

ORDINANCE NO. _____

**AN ORDINANCE OF THE CITY OF PASADENA AUTHORIZING THE
ISSUANCE BY THE CITY OF NOT TO EXCEED \$25,000,000
AGGREGATE PRINCIPAL AMOUNT OF CITY OF PASADENA WATER
REVENUE BONDS, 2007 SERIES, PAYABLE OUT OF THE WATER
FUND, AND APPROVING THE EXECUTION AND DELIVERY OF A
SECOND SUPPLEMENT TO WATER REVENUE BOND INDENTURE
AND A CONTINUING DISCLOSURE AGREEMENT IN CONNECTION
THEREWITH**

WHEREAS, pursuant to Article XIV of the Charter (the "Charter") of the City of Pasadena (the "City"), the City Council of the City (the "City Council") is authorized to provide for the issuance of revenue bonds for the purpose of providing moneys for the acquisition and construction of additions to, extensions, improvements, or repairs of the water system of the City by ordinance authorizing the issuance of such revenue bonds; and

WHEREAS, the City has previously issued its \$47,425,000 Water Revenue and Refunding Bonds, 2003 Series (the "2003 Bonds") pursuant to Article XIV of the Charter, a Water Revenue Bond Indenture, dated as of August 1, 2003, by and between the City and The Bank of New York Trust Company, N.A. (formerly known as BNY Western Trust Company), as trustee (the "Trustee") (the "Master Indenture"), as supplemented by a First Supplement to Water Revenue Bond Indenture, dated as of August 1, 2003, by and between the City and the Trustee; and

WHEREAS, pursuant to Article XIV of the Charter, the City now proposes to issue on a parity basis with the 2003 Bonds its Water Revenue Bonds, 2007 Series (the "2007 Bonds") pursuant to the Master Indenture, as supplemented by a Second Supplement to Water Revenue Bond Indenture, dated as of April 1, 2007, by and between the City and the Trustee (the "Second Supplement," and together with the Master Indenture, the "Indenture"), to provide moneys (i) for the acquisition and construction of additions to, and extensions and improvements of, the Water System (ii) to make an additional deposit to the reserve fund for the 2003 Bonds, the 2007 Bonds and other parity obligations, and (iii) to pay costs of issuance of the 2007 Bonds, including the premium of a bond insurance policy, said 2007 Bonds not to constitute an indebtedness of the City but to constitute obligations which shall be payable as to both principal and interest, and any premiums upon the redemption of any thereof prior to maturity, only from the Water Fund of the City and certain other funds as provided in the Indenture; and this Ordinance is for the purpose of authorizing the issuance of such 2007 Bonds.

NOW, THEREFORE, the People of the City of Pasadena ordain as follows:

Section 1. Authorization to Issues 2007 Bonds; Purpose; Principal Amount.

(a) Pursuant to Article XIV of the Charter, the City Council does hereby authorize to be issued, upon the terms and conditions as hereinafter set forth, the 2007 Bonds in the aggregate principal amount of not to exceed \$25,000,000 for the acquisition and construction of additions

to, and extensions and improvements of, the Water System, including the payment of costs and expenses incidental thereto.

(b) This Ordinance shall constitute complete authority to issue the 2007 Bonds pursuant to the Indenture as provided herein.

Section 2. Issuance of 2007 Bonds. The 2007 Bonds shall be issued pursuant to and in accordance with the terms and conditions set forth in this Ordinance, and more specifically in the Master Indenture and the Second Supplement.

Section 3. Date of Issuance; Maximum Interest Rates. The 2007 Bonds shall be dated their date of delivery. The maximum interest rate to be payable on the 2007 Bonds shall not exceed an amount that will result in a true interest cost to the City of greater than five and one-half (5.5%) per annum.

Section 4. Maturity Dates. The maximum term for the 2007 Bonds shall be 30 years. Subject to the preceding sentence, the 2007 Bonds shall mature and be payable on such dates as specifically set forth in the Second Supplement described in Section 6 hereof.

