.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that there is no fiscal impact on the General Fund as a result of the proposed \$75 million Solid Waste Resources Revenue Bonds Issuance, Series 2009-A, as average annual debt service will be paid from the Solid Waste Resources Revenue Fund.

Debt Impact Statement: The CAO reports that the issuance of the proposed \$75 million in Solid Waste Resources Revenue Bonds, Series 2009-A, will not cause the City's debt service payments to exceed 15 percent of General Fund Revenues for both voter-approved and non-voter approved debt as established in the City's Financial Policies, Debt Management Section, because the debt service on these bonds will be paid from the Solid Waste Resources Revenue Fund.

Community Impact Statement: None Submitted.

Summary:

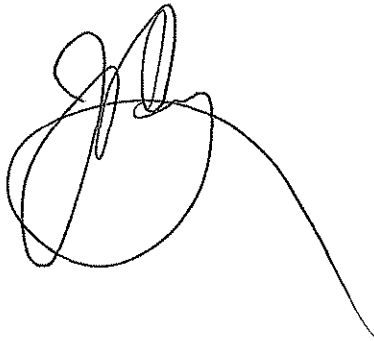
On September 1, 2009, the Energy and Environment Committee considered reports from the CAO and City Attorney and an Ordinance and Resolution relative to the issuance of Solid Waste Resources Revenue Bonds, Series 2009-A and creating related special fund. In its August 7, 2009 report, attached to the Council file, the CAO states that it is requesting authority to proceed with a \$75 million bond issuance for the acquisition of containers, equipment and vehicles for the City's Solid Waste Collection Program, as approved in the 2008-09 Adopted Budget. Repayment of the resulting debt service will come from the Solid Waste Resources Revenue Fund (formerly Sanitation Equipment Charge Special Revenue Fund). While authority for this bond issuance was included in the 2008-09 Adopted Budget, the CAO did not proceed with the issuance for several months due to the volatility and uncertainty in the financial markets. As the financial markets have recently stabilized, the CAO now recommends that the City proceed with the bond issuance.

During the discussion of this item, the CAO representative provided an overview of this matter and responded to related questions posed by the Committee members. After additional discussion and providing the opportunity for public comment, the Committee recommended that Council adopt the accompanying Ordinance and Resolution, as stated above.

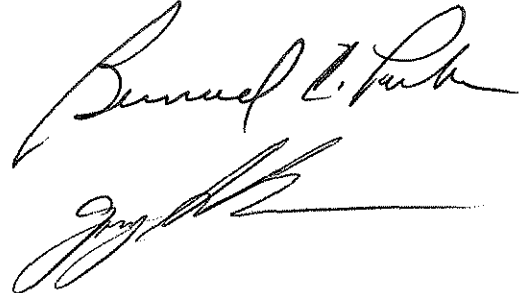
On September 21, 2009, the Budget and Finance Committee concurred with the recommendations of the Energy and Environment Committee. This matter is now submitted to Council for its consideration.

Respectfully submitted,

ENERGY AND ENVIRONMENT COMMITTEE



BUDGET AND FINANCE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
PERRY	YES
CÁRDENAS	YES
ALARCÓN	YES
KORETZ	YES

<u>MEMBER</u>	<u>VOTE</u>
PARKS	YES
SMITH	YES
HUIZAR	YES
KORETZ	ABSENT
ROSENDAHL	YES

MLE
09-2004_rpt_ee_9-23-09

ADOPTED

SEP 30 2009

LOS ANGELES CITY COUNCIL

- Not Official Until Council Acts -

ATTACHMENT B

RESOLUTION

**RESOLUTION OF THE CITY OF LOS ANGELES,
CALIFORNIA AUTHORIZING THE ISSUANCE OF
REVENUE BONDS IN AN AGGREGATE
PRINCIPAL AMOUNT NOT TO EXCEED
\$75,000,000 TO BE SECURED BY THE SOLID
WASTE RESOURCES SPECIAL REVENUE FUND,
APPROVING A SEVENTH SUPPLEMENTAL
TRUST AGREEMENT PURSUANT TO WHICH
SUCH REVENUE BONDS SHALL BE ISSUED AND
APPROVING CERTAIN MATTERS RELATED
THERE TO**

WHEREAS, the City of Los Angeles, California (the "City") is a municipal corporation operating under the provisions of a freeholders' charter (the "Charter") in the State of California (the "State"); and

WHEREAS, pursuant to City Ordinance No. 166308 (codified as Section 5.121.5 of the Administrative Code of the City), the City established a special fund known as the "Solid Waste Resources Special Revenue Fund" into which there is deposited all monies collected from the Solid Waste Collection, Transfer, Recycling, Recovery of Waste Resources and Disposal Fee imposed by Section 66.40 *et seq.* of Article 6.1 of Chapter VI of the Municipal Code of the City; and

WHEREAS, the monies in the Solid Waste Resources Special Revenue Fund are devoted exclusively to the purposes enumerated in Section 5.121.5 of the Administrative Code, including the purposes set out in Section 66.41 of the Municipal Code; and

