

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA, CALIFORNIA AUTHORIZING THE INVITATION OF BIDS FOR THE PURCHASE OF ELECTRIC REVENUE/REFUNDING BONDS, 2016A SERIES OF SAID CITY; APPROVING A NOTICE OF INTENTION TO SELL BONDS, A PRELIMINARY OFFICIAL STATEMENT AND A NOTICE INVITING BIDS; AUTHORIZING THE PUBLICATION OF A NOTICE OF INTENTION TO SELL BONDS; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, the City Council of the City of Pasadena, California (the "City Council") deems it necessary and proper that bids be invited for the purchase of the Electric Revenue/Refunding Bonds, 2016A Series (the "2016A Bonds") of the City of Pasadena, California (the "City") and that the 2016A Bonds be sold in the manner and at the time and place hereinafter set forth;

NOW, THEREFORE, the City Council does hereby resolve, determine and order as follows:

Section 1. Electronic proposals for the purchase of the 2016A Bonds shall be received by the Director of Finance of the City (or in the absence of the Director of Finance, his designee) at the time and place determined as provided in the Notice of Intention to Sell Bonds and the Notice Inviting Bids as hereinafter approved.

Section 2. The Director of Finance (or in the absence of the Director of Finance, his designee) is hereby authorized and directed to publish a Notice of Intention to Sell Bonds, substantially in the form annexed hereto as "Exhibit A" and hereby approved by this City Council, by one insertion in a newspaper of general circulation published in the City, at least five days prior to the date of receiving proposals for the purchase of the 2016A Bonds.

Section 3. The Director of Finance (or in the absence of the Director of Finance, his designee) is further authorized and directed to publish a Notice of Intention to Sell Bonds by one insertion in The Bond Buyer, a financial publication generally circulated throughout California and reasonably expected to be disseminated among prospective bidders for the 2016A Bonds, at least five days prior to the date of receiving proposals for the purchase of the 2016A Bonds.

Section 4. The City Council hereby approves the Preliminary Official Statement relating to the 2016A Bonds substantially in the form on file with the City Clerk, a copy of which has been made available to this City Council, with such changes therein as the Director of Finance of the City (or in the absence of the Director of Finance, his designee) may determine necessary, to be furnished to prospective bidders for the 2016A Bonds as provided in Section 5 hereof. The City authorizes the Director of Finance (or in the absence of the Director of Finance, his designee) to deem the Preliminary Official Statement to be final within the meaning of Securities and Exchange Commission Rule 15c2-12 subject to completion of those items permitted by said Rule. The City Council directs the City Clerk to file the Preliminary Official Statement in his office and to identify it as being the Preliminary Official Statement so approved

hereby, by an endorsement thereon to that effect over his signature. The Director of Finance (or in the absence of the Director of Finance, his designee) is authorized and directed to execute and deliver a final Official Statement in substantially the form of the Preliminary Official Statement hereby approved, with such additions thereto and changes therein as are consistent with this Resolution and recommended or approved by Disclosure Counsel to the City and approved by such officers and employees, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The Director of Finance (or in the absence of the Director of Finance, his designee) is authorized and directed to cause to be furnished to prospective bidders, upon their request, a reasonable number of copies of the Ordinance authorizing issuance of the 2016A Bonds, the Electric Revenue Bond Fiscal Agent Agreement, the Ninth Supplement to Electric Revenue Bond Fiscal Agent Agreement providing for the issuance of the 2016A Bonds as approved pursuant to said Ordinance, and the Preliminary Official Statement. The Director of Finance (or in the absence of the Director of Finance, his designee) is authorized and directed to cause to be furnished to prospective bidders, upon their request, a reasonable number of copies of the Notice Inviting Bids substantially in the form annexed hereto as "Exhibit B" and hereby approved by the City Council. The Director of Finance is further authorized and directed, after any proposal for the purchase of the 2016A Bonds has been accepted by the Director of Finance (or in the absence of the Director of Finance, his designee), and after the final Official Statement has been prepared, to cause to be furnished to the successful bidder, for use in connection with the resale of the 2016A Bonds, such number of copies of the final Official Statement as may be reasonably required.

Section 6. The Director of Finance (or in the absence of the Director of Finance, his designee) may withdraw or modify the Notice Inviting Bids and the Notice of Intention to Sell Bonds, or either, at any time by notice published via Thomson Municipal News or other means determined by the Director of Finance (or in the absence of the Director of Finance, his designee) to be reasonably calculated to reach potential bidders for the 2016A Bonds. If the Director of Finance should withdraw the Notice Inviting Bids or the Notice of Intention to Sell Bonds at any time before the 2016A Bonds are awarded, and should at a later date determine that it is desirable to receive bids for the 2016A Bonds, then the Director of Finance (or in the absence of the Director of Finance, his designee) is hereby authorized to redistribute the Notice Inviting Bids and republish the Notice of Intention to Sell Bonds with such modifications or revisions as are approved by the Director of Finance (or in the absence of the Director of Finance, his designee).