Section 5. Source of Payment. The 2007 Bonds shall not constitute an indebtedness of the City but shall constitute obligations which shall be payable as to both principal and interest, and any premiums upon the redemption of any thereof prior to maturity, only from the Water Fund of the City, as provided in Article XIV of the Charter, and certain other funds as authorized by Article XIV and provided in the Indenture.

Section 6. Approval of Second Supplement. In order to prescribe the terms and conditions upon which the 2007 Bonds are to be issued, secured, executed, authenticated and held, the Second Supplement proposed to be executed and entered into by the City and the Trustee, in substantially the form attached hereto as Exhibit A is hereby approved, and the Director of Finance (or, in the absence of the Director of Finance, his designee) is hereby authorized and directed, for and in the name and on behalf of the City, to execute, and the City Clerk is authorized to affix the official seal of the City to, and deliver the Second Supplement to the Trustee in substantially such form, with such changes (including, without limitation, such changes as may be necessary to provide for the issuance of a municipal bond insurance policy and/or a surety bond for the reserve fund if so determined or such changes as may be requested by rating agencies providing a rating on the 2007 Bonds) as may be approved by the Director of Finance (or, in the absence of the Director of Finance, his designee), acting on behalf of the City, subject to advice of counsel, such execution thereof to constitute conclusive evidence of the approval of the City of all changes from the form of the Second Supplement presented to this meeting.

Section 7. Continuing Disclosure Agreement. The Continuing Disclosure Agreement, proposed to be executed and entered into by and between the City and the Trustee, in substantially the form attached hereto as Exhibit B is hereby approved, and the Director of Finance (or, in the absence of the Director of Finance, his designee) is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the trustee the Continuing Disclosure Agreement in substantially said form, with such changes as may be

approved by the Director of Finance (or, in the absence of the Director of Finance, his designee), acting on behalf of the City, subject to advice of counsel, such execution thereof to constitute conclusive evidence of the approval of the City of all changes from the form of the Continuing Disclosure Agreement presented to this meeting.

Section 8. Official Action. All actions heretofore taken by the officers and agents of the City with respect to the issuance of the 2007 Bonds and the negotiation and execution of said agreements are hereby approved, confirmed and ratified. The City Manager, the Director of Finance, the City Treasurer, the City Clerk and any and all other officers of the City are hereby authorized and directed, for and in the name and on behalf of the City to do any and all things and take any and all actions, including, without limitation, the negotiation of a municipal bond insurance policy for all or any of the 2007 Bonds and a surety bond in lieu of cash for any reserve fund, and including execution and delivery of any and all certificates, requisitions, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the issuance, sale and delivery of the 2007 Bonds pursuant to the agreements described herein.

Section 9. Provisions Necessary and Desirable. The provisions of this Ordinance are deemed necessary and desirable to facilitate the issuance and sale of the 2007 Bonds authorized by this Ordinance.

Section 10. Publication. The City Clerk shall certify to the passage and adoption of this Ordinance and shall cause this Ordinance, excepting the exhibits attached hereto, to be published once in the PASADENA STAR-NEWS, a daily newspaper of general circulation published in said City.

Section 11. Effective Date. This Ordinance shall take effect on the date of publication pursuant to Section 10, subject only to the right of referendum provided in Section 1413 of the City Charter.

Signed and approved this ____ day of ____, 2007.

Mayor of the City of Pasadena, California

I HEREBY CERTIFY that the foregoing Ordinance was adopted by the City Council of the City of Pasadena at its regular meeting held _____, 2007, by the following vote:

Ayes:

Noes:

Absent:

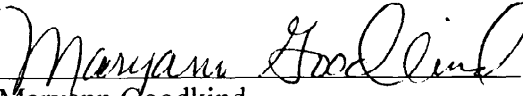
Published: Pasadena Star News

APPROVED AS TO FORM:


Michele Beal Bagneris
City Attorney

Jane L. Rodriguez
City Clerk

APPROVED AS TO FORM:


Maryann Goodkind
Fulbright & Jaworski L.L.P.
Bond Counsel