WHEREAS, under Section 361 of the Charter, the City has the power to issue revenue bonds pursuant to procedural ordinances adopted by the Council of the City (the "Council"), and the Council, on July 24, 2001, adopted Ordinance No. 174129, codified at Sections 11.27.50 through 11.27.58 of Division 11, Chapter 1, Article 6.4 of the Los Angeles Administrative Code, which permits the City to issue revenue bonds secured by the moneys in the Solid Waste Resources Special Revenue Fund and the earnings thereon (the "Revenues") for the purposes enumerated in Section 5.121.5 of the Administrative Code and Section 66.41 of the Municipal Code; and

WHEREAS, the Council has determined that the public interest and necessity now require the issuance of bonds in the aggregate principal amount not to exceed \$75,000,000 to finance the acquisition of certain solid waste containers, equipment and vehicles (collectively, the "Project"); and

WHEREAS, the City has previously executed and delivered a Master Trust Agreement, dated as of September 1, 2001 (the "Master Trust Agreement") between the City and U.S. Bank National Association, as successor trustee (the "Trustee"), as amended and supplemented, providing for the issuance by the City of revenue bonds secured by the Revenues; and

WHEREAS, the City has previously obligated itself to make debt service payments, base rental payments and installment payments secured by the Revenues on a parity with the proposed bonds, which indebtedness is currently outstanding in an aggregate principal amount of \$293,590,000 (the "Outstanding Parity Debt"); and

WHEREAS, the City's independent financial advisors have advised that with the turmoil in the current financial markets, competitive bidding would not be practicable or advantageous and that it would be in the best financial interests of the City to sell the Bonds through a negotiated underwriting process and the City Attorney has advised that accordingly the Council could determine that a private negotiated sale would be appropriate; provided that, if market conditions should change, nothing herein shall preclude the City from selling the Bonds on a competitive basis;

WHEREAS, there have been presented to the Council the following documents:

1. a form of Seventh Supplemental Trust Agreement (the "Seventh Supplement"), by and between the City and the Trustee;
2. a form of Bond Purchase Agreement (the "Bond Purchase Agreement"), by and between the City and the underwriter named therein;
3. a form of Preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement"); and
4. a form of Continuing Disclosure Certificate; and

WHEREAS, said documents will be modified and amended to reflect the various details applicable to the Bonds and said documents are subject to completion to reflect the results of the sale of the Bonds.

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE COUNCIL OF THE CITY OF LOS ANGELES AS FOLLOWS:

1. Findings Related to Negotiated Sale of the Bonds and Selection of Professionals. Pursuant to Section 371(e)(10) of the Charter, the Council hereby finds, based upon advice from the City's independent financial advisors and advice from the City Attorney, that due to current market conditions, the use of sealed competitive bidding to sell the Bonds would be undesirable and impractical and it is in the best financial interests of the City to sell the Bonds through a private negotiated sale pursuant to the terms and provisions set forth in the Bond Purchase Agreement with the Underwriters.

2. Issuance of Bonds; Term of Bonds. For the purposes set forth in the foregoing recitals, the City hereby deems it necessary to incur the bonded indebtedness and authorizes the issuance of up to \$75,000,000 aggregate principal amount of its Solid Waste Resources Revenue Bonds, Series 2009-A (the "Bonds") in order to finance the Project, such Bonds to be issued under the Master Trust Agreement, as amended and supplemented, including as amended and supplemented by the Seventh Supplement (collectively, the "Trust Agreement").

The maximum term of the Bonds shall be 20 years. The Bonds may be issued as serial bonds or term bonds or as both serial and term bonds, all as set forth in the Trust Agreement. The Bonds shall have a true interest cost not in excess of seven percent (7%). The true interest cost is the annual discount rate which, when used to discount all debt service payments on the Bonds to the date of initial delivery of the Bonds, compounded semiannually, results in the aggregate present value of such debt service payments being equal to the original purchase price. The Bonds shall be in fully registered form and may be issued as book-entry bonds. Payment of principal of, premium, if any, and interest on the Bonds shall be made at the place or places, on such dates and in the manner provided in the Trust Agreement. The Bonds shall be available in denominations of \$5,000 and integral multiples thereof. The Bonds shall be dated as shall be provided in the final form of the Seventh Supplement. The Bonds shall be subject to redemption prior to maturity at the option of the City on such terms and conditions as shall be set forth in the Trust Agreement. The Bonds which are term bonds shall also be subject to mandatory sinking fund redemption as shall be set forth in the Trust Agreement.

3. Special Obligations. The Bonds shall be special obligations of the City secured by and payable from the Revenues, as defined in the Trust Agreement, consisting of monies in the Solid Waste Resources Special Revenue Fund and certain limited moneys and accounts held by the Trustee under the Trust Agreement, as and to the extent described in the Trust Agreement. Other than the Outstanding Parity Debt, the City has not previously granted any prior or parity interest in the Revenues or the Solid Waste Resources Special Revenue Fund, and the City hereby agrees that it will not, as long as any of the Bonds remain outstanding, grant or attempt to grant, except as permitted by the Trust Agreement, any prior or parity pledge, lien or other interest in the Revenues or the Solid Waste Resources Special Revenue Fund to secure any other obligations of the City. The General Fund of the City shall not be obligated to pay principal of, premium, if any, or interest on the Bonds.