Section 7. The City Council shall confirm the award of the 2016A Bonds at the time and date specified in the Notice Inviting Bids by subsequent City Council action; provided, that if the City Council does not meet at City Hall in Council Chambers or does not achieve a quorum on the date on which bids for the 2016A Bonds are received, the Director of Finance (or in the absence of the Director of Finance, his designee) is hereby authorized and directed on behalf of the City to accept the best bid for the 2016A Bonds received (or reject all bids) pursuant to and subject to the terms and conditions set forth in the Notice Inviting Bids and to take such other actions as the Director of Finance (or in the absence of the Director of Finance, his designee) deems appropriate, consistent with the provisions hereof, and upon the execution by any member

of this City Council and by the Director of Finance (or in the absence of the Director of Finance, his designee) of a Written Order to award the 2016A Bonds to the best bidder, the 2016A Bonds shall be so awarded, and the interest rate or rates on the 2016A Bonds as have been bid by the best bidder so awarded the 2016A Bonds shall be fixed.

Section 8. The law firm of Norton Rose Fulbright US LLP, Los Angeles, California, is hereby retained as Bond Counsel and Disclosure Counsel in connection with the issuance of the 2016A Bonds, upon such terms and conditions as shall be approved and executed by the Director of Finance (or in the absence of the Director of Finance, his designee).

Section 9. The firm of Public Resources Advisory Group, Los Angeles, California, is hereby retained as financial advisor in connection with the issuance of the 2016A Bonds, upon such terms and conditions as shall be approved by the Director of Finance (or in the absence of the Director of Finance, his designee).

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ADOPTED at a regular meeting of the City Council this 12th day of September, 2016, by the following vote:


AYES: _____

NOES: _____

ABSENT: _____

APPROVED AS TO FORM:

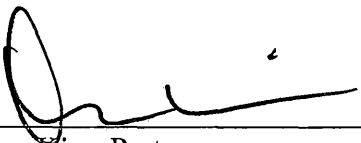
ATTEST:



Michele Beal Bagneris
City Attorney

Mark Jomsky
City Clerk

APPROVED AS TO FORM:



Danny Kim, Partner
Norton Rose Fulbright US LLP
Bond Counsel

Exhibit A

Notice of Intention to Sell Bonds

NOTICE OF INTENTION TO SELL BONDS

NOT TO EXCEED \$ _____*
CITY OF PASADENA, CALIFORNIA
ELECTRIC REVENUE/REFUNDING BONDS, 2016A SERIES

NOTICE IS HEREBY GIVEN that the City of Pasadena (the "City") intends to receive electronically transmitted bids until

9:30 a.m., Pacific time on _____, 2016

through the use of an electronic bidding service offered by Ipreo LLC and the Parity® bid delivery system, for the purchase of all of the above-captioned bonds (the "Bonds") dated as of the date of delivery thereof, and maturing on such dates as described in the related Notice Inviting Bids (the "Notice"). Bids for less than all of the Bonds will not be accepted. The City reserves the right to postpone the time or date established for the receipt of bids and/or to modify or amend the Notice as more fully described in the Notice.

NOTICE IS HEREBY FURTHER GIVEN that electronic copies of the Notice and the Preliminary Official Statement issued in connection with the sale of the Bonds, may be obtained from the City's financial advisor, Public Resources Advisory Group, 11500 West Olympic Boulevard, Suite 502, Los Angeles, California 90064, Attention: Edmund Soong (telephone (310) 477-8487; fax (310) 477-0105), or can be obtained online at <http://www.munios.com/>.

Date: _____, 2016

/s/ Matthew Hawkesworth

Director of Finance
City of Pasadena

* Preliminary amount to be as set forth in the Notice Inviting Bids, subject to adjustment as provided therein.

Exhibit B
Notice Inviting Bids

NOTICE INVITING BIDS

CITY OF PASADENA, CALIFORNIA

Electric Revenue/Refunding Bonds, 2016A Series

NOTICE IS HEREBY GIVEN that electronically transmitted bids will be received by the City of Pasadena, California (the "City"), through the use of an electronic bidding service offered by Ipreo LLC and the Parity® bid delivery system ("Parity") at <https://www.newissuehome.i-deal.com>, on

_____, 2016
at 9:30 A.M. Pacific time,

for the purchase of \$ _____ (approximate) aggregate principal amount of City of Pasadena, California Electric Revenue/Refunding Bonds, 2016A Series (the "2016A Bonds"), more particularly described herein. See "TERMS OF SALE—Form of Bid and Surety Bond—Warnings Regarding Electronic Bids" herein.

Interest on the 2016A Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax, as more fully described in the Preliminary Official Statement (as hereinafter defined).

The City reserves the right to cancel or reschedule the sale of the 2016A Bonds or change the terms thereof upon notice given through Thomson Municipal News prior to the time bids are to be received. If the sale is rescheduled, bids will be received at the place set forth above, at such date and time as the City shall determine. Notice of the new sale date, time and terms, if any, will be given through Thomson Municipal News as soon as practicable prior to the new time bids are to be received.

BIDDERS ARE DIRECTED TO REVIEW THE PROVISIONS OF THE SECTION ENTITLED "TERMS OF SALE – Reoffering Price" IN THIS NOTICE INVITING BIDS IN CONNECTION WITH SUBMITTING A BID. If the successful bidder fails to provide the reoffering price certificate described therein, the Good Faith Deposit (as defined herein) will be retained by the City.

TERMS OF THE 2016A BONDS

Important Note. This Notice Inviting Bids will be submitted to Ipreo LLC for posting at <https://www.newissuehome.i-deal.com> and in the Parity® bid delivery system. In the event the Parity system's summary of the terms of sale of the 2016A Bonds disagrees with this Notice Inviting Bids in any particulars, the terms of this Notice Inviting Bids shall control (unless notice of an amendment hereto is given as described above).

