



CITY OF AZUSA

MINUTES OF THE REGULAR MEETING

OF THE AZUSA UTILITY BOARD/CITY COUNCIL

MONDAY, APRIL 23, 2012 – 6:32 P.M.

The Utility Board/City Council of the City of Azusa met in regular session, at the above date and time, at the Azusa Light and Water Conference Room, located at 729 N. Azusa Avenue, Azusa, California.

Chairman Carrillo called the meeting to order and led in the Flag Salute.

Call to Order

ROLL CALL

Roll Call

PRESENT: BOARD MEMBERS: GONZALES, CARRILLO, MACIAS, HANKS, ROCHA
ABSENT: BOARD MEMBERS: NONE

ALSO PRESENT:

Also Present

City Attorney Ferre, City Manager Makshanoff, Director of Utilities Morrow, Assistant to the Director of Utilities Kalscheuer, Assistant Director Water Operations Anderson, Assistant Director of Resource Management Lehr, Public Works Director/Assistant City Manager Haes, Assistant Director of Electric Operations Langit, Director of Economic and Community Development Christiansen, Finance Controller Paragas, Police Captain Momot, City Clerk Mendoza, Deputy City Clerk Toscano.

PUBLIC PARTICIPATION

Pub Part

Mr. Art Morales addressed the Board Members expressing his opinion regarding the use of Public Benefits funds for free swim. He also suggested that people in the Light and Water department can transfer and save money for use for children and seniors.

A. Morales
Comments

UTILITIES DIRECTOR COMMENTS

Dir Comments

Director of Utilities Morrow provided an update on the automated trash pick up workshops, invited all to the Lodi Energy Dedication on August 10, 2012, SB1368, and required investment for pollution control. He responded to questions posed by the Board Members regarding automated trash timeline, feed back from the community, advertising to the public, contract implementation process, and the contract and evergreen clause.

Morrow
Comments

UTILITY BOARD MEMBER COMMENTS

None.

Board Member
Comments
None

The **CONSENT CALENDAR** consisting of Items D-1 through D-6, were approved by motion of Board Member Macias, seconded by Board Member Gonzales and unanimously carried with the exception of item C-6 which was considered under the Special Call portion of the Agenda.

Consent Cal
Appvd D-6
Spec Call

1. The minutes of the regular meeting of March 26, 2012, were approved as written. Min appvd
2. Formal sealed bids were waived in accordance with the Municipal Code Section 2-522, sub-section C; and the purchase a John Deere 326d Skid Steer Loader was awarded to Coastline Equipment Under California Multiple Award Schedule (CMAS Contract No. 4-08-23-0023A) in the amount of \$69,719.91, including tax, delivery, discount, and State administrative fees. Pur John Deere Skid Ldr Coastline Equipment
3. Approval was given for the advertisement and solicitation of bids for Project W-265, Water Main Replacement in Bellbrook, Street, Lark Ellen Avenue, Brookport Street, Benwood Street, Benbow Street, Vogue Avenue, and Cypress Street in Los Angeles County near West Covina. Water Main Replacement Project W-265
4. Approval was given for the continuation of the Transaction Services Agreement between Azusa and Riverside; and the Director of Utilities was authorized to execute the extension agreement and designated to administer/execute subsequent agreement renewals/amendments provided that cumulative annual cost increases do not exceed \$10,000. Transaction Svs Agmt Azusa and Riverside
5. Director of Utilities was authorized to execute the "Officer Certification Form" as required by the Federal Energy Regulatory Commission (FERC) and the California Independent System Operator (CAISO). Officer Certification Form
6. SPECIAL CALL ITEM. Spec Call

SPECIAL CALL ITEM

Spec Call Item

Approval of Proposal by Standard & Poors for Credit Rating Services for Electric Utility.

Credit Rating
Svs
Questions
Response

Board Member Rocha asked what the annual surveillance fee of \$5,000 was comprised of, in the fiscal impact. Director of Utilities Morrow responded stating that the rating agency will re-evaluate during the year and put out a report. He detailed the issue.

Moved by Board Member Rocha, seconded by Board Member Gonzales and unanimously carried to approve the selection of Standard & Poors for Credit Rating Services in amount not-to-exceed \$18,000 plus reasonable out-of-pocket expenses; and the Director of Utilities was authorized to execute agreement subject to City Attorney's review and approval.