4. Form of Bonds. The Bonds and the Trustee's Certificate of Authentication to appear thereon shall be in substantially the forms set forth in Exhibit A to the Seventh Supplement, with such necessary or appropriate variations, omissions and insertions as permitted or required by the Trust Agreement or as appropriate to adequately reflect the terms of the Bonds and the obligations represented thereby. The Bonds shall be executed by the Mayor, and by the City Treasurer or a Deputy City Treasurer, and countersigned by the City Clerk or a Deputy City Clerk. All such signatures and countersignatures may be printed, lithographed or otherwise mechanically reproduced except that one signature must be signed manually.

5. Approval of Documents.

(a) The form, terms and provisions of the Seventh Supplement are hereby approved substantially in the form presented to this meeting. The City Administrative Officer and any Assistant City Administrative Officer (each, an "Authorized Representative") are each hereby authorized and directed for and on behalf of the City to execute and deliver the Seventh Supplement in connection with the issuance and delivery of the Bonds in substantially the form presented to this meeting, with such changes, additions and modifications thereto as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

(b) The form, terms and provisions of the Bond Purchase Agreement presented to this meeting are hereby approved substantially in the form presented to this meeting. The Authorized Representatives, or any of them, are each hereby authorized and directed for and on behalf of the City to execute and deliver the Bond Purchase Agreement in connection with the issuance and delivery of the Bonds in substantially the form presented to this meeting, with such changes, modifications and additions thereto as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

(c) The form of Preliminary Official Statement presented to this meeting is hereby approved for use and distribution in connection with the offering and sale of the Bonds. The Authorized Representatives, or any of them, are each hereby authorized to "deem final" the Preliminary Official Statement as of its date, except for amendment to reflect subsequent events and the omission of certain information as provided in and pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, and is hereby authorized and directed for and on behalf of the City to execute and deliver a final official statement with respect to the Bonds, in substantially the form of the Preliminary Official Statement, with such changes therein as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

(d) The form and provisions of the Continuing Disclosure Certificate are hereby approved substantially in the form presented to this meeting. The Authorized Representatives, or any of them, are each hereby authorized and directed for and on behalf of the City to execute and deliver the Continuing Disclosure Certificate in connection with the issuance and delivery of the Bonds in substantially the form presented to this meeting, with such changes, modifications and additions thereto as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

6. Sale of Bonds. The Bonds shall be sold at private negotiated sale pursuant to the terms of the Bond Purchase Agreement substantially in the form hereinabove approved pursuant to this Resolution at a price not less than 99% of par. The Authorized Representatives, or any of them, are each hereby authorized and directed for and on behalf of the City (i) to fix the actual principal amount of Bonds issued within the limit set forth in this Resolution and (ii) to execute and deliver any financial guaranty or reimbursement agreement with a provider of a guarantee of payment of the principal of or interest on the Bonds or with any provider of a surety bond covering all or a portion of the reserve fund for the Bonds, all upon such terms as shall be satisfactory to such Authorized Representative.

7. Notices. The Authorized Representatives, or any of them, are each further authorized to cause written notice to be provided to the California Debt and Investment Advisory Commission of the proposed sale of the Bonds, said notice to be provided not later than 30 days prior to the sale of the Bonds as provided in Section 8855 *et seq.* of the California Government Code, to file the notice of final sale with said Commission, to file a Form 8038-G for the Bonds with the Internal Revenue Service and to file such additional notices and reports as are deemed necessary or desirable by any of such persons in connection with the Bonds, including the filing of notices and payment of rebates, if any, required under sections 148(f) and 149(e) of the Internal Revenue Code of 1986, as amended, and any prior filings of such notices are hereby ratified, confirmed and approved.

8. Ratification; Additional Authorizations. All acts taken by Authorized Representatives, and any other officers, employees and agents of the City, in connection with the sale and issuance of the Bonds are hereby ratified and confirmed. The Authorized Representatives and each of their designees, and any other officers, employees and agents of the City, for and on behalf of the City, are hereby authorized and directed to do any and all things necessary to effect the receipt of bids for the Bonds and to carry out the terms hereof, and to take such actions and execute such additional documents, certificates and other instruments as are necessary to accomplish the transactions contemplated by this Resolution, including but not limited to obtaining bond insurance for the Bonds and executing the Tax Certificate required by the Seventh Supplement.

Any Authorized Representative is hereby authorized, without further action of this Council, to replace the Trustee if such Authorized Representative deems it in the best interest of the City to do so, provided that no replacement of the Trustee shall require an annual fee in excess of \$5,000.

9. Effective Date. This Resolution shall take effect immediately upon its approval.

I hereby certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles, California, at a meeting thereof duly held on the 30TH day of September, 2009.



JUNE LAGMAY,
City Clerk

By Sharon Bruce
Deputy

APPROVED AS TO FORM:

CARMEN TRUTANICH,
City Attorney

By _____
Assistant/Deputy City Attorney

Council File No. 09-2004