Opening of Bids and Award of 2016A Bonds

The bids will be received at the above time and place, will be opened by the Director of Finance or his designee, and the 2016A Bonds are expected to be awarded by the City at the City Council meeting later that day.

The Issue

The 2016A Bonds are being issued by the City for the purpose of providing moneys to (i) refund a portion of the City's outstanding Electric Revenue Bonds, 2008 Series (the "2008 Bonds"), (ii) pay in full the outstanding amount on a non-revolving line of credit, (iii) finance a portion of the costs of acquisition and construction of certain improvements to the Electric System of the City, (iv) fund a deposit to the parity reserve fund, and (v) pay the costs of issuance of the 2016A Bonds.

Authority For Issuance

The 2016A Bonds are authorized and issued pursuant to Article XIV of the City Charter, an Ordinance adopted by the City Council of the City on _____, 2016 (the "Ordinance"), and an Electric Revenue Bond Fiscal Agent Agreement, dated as of August 1, 1998 (the "Master Fiscal Agent Agreement"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as successor fiscal agent (the "Fiscal Agent"), as previously amended and supplemented, and as further amended and supplemented by a Ninth Supplement to Electric Revenue Bond Fiscal Agent Agreement, dated as of _____ 1, 2016 (the "Ninth Supplement"), to be executed simultaneously with the delivery of the 2016A Bonds (together with the Master Fiscal Agent Agreement as previously amended and supplemented, the "Fiscal Agent Agreement"). In addition to the 2008 Bonds, the City has previously issued its Electric Revenue Refunding Bonds, 2009 Series (the "2009 Bonds"), its Electric Revenue Refunding Bonds, 2010A Series (the "2010A Bonds"), its Electric Revenue Refunding Bonds, 2012A Series (the "2012A Bonds"), and its Electric Revenue/Refunding Bonds, 2013A Series (the "2013A Bonds"), each pursuant to the Fiscal Agent Agreement, of which approximately \$133,805,000 aggregate principal amount of 2008 Bonds, 2009 Bonds, 2010A Bonds, 2012A Bonds and 2013A Bonds will remain outstanding after delivery of the 2016A Bonds. The 2016A Bonds will be issued on a parity with the 2008 Bonds, the 2009 Bonds, the 2010A Bonds, the 2012A Bonds and the 2013A Bonds remaining outstanding upon delivery of the 2016A Bonds and other obligations of the Electric System payable from Net Income and issued from time to time pursuant to the terms of the Fiscal Agent Agreement ("Parity Obligations"). The 2016A Bonds, the 2013A Bonds, the 2012A Bonds, the 2010A Bonds, the 2009 Bonds, the 2008 Bonds and all other Electric Revenue Bonds to be issued pursuant to the Fiscal Agent Agreement are herein referred to collectively as the "Bonds."

Bidders are referred to the Fiscal Agent Agreement and the Preliminary Official Statement, dated _____, 2016, relating to the 2016A Bonds (the "Preliminary Official Statement"), for definitions of terms and for further particulars, including further information regarding the 2016A Bonds. This Notice Inviting Bids contains certain information for general reference only, is not a summary of the issue and governs only the terms of the sale of, bidding for, and closing procedures with respect to, the 2016A Bonds. Bidders must read the entire

Preliminary Official Statement to obtain information essential to the making of an informed investment decision.

Security; Limited Obligations

The 2016A Bonds are an obligation payable solely from the Light and Power Fund of the City and certain other funds as provided in the Fiscal Agent Agreement. The 2016A Bonds are secured by a pledge of and lien upon Net Income of the Electric System on a parity with other Bonds and Parity Obligations.

The City has covenanted in the Fiscal Agent Agreement that the rates to be charged for services furnished by the Electric System shall be fixed so as to provide Gross Revenues at least sufficient to pay, as the same become due, the principal of and interest on the Bonds and Parity Obligations and all other obligations and indebtedness payable from the Light and Power Fund (including the payment of any amounts owing to any provider of any surety bond, insurance policy or letter of credit with respect to the Bonds or any Parity Obligations, which amounts are payable from the Light and Power Fund) or from any fund derived therefrom, and also the necessary Maintenance and Operating Expenses, and shall be so fixed that the Net Income (i.e., Gross Revenues less Maintenance and Operating Expenses) of the Electric System shall be at least equal to 1.10 times the amount necessary to pay principal and interest (including mandatory sinking account redemption payments), as the same become due, on all Bonds and Parity Obligations.

“Gross Revenues” pursuant to the Fiscal Agent Agreement means all revenues (as defined in Section 54315 of the Government Code of the State of California, which include all charges received for and all other income and receipts derived by the Water and Power Department of the City (the “Department”) from the operation of the Electric System or arising from the Electric System) received by the Department from the services, facilities, energy and distribution of electric energy by the Department, including (i) income from investments, and (ii) for the purposes of determining compliance with the rate covenant in the Fiscal Agent Agreement only, the amounts on deposit in the Reserve for Stranded Investment established by the City pursuant to Ordinance No. 6695 of the City, adopted by the City Council of the City on November 25, 1996, or in any other unrestricted funds of the Electric System designated by the City Council by resolution (or by approval of a budget of the Light and Power Fund providing for such transfer) and available for the purpose of paying Maintenance and Operating Expenses and/or debt service on the Bonds and/or any Parity Obligations, but excepting therefrom (a) all reimbursement charges and deposits to secure service and (b) any charges collected by any person to amortize or otherwise relating to the payment of the uneconomic portion of costs associated with assets and obligations (“stranded costs”) of the Electric System or of any joint powers agency in which the City participates which the City has dedicated to the payment of obligations other than the Bonds or any Parity Obligations then outstanding, the payments of which obligations will be applied to or pledged to or otherwise set aside for the reduction or retirement of outstanding obligations of the City or any joint powers agency in which the City participates relating to such “stranded costs” of the City or of any such joint powers agency to the extent such “stranded costs” are attributable to, or the responsibility of, the City.