Standard &
Poors Credit
Rating Svs

SCHEDULED ITEMS

Sched Items

Resolution Approving Documents and Actions to Refinance Certain Long Term Debt Issued by Water and Electric Utilities.

Reso refinance
Wtr & Elect
debt
C. Kalscheuer
Comments

Assistant to the Director of Utilities Kalscheuer addressed the issue stating that in January 2012, the Utility Board authorized Staff to move forward toward refinancing the utility's Water 2003 Series A and Electric 2003 Series B Certificates of Participation. A financing team was assembled, Financial Advisor Urban Futures, Underwriter De La Rosa & Company and Bond/Disclosure Counsel Hawkins, Delafield & Wood. He stated that 20% of issue had been previously refinanced/refunded, and Tax Code allows tax-exempt debt to be refunded only once. He cited the options as follows: 1) Refund only 80% portion (\$1,056,7000 savings), 2) Refund the 20% portion with taxable debt (\$1,517,900 savings) or 3) Use water system reserves to defease the 20% portion (\$1,800,000 savings, he recommended option 3. He stated there is sufficient cash on hand (\$20+million), cash reserves earn only minimal interest, would improve debt service coverage and improves refinancing cash flow. He detailed the Water and Electric Bonds projected cash flow, projected savings, and Bond Documents recommending approval. Staff responded to questions posed by Board Members.

Board Member Macias offered a Resolution entitled:

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AZUSA AUTHORIZING AND APPROVING DOCUMENTS AND OFFICIAL ACTIONS RELATING TO REFINANCING OF CERTAIN WATER SYSTEM IMPROVEMENTS AND ELECTRIC SYSTEM IMPROVEMENTS AND THE ISSUANCE AND SALE OF WATER SYSTEM REVENUE REFUNDING BONDS AND ELECTRIC SYSTEM REVENUE REFUNDING BONDS AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH.

12-C25
Refinancing
Water System
Improvements

Moved by Board Member Macias, seconded by Board Member Hanks to waive further reading and adopt. Resolution passed and adopted by the following vote of the Board:

AYES: BOARD MEMBERS: GONZALES, CARRILLO, MACIAS, HANKS, ROCHA
NOES: BOARD MEMBERS: NONE
ABSENT: BOARD MEMBERS: NONE

Moved by Board Member Macias, seconded by Board Member Hanks and unanimously carried to authorize use of \$2.325 million from water fund balance to defease long-term debt associated with the Series A Certificates of Participation issued in 2003 that cannot be advance refunded.

Authorize use
Of \$2.325 Mil
Water Balance

Approval of License Agreement with ECOTality for Furnishing and Installing Electric Vehicle Public Charging Stations on City Owned Property and Rejection of All Other Proposals.

License Agmt
ECOTality

Director of Utilities Morrow addressed the issue presenting the background stating Staff has issued an RFP for acquisition of EV charging stations, proposals received from Aero Vironment, General Electric, and Charge Point/Coulomb. He stated the City became aware of an opportunity to participate in a national "EV Project", funded in part by federal ARRA grant which will deploy several thousand EV chargers in major metropolitan areas in six states, including California; the contractor for the research project is ECOTality, Inc. He provided a summary of ECOTality arrangement, and fiscal impact. Question and answer session ensued. It was consensus of the Board Members to table the item in order that Staff gather additional information regarding the chargers, etc.

G. Morrow
Comments
Item tabled for
Additional
information

STAFF REPORTS/COMMUNICATIONS

Staff Reports

Update on California Renewable Portfolio Standards (RPS) Bill and Azusa 2011 Compliance.

Update RPS

Director of Utilities Morrow stating SBX 1-2 Law requires California electric utilities to reach 33% RPS in three compliance period and key issues for Azusa is treatment of Hoover and grandfathering of renewable resources. He stated that for 2011 Renewable totals were 20.5% with Hoover and 18.8% without Hoover.

G. Morrow
Comments

Assistant Director of Resource Management Lehr stated that this was the first year of the compliance period and regulations are not finalized yet, perhaps in June-July, the City is looking good going forward with the first and second compliance period.

Y. Lehr
Comments

It was consensus of the Board Members to adjourn.

Adjourn

TIME OF ADJOURNMENT 8:59 P.M.

SECRETARY

NEXT RESOLUTION NO. 12-C26.

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