



CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL

AGENDA ITEM

Report: Glendale Water and Power Electric Revenue Bonds, 2024 Series and Electric Revenue Bonds, 2024 Refunding Series – Adoption of Ordinance and Authorizing Issuance of Bonds and Adoption of Resolution Authorizing the Invitation of Bids and Various Actions Relating to the Issuance of the Bonds.

- 1) Ordinance authorizing the issuance by the City of not to exceed \$230,000,000 aggregate principal amount of the City of Glendale Electric Revenue Bonds 2024 Series, and \$70,000,000 Aggregate Principal Amount of City of Glendale Electric Revenue Bonds, 2024 Refunding Series, Payable out of the Electric Works Revenue Fund, and approving certain other actions in connection therewith.
- 2) Resolution authorizing the invitation of bids for the purchase of Electric Revenue Bonds, 2024 Series and Electric Revenue Bonds, 2024 Refunding Series of the City of Glendale; approving a Notice of Intention to Sell bonds, a Preliminary Official Statement (POS), a Notice Inviting Bids and Official Bid Form; authorizing the publication of a Notice of Intention to Sell Bonds; authorizing the execution and delivery of a final Official Statement, an Eighth Supplement to the Indenture of Trust, a Ninth Supplement to Indenture of Trust, a Continuing Disclosure Agreement, and an Escrow Agreement; and authorizing the award of the Bonds.
- 3) Resolution of Appropriation

COUNCIL ACTION

Item Type: Ordinance

Approved for January 9, 2024 **calendar**

EXECUTIVE SUMMARY

GWP intends to issue revenue bonds in three tranches of approximately \$166 million in February 2024, the first quarter of fiscal year 2025 and the first quarter of fiscal year 2026 primarily to support the Grayson Repower project, as well as provide funding as necessary for the Scholl Biogas Renewable Generation Project, City-Owned Solar Projects, and certain distribution system improvements as they relate to the City's Zero-Carbon Energy initiatives. GWP also intends to issue bonds to refund the 2013 Refunding Bonds (\$13.4 million) and the 2013 Bonds (\$49.7 million) for an estimated savings of approximately \$10.2 million.

On December 19, 2023, the City Council introduced an Ordinance authorizing the issuance of \$230,000,000 in electric revenue bonds and \$70,000,000 aggregate electric revenue bond refunding. Now, the City Council can adopt the introduced Ordinance as well as the Resolution authorizing various actions in connection with the issuance and refunding of the herein-referenced bonds.

RECOMMENDATION

Approve the herein-requested actions to authorize the preparation and issuance of the electric revenue bonds and bond refunding:

- a. Adoption of the Ordinance authorizing the issuance of bonds, which was introduced on December 19, 2023.
- b. Adoption of the resolution authorizing the invitation of bids for the purchase of Electric Revenue Bonds, 2024 Series and Electric Revenue Bonds, 2024 Refunding Series of the City of Glendale; approving a Notice of Intention to sell bonds, a Preliminary Official Statement (POS), a Notice Inviting Bids and Official Bid Form; authorizing the publication of a Notice of Intention to Sell Bonds; authorizing the execution and delivery of a final Official Statement, an Eighth Supplement to the Indenture of Trust, a Ninth Supplement to Indenture of Trust, a Continuing Disclosure Agreement, and an Escrow Agreement; and authorizing the award of the Bonds.
- c. Adoption of the resolution of appropriation to cover costs associated with the issuance of the Bonds.

ANALYSIS

GWP is in the process of constructing the Grayson Repowering Project, the Scholl Canyon Landfill Biogas Renewable Generation Project, and to acquire and/or construct as necessary certain improvements to the City's electric public utility, such as 4 to 12kv feeder upgrades, solar generation facilities installed on city properties, substation improvements, meter upgrades, vault replacement and transmission and distribution improvements and pole replacements. As GWP does not have unrestricted cash reserves to fund these efforts, and they cannot be funded through operations alone, GWP proposes to issue debt in the form of electric revenue bonds. GWP intends to issue approximately \$500 million of revenue bonds over the next three years. The first issuance in the amount of \$166 million is expected to close in February 2024 and the next two issues are planned for fiscal years 2025 and 2026. GWP also intends to refinance the outstanding \$13.4 million of 2013 Refunding Bonds and the \$49.7 million of 2013 Bonds for an estimated savings of approximately \$10.2 million (present value of \$7.3 million savings).

Additionally, the electric revenue bonds will provide funds to make a deposit to a debt service reserve fund (if not otherwise satisfied with amounts on deposit under the Indenture of Trust), and to pay the costs of issuance of the Bonds. The maximum annual debt service on the city's electric revenue bonds after the first issuance of \$166 million is projected to be approximately \$21.9 million, an increase of \$9.7 million over the current debt service. The maximum debt service will increase to approximately

\$32.2 million after the second bond issuance and will increase to approximately \$42.5 million after the third bond issuance. The issuance of the Bonds will enable the utility to build up its cash reserves to its appropriate level.

The Ordinance, introduced by the City Council on December 19, 2023, will authorize the first issuance of bonds to fund the projects and the issuance of refunding bonds as described herein. The Resolution will authorize the Invitation of Bids for the purchase and refunding of the refunded Bonds; will approve a Notice of Intention to Sell Bonds, a Preliminary Official Statement, a Notice Inviting Bids and the Official Bid Form; will authorize the publication of a Notice of Intention to Sell Bonds; will authorize the execution and delivery of a final Official Statement, an Eighth Supplement to Indenture of Trust for the project funding bonds, a Ninth Supplement to Indenture of Trust for the refunding bonds, a Continuing Disclosure Agreement and an Escrow Agreement will authorize the award of the bonds.

STAKEHOLDERS/OUTREACH

Not applicable.

FISCAL IMPACT

The initial issuance of the revenue bonds to fund new projects will increase interest cost approximately \$2.5 million in fiscal year 2024 and issuance costs are estimated to be \$400,000. Therefore, staff is requesting an appropriation of \$2,900,000 from the Electric Surplus Fund balance. Future expenses will be requested as part of the annual budget process.

Requesting Appropriation			
Amount	From (Account String)	To (Account String)	Funding Source
\$2,500,000	GL: 27900-5810-GWP-0000	GL: 47050-5820-GWP-4505-P0000-	Net Position, Electric Surplus Fund Balance
\$400,000	GL: 27900-5810-GWP-0000	GL: 43110-5820-GWP-4505-P0000-	Net Position, Electric Surplus Fund Balance

ENVIRONMENTAL REVIEW

Not applicable for the action requested as the action does not involve a project for the purposes of California Environmental Quality Act.

CAMPAIGN DISCLOSURE

Not applicable.

ALTERNATIVES

Alternative 1: Do not authorize the actions requested and recommended in this report, in which case the bonds will not be issued and several capital projects including but not limited to the Grayson Repower Project will be suspended.

Alternative 2: Consider any other alternative not proposed by staff.

ADMINISTRATIVE ACTION

Submitted by:

Mark Young, General Manager - Glendale Water and Power

Prepared by:

Scott K. Mellon, Assistant General Manager - Power Management

David Davis, Utility Finance Manager

Dorine Martirosian, Principal Assistant City Attorney

Approved by:

Roubik R. Golanian, P.E., City Manager

EXHIBITS / ATTACHMENTS

Exhibit A: Notice of Intention to Sell

Exhibit B: Notice Inviting Bids

Exhibit C: Eighth Supplement to Indenture

Exhibit D: Continuing Disclosure Agreement

Exhibit E: Ninth Supplement to Indenture

Exhibit F: Escrow Statement

Exhibit G: Preliminary Official Statement