“Maintenance and Operating Expenses” means the amount required to pay the reasonable expenses of management, repair and other costs, of the nature of costs which have historically and customarily been accounted for as such, necessary to operate, maintain and preserve the Electric System in good repair and working order, including but not limited to, the cost of supply and transmission of electric energy under long-term contracts or otherwise and the expenses of conducting the Electric System, but excluding depreciation. “Maintenance and Operating Expenses” will include all amounts required to be paid by the City under contract with a joint powers agency for purchase of capacity, energy, transmission capability or any other commodities or services in connection with the foregoing, which contract requires payments by the City to be made thereunder to be treated as Maintenance and Operating Expenses.

The general fund of the City is not liable for the payment of any 2016A Bonds, any premium thereon upon redemption prior to maturity, or their interest, nor is the credit or taxing power of the City pledged for the payment of any 2016A Bonds, any premium thereon upon redemption prior to maturity, or their interest. The Owner of any 2016A Bond shall not compel the exercise of the taxing power by the City or the forfeiture of any of its property. The principal of and interest on any 2016A Bonds and any premiums upon the redemption thereof prior to maturity are not a debt of the City nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the Net Income and other funds, security or assets which are pledged to the payment of the 2016A Bonds, interest thereon and any premiums upon redemption.

Parity Reserve Fund

Pursuant to the Fiscal Agent Agreement, the City has established and agreed to maintain the Parity Reserve Fund in an amount equal to the Reserve Fund Requirement. See “Springing Amendments to Fiscal Agent Agreement” below.

“Reserve Fund Requirement” is defined in the Fiscal Agent Agreement to mean, as of any date of determination and excluding therefrom any Parity Obligations for which no reserve fund is to be maintained or for which a separate reserve fund is to be maintained, the least of (a) 10% of the initial offering price to the public of each Series of Bonds and Parity Obligations to be secured by the Parity Reserve Fund as determined under the Internal Revenue Code of 1986 (the “Code”), or (b) the maximum Annual Debt Service on all Bonds and Parity Obligations to be secured by the Parity Reserve Fund, or (c) 125% of the Average Annual Debt Service on all Bonds and Parity Obligations to be secured by the Parity Reserve Fund, all as computed and determined by the City; provided, that such requirement (or any portion thereof) may be provided by the City delivering to the Fiscal Agent for credit to the Parity Reserve Fund one or more policies of municipal bond insurance or surety bonds issued by a municipal bond insurer if the obligations insured by such insurer have ratings at the time of issuance of such policy or surety bond equal to “Aaa” assigned by Moody’s Investors Service and “AAA” assigned by Standard & Poor’s Rating Services, a Division of the McGraw Hill Companies (“Standard & Poor’s”) (and if such insurance company is rated by A.M. Best & Company, such insurance company is rated in the highest rating category by A.M. Best & Company) or by a letter of credit issued by a bank or other institution if the obligations issued by such bank or other institution

have ratings at the time of issuance of such letter of credit equal to "Aa2" or higher assigned by Moody's Investors Service and "AA" or higher assigned by Standard & Poor's.

Amounts in the Parity Reserve Fund shall be transferred by the City to the Parity Obligation Payment Fund to pay principal of and interest on the Bonds and Parity Obligations secured by the Parity Reserve Fund in the event amounts on deposit therein are insufficient for such purposes.

Book-Entry Only

The 2016A Bonds will be issued as fully registered bonds and, when issued will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as security depository for the 2016A Bonds. Individual purchases of the 2016A Bonds will be made in book-entry form only, in denominations of \$5,000 principal amount or any integral multiple thereof. Payments of principal of, and interest and premium, if any, on the 2016A Bonds will be paid by the Fiscal Agent to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the 2016A Bonds.

Interest Payment Dates

The 2016A Bonds will be dated the date of delivery and interest will be payable semiannually on each June 1 and December 1, commencing June 1, 2017, to holders of record on the preceding May 15 and November 15, respectively, until maturity or redemption.

Principal Amortization*

The 2016A Bonds shall be subject to principal amortization on June 1 in the following years and amounts described in the following table, subject to the adjustments described below:

<u>Maturity (June 1)</u>	<u>Principal Amount*</u>	<u>Maturity (June 1)</u>	<u>Principal Amount*</u>
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* Preliminary, subject to adjustment as described below.

Adjustment of Principal Amounts and Amortization Schedule

The principal amounts set forth in this Notice Inviting Bids reflect certain estimates of the City and its Financial Advisor with respect to the possible interest rates of the winning bid and the premium, if any, contained in the winning bid. The principal amortization schedule may be changed prior to the time bids are to be received and, if adjustments are made, bidders must bid on the basis of the adjusted schedule. Such changes, if any, will be communicated through Thomson Municipal News not later than 1:00 p.m., Pacific time, on the business day prior to the bid opening. After selecting the winning bid, the principal amount of the 2016A Bonds and amortization schedule may be adjusted in \$5,000 increments as necessary in the determination of the Financial Advisor to reflect the actual interest rates and any premium in the winning bid and to achieve the City's debt structuring objectives. Such adjustments after the selection of the winning bid will not change the principal amount due on the 2016A Bonds in any year by more than the greater of (i) [\$250,000] or (ii) [ten percent (10%)] of the preliminary principal amount in any given year. Any such adjustment will be communicated to the winning bidder within 24 hours after acceptance of the bids. Changes in the amortization schedule made subsequent to bid opening as described above will not affect the determination of the winning bidder or give the winning bidder any right to reject the 2016A Bonds. The winning bidder may not withdraw its bid or change the interest rates bid as a result of any changes to the principal payments of the 2016A Bonds in accordance with this Notice Inviting Bids; further, the dollar amount of the price bid will be changed so that the percentage of net compensation paid to the winning bidder will not increase or decrease from what it would have been if no adjustments had been made by the City.

Serial Bonds and/or Term Bonds

Bidders may provide that the 2016A Bonds be issued as serial bonds or may provide that any two or more consecutive annual principal amounts be combined into one or more term bonds, provided no annual principal amounts maturing on or before June 1, 2026 may be combined with any annual principal amounts maturing on or after June 1, 2027.

Mandatory Sinking Fund Redemption

If the successful bidder designates principal amounts to be combined into one or more term bonds, each such term bond shall be subject to mandatory sinking fund redemption commencing on June 1 of the first year which has been combined to form such term bond and continuing on June 1 in each year thereafter until the stated maturity date of that term bond. The amount redeemed in any year shall be equal to the principal amount for such year set forth in the table above under the caption "Principal Amortization", as adjusted in accordance with the provisions described above under the caption "Adjustment of Principal Amounts and Amortization Schedule". The 2016A Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed in part at par and shall be selected by lot from among the 2016A Bonds then subject to redemption. The City, at its option, may credit against any mandatory sinking fund redemption requirement term bonds of the maturity then subject to redemption which have been purchased and cancelled by the City or have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

Optional Redemption

The 2016A Bonds maturing prior to June 1, 2027 are not subject to call and redemption prior to maturity. The 2016A Bonds maturing on or after June 1, 2027 are subject to call and redemption prior to maturity, at the option of the City, as a whole or in part on June 1, 2026 or on any date thereafter, in any order of maturity established by the City and by lot within a single maturity, from funds derived by the City from any legal source, at a redemption price equal to the principal amount of the 2016A Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

Notice of Redemption

Upon any purchase or redemption of the 2016A Bonds designated to be term bonds, an amount equal to the aggregate principal amount of 2016A Bonds so purchased or redeemed shall be credited towards a part or all of any one or more yearly mandatory sinking account payments required by the Fiscal Agent Agreement, as directed in writing by a certificate of the Director of Finance. The portion of any such mandatory sinking account payments remaining after the deduction of any such amounts credited toward the same (or the original amount of any such mandatory sinking account payments if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such mandatory sinking account payments for the purpose of the calculation of principal payments due on any future principal payment date. In such event, the City shall provide the Fiscal Agent with a revised sinking fund payment schedule.

Notice of redemption shall be given by the Fiscal Agent, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, (i) by mail to each Owner and the Securities Depositories and (ii) electronically to one or more Information Services. Notice of redemption to the Securities Depositories shall be given by telecopy, certified, registered or overnight mail or by such other method as may be requested by the Securities Depositories. Each notice of redemption shall state the date of such notice, the date of issue of the 2016A Bonds to which such notice relates, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Fiscal Agent), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the 2016A Bonds of such maturity to be redeemed and, in the case of 2016A Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said 2016A Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a 2016A Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2016A Bonds be then surrendered at the address or addresses of the Fiscal Agent specified in the redemption notice. Neither the City nor the Fiscal Agent shall have any responsibility for any defect in the CUSIP number that appears on any 2016A Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the City nor the Fiscal Agent shall be liable for any inaccuracy in such numbers.

In the event of an optional redemption of 2016A Bonds, if the City shall not have deposited or otherwise made available to the Fiscal Agent the money required for the payment of the redemption price of the 2016A Bonds to be redeemed at the time of the mailing of notice of redemption, such notice of redemption shall state that the redemption is expressly conditioned upon the timely deposit of sufficient funds therefor with the Fiscal Agent.

Failure by the Fiscal Agent to give notice to any one or more of the Information Services or Securities Depositories or failure of any Owner to receive notice or any defect in any such notice shall not affect the sufficiency of the proceedings for redemption.

Fiscal Agent

The Bank of New York Mellon Trust Company, N.A., Los Angeles, California is the Fiscal Agent for the payment of principal of, premium, if any, and interest on the 2016A Bonds and for the registration of the 2016A Bonds.

Legal Opinion

The City will furnish to the successful bidder at the closing of the 2016A Bonds, the legal opinion of Bond Counsel, Norton Rose Fulbright US LLP, that under existing law, interest on the 2016A Bonds is exempt from personal income taxes of the State of California and that based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2016A Bonds is excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986 and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel will express no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2016A Bonds.

Continuing Disclosure

In order to assist bidders in complying with Securities and Exchange Commission Rule 15c2-12(b)(5), the City will undertake, pursuant to a Continuing Disclosure Agreement, to provide certain annual financial information and notices of the occurrence of certain events. A form of the Continuing Disclosure Agreement is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

Due to the implementation of a new enterprise resource planning system, the City was 59 days late in filing its unaudited financial statements of the Light and Power Fund and did not file its unaudited Comprehensive Annual Financial Report but rather filed its audited Comprehensive Annual Financial Report when it became available on February 29, 2016.

TERMS OF SALE

Interest Rates and Limits on Purchase Price

No bid for other than all of the 2016A Bonds will be considered.

Bidders must specify a rate of interest for each maturity of the 2016A Bonds. The rates of interest must be expressed in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%), and the true interest cost to the City shall not exceed five percent (5.0%). All 2016A Bonds of the same maturity must bear the same rate of interest. No 2016A Bonds may bear a rate of interest greater than five percent (5.0%), and also no 2016A Bonds maturing from June 1, 20__ through June 1, 20__ may bear a rate of interest less than ____ percent (____%). No 2016A Bonds will be issued as "zero coupon" or capital appreciation bonds.

Bidders may bid to purchase the 2016A Bonds with an aggregate premium of not more than ____ percent (____%) of the principal amount thereof. No bid will be considered at an aggregate price less than one hundred percent (100%) of the principal of the 2016A Bonds.

No bid will be accepted that contemplates the waiver of any interest or other concession by the bidder as substitute for payment in full of the purchase price. Bids that do not conform to the terms of this section may be rejected.

Award

If satisfactory bids are received, the 2016A Bonds will be awarded to the highest responsible bidder. The highest bid will be that which results in the lowest True Interest Cost. The True Interest Cost shall be computed by doubling the semiannual interest rate (compounded semiannually) necessary to discount the debt service payments from their respective payment dates to the date of the 2016A Bonds and to the price bid. For the purpose of calculating the True Interest Cost, the principal amount of 2016A Bonds established for mandatory sinking fund redemption as part of a term bond shall be treated as a serial maturity in each year. In the event that two or more bidders have bid the same True Interest Cost, the award shall be made by random selection.

Right of Rejection

The City reserves the right, in its discretion, to reject any and all proposals, including any proposals not conforming to this Notice Inviting Bids, and to waive any irregularity or informality in any proposal.

Equal Opportunity

It is the policy of the City that disadvantaged business enterprises ("DBE") and all other business enterprises have an equal opportunity to participate in the performance of the City contracts. Bidders are required to make a good faith effort to reach out to the DBEs to ensure they have equal opportunity to compete for the purchase of the 2016A Bonds.

Insurance

The successful bidder shall not purchase municipal bond insurance in connection with the 2016A Bonds.

Form of Bid and Surety Bond

Bidders must purchase the 2016A Bonds at a price equal to the principal amount thereof plus a premium. Each bid must be delivered by electronic transmission, as described below, and received by 9:30 a.m., Pacific time, _____, 2016. Each bid must be in accordance with the terms and conditions set forth in this Notice Inviting Bids.

In the event multiple bids are received from a single bidder by any means or combination thereof, the City shall accept the best of such bids, and each bidder agrees by submitting any bid to be bound by its best bid.

Warnings Regarding Electronic Bids: The City will accept bids in electronic form solely through Ipreo's Parity® System (at <https://www.newissuehome.i-deal.com>) on the official bid form created for such purpose. Each bidder submitting an electronic bid understands and agrees by doing so that it is solely responsible for all arrangements with Parity, and that Parity is not acting as an agent of the City. Instructions and forms for submitting electronic bids must be obtained from Parity, and the City assumes no responsibility for ensuring or verifying bidder compliance with Parity's procedures. The City shall be entitled to assume that any bid received via Parity has been made by a duly authorized agent of the bidder.

The City, the Financial Advisor, and Bond Counsel assume no responsibility for proper functioning of the Parity System, for any error contained in any bid submitted electronically, or for failure of any bid to be transmitted, received or opened at the official time for receipt of bids. The official time for receipt of bids will be determined by the City at the place of bid opening, and the City shall not be required to accept the time kept by Parity as the official time. The City assumes no responsibility for informing any bidder prior to the deadline for receiving bids that its bid is incomplete or not received.

Good Faith Deposit

Each bidder must provide prior to the time the bids are examined a deposit in the amount of \$ _____ (the "Good Faith Deposit") in the form of (i) a financial surety bond ("Surety Bond") issued by an insurance company rated in one of the top two rating categories by Moody's Investors Service, Fitch Ratings or Standard & Poor's Ratings Services, without regard to any modification of the rating and licensed to issue such a bond in the State of California, naming the City as the beneficiary and identifying the bidder whose deposit is guaranteed by the Surety Bond, or (ii) a wire transfer of immediately available federal funds.

Surety Bonds. Any Surety Bond may be submitted by facsimile transmission to 626-440-7036 or electronic mail to verganian@cityofpasadena.net, stthomas@cityofpasadena.net, tadedeji@cityofpasadena.net, ecampbell@cityofpasadena.net and esoong@pragadvisors.com prior to the deadline for the examination of the bids. If the successful bidder has provided a Surety Bond, such bidder shall wire transfer to the City the amount of the Good Faith Deposit in immediately available federal funds not later than 12:00 noon (Pacific Time) on the business day next succeeding the day of acceptance of the proposal, which amount shall be deposited in a fund held by the City and applied to the purchase price of the 2016A Bonds. If the City has not

received such federal funds wire transfer by the time stated, the City may draw upon the Surety Bond to satisfy the successful bidder's deposit requirements.

Wire Transfers. Any Good Faith Deposit wire transfers must be received in federal funds prior to the deadline for the examination of the bids, and should be directed as follows:

ABA#: 026009593
Bank of America
333 S. Hope Street
Los Angeles, CA 90071
Bank Account #: 0443280200
Bank Account Name: City of Pasadena

Each bidder submitting the Good Faith Deposit by wire transfer must also (i) send an email to the attention of verganian@cityofpasadena.net, stthomas@cityofpasadena.net, tadedeji@cityofpasadena.net, ecampbell@cityofpasadena.net and esoong@pragadvisors.com and to the attention of patty.ramirez@baml.com and dedicatedwgov@bankofamerica.com providing the name of the bidder entity and contact person and notifying the City of the delivery of such wire transfer and referencing "Electric 2016A Series Good Faith Wire Transfer", (ii) include with such e-mail notification, wiring and/or mailing instructions for the return of the wire transfer should the bidder be unsuccessful and (iii) obtain a confirmation from one of the foregoing persons of the receipt of such Good Faith Deposit and instructions. Failure to provide such information will delay return of such Good Faith Deposit. The wire transfers of unsuccessful bidders will be returned promptly after the examination of bids. The wire transfer of the successful bidder will be retained by the City and applied to the purchase price of the 2016A Bonds when the 2016A Bonds are delivered. The City disclaims any liability for funds sent by wire transfer, except for any willful misconduct or reckless disregard for its duties.

Liquidated Damages; No Interest. No interest will be paid upon the Good Faith Deposit made by any bidder. The Good Faith Deposit of the successful bidder will, immediately upon acceptance of its bid, become the property of the City to be held and invested for the exclusive benefit of the City as provided herein. The principal amount of such Good Faith Deposit shall be applied to the purchase price of the 2016A Bonds at the time of delivery thereof.

If the purchase price is not paid in full upon delivery of the 2016A Bonds, the successful bidder shall have no right in or to the 2016A Bonds or to the recovery of its Good Faith Deposit, or to any allowance or credit by reason of such Good Faith Deposit, unless (i) it shall appear that the 2016A Bonds would not be validly issued if delivered to the successful bidder in the form and manner proposed or (ii) as provided in "Right of Cancellation by Bidder" below. Except as provided in the prior sentence, in the event of nonpayment by the successful bidder, the amount of the Good Faith Deposit shall be retained by the City. Notwithstanding the foregoing, should the successful bidder fail to pay for the 2016A Bonds at the price and on the date agreed upon, the City retains the right to seek further compensation for damages sustained as a result of the successful bidder so doing.

Estimate of True Interest Cost

Each bidder is requested, but not required, to supply an estimate of the True Interest Cost to the City on the basis of its bid, which shall be considered as informative only and not binding on either the bidder or the City.

Prompt Award

The City, acting through its Director of Finance, will conditionally award the 2016A Bonds or reject all bids not later than 24 hours after the expiration of the time herein prescribed for the receipt of proposals, unless such time of award is waived by the successful bidder. Notice of the conditional award will be given promptly to the successful bidder. The City will endeavor to obtain City Council confirmation and ratification of the award within such 24 hour period, but such confirmation and ratification, which is a condition of closing, may occur at any time prior to delivery of the 2016A Bonds.

Reoffering Price

The successful bidder will, within 30 minutes after being notified of the conditional award of the 2016A Bonds, advise the City of the initial public offering prices of the 2016A Bonds. The successful bidder will also be required, prior to delivery of the 2016A Bonds, to furnish to the City a certificate acceptable to Bond Counsel (the "Bidder's Certificate"), which states with respect to each maturity of the 2016A Bonds that either (i) such successful bidder has purchased the applicable maturity of the 2016A Bonds for its own account and not with a view to distribution or resale and not in the capacity of a bond house, broker or other intermediary and the price at which such purchase was made, or (ii) (1) such successful bidder has made a bona fide offering to the public of each applicable maturity of the 2016A Bonds at the prices or yields indicated in the information supplied on the date of the conditional award, and (2) the first price or yield at which an amount equal to at least 10% of each such maturity of the 2016A Bonds was sold to the public was, respectively, a price not higher or a yield not lower than indicated on the date of the conditional award, with the exception of those maturities, if any, identified in such Bidder's Certificate, as to which such certificate shall explain the reasons why at least 10% of each maturity was not sold to the public at the price indicated for each such maturity on the date of the award. For the purposes of the information submitted on the date of the conditional award and the Bidder's Certificate, the "public" does not include bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers. In making such representations, the successful bidder must reflect the anticipated existence, if any, of a "derivative product" (e.g., a tender option) offered or to be offered by the bidder or its affiliate in connection with the initial sale of any of the 2016A Bonds. The successful bidder may also be asked by Bond Counsel to clarify any discrepancies between the Bidder's Certificate and publicly available information relating to trades of the 2016A Bonds and to explain the failure to sell at least 10% of each maturity to the public at the prices indicated on the date of the conditional award.

California Debt and Investment Advisory Commission

The successful bidder will be required to pay any fees due to the California Debt and Investment Advisory Commission ("CDIAC") under California law. CDIAC will invoice the successful bidder after the delivery of the 2016A Bonds.

CUSIP Numbers and Other Fees

It is anticipated that CUSIP numbers will be printed on the 2016A Bonds, but neither the failure to print such numbers on any 2016A Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for said 2016A Bonds in accordance herewith. The successful bidder will be responsible for obtaining CUSIP numbers. All charges of the CUSIP Service Bureau for the assignment of CUSIP numbers for the 2016A Bonds shall be paid by the successful bidder. The successful bidder shall also be required to pay all fees required by DTC, the Securities Industry and Financial Markets Association, the Municipal Securities Rulemaking Board and any other similar entity imposing a fee in connection with the issuance and delivery of the 2016A Bonds.

No Litigation

There is no litigation pending concerning the validity of the 2016A Bonds, the corporate existence of the City, or the title of the officers thereof to their respective offices, and the City will furnish to the successful bidder a no-litigation certificate certifying to the foregoing as of and at the time of the delivery of the 2016A Bonds.

Official Statement

The City has approved a Preliminary Official Statement dated _____, 2016, which the City has "deemed final" for purposes of Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission although subject to revision, amendment and completion in a final Official Statement in conformity with such Rule. The City will furnish to the successful bidder, at no expense to the successful bidder, within seven (7) business days of the award date, the Official Statement, in electronic format and up to 50 copies thereof.

Certificate Regarding Official Statement

The City will provide to the successful bidder of the 2016A Bonds a certificate, signed by a responsible officer, confirming to the successful bidder that, at the time of the acceptance of its bid for the 2016A Bonds and at the time of delivery thereof, the Preliminary Official Statement and the final Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

Delivery and Payment

Delivery of the 2016A Bonds is expected to occur on or about _____, 2016. The 2016A Bonds will be delivered in New York, New York (by Fast Automated Securities Transfer) to DTC. The successful bidder shall pay for the 2016A Bonds on the date of delivery

in Federal Reserve Bank funds or equivalent immediately available funds. Payment on the delivery date shall be made in an amount equal to the price bid for the 2016A Bonds less the amount of the Good Faith Deposit. Any expense of providing immediately available funds, whether by transfer of Federal Reserve Bank funds or otherwise, shall be borne by the successful bidder.

Right of Cancellation by City

The City reserves the right at any time prior to and including the day of the bid opening, to cancel the public sale of the 2016A Bonds. In such event, the City shall cause notice of the cancellation of this invitation for bids and the public sale of the 2016A Bonds to be communicated through Thomson Municipal News as promptly as practicable. However, no failure to publish such notice, failure of any prospective bidder to receive such notice or any defect or omission therein shall affect the cancellation of the public sale of the 2016A Bonds.

Right of Cancellation by Bidder

The successful bidder shall have the right, at its option, to cancel its obligation to purchase the 2016A Bonds if the City shall fail to execute the 2016A Bonds and tender the same for delivery within 30 days from the date of award thereof, and in such event the successful bidder shall be entitled to the return of the Good Faith Deposit accompanying its proposal.

Springing Amendments to Fiscal Agent Agreement

Terms of Amendments. The amendments to the Fiscal Agent Agreement described below shall become effective upon the earlier to occur of: (i) the first date upon which the City has filed with the Fiscal Agent the written consent of a majority of the aggregate principal amount of Bond Obligations of the Bonds Outstanding as of the effective date of the Eighth Supplement (but excluding the 2013A Bonds for the purposes of such calculation), or any consent in lieu thereof in accordance with Section 8.01 of the Fiscal Agent Agreement has been obtained, or (ii) the first date upon which all of the Outstanding 2008 Bonds, 2009 Bonds, 2010A Bonds and 2012A Bonds have been defeased, paid or discharged in accordance with their terms and are no longer Outstanding for purposes of the Fiscal Agent Agreement. The purchase of Bonds issued pursuant to the Fiscal Agent Agreement after the effective date of the Eighth Supplement shall constitute the consent of such purchasers, as Bond Owners, to the amendments in Article VIII of the Fiscal Agent Agreement.

Reserve Fund Requirement. The definition of "Reserve Fund Requirement" set forth in Section 1.02 of the Fiscal Agent Agreement is amended and restated in its entirety as follows:

"Reserve Fund Requirement" means, as of any date of determination and excluding therefrom any Parity Obligations for which no reserve fund is to be maintained or for which a separate reserve fund is to be maintained, the least of (a) ten percent (10%) of the initial offering price to the public of each Series of Bonds and Parity Obligations to be secured by the Parity Reserve Fund as determined under the Code, or (b) the maximum Annual Debt Service on all Bonds and Parity Obligations to be secured by the Parity Reserve Fund, or (c) one hundred twenty-five percent (125%) of the Average Annual Debt Service on all Bonds and Parity

Obligations to be secured by the Parity Reserve Fund, all as computed and determined by the City; provided, that such requirement (or any portion thereof) may be provided by the City delivering to the Fiscal Agent for credit to the Parity Reserve Fund one or more policies of municipal bond insurance or surety bonds issued by a municipal bond insurer if the obligations insured by such insurer have ratings at the time of issuance of such policy is in one of the two highest rating categories of Moody's, Standard & Poor's or Fitch or by a letter or credit issued by a bank or other institution if the obligations issued by such bank or other institution have ratings at the time of issuance of such letter of credit in one of the two highest rating categories of Moody's, Standard & Poor's or Fitch.

Investment of Moneys in the Parity Reserve Fund. The last sentence of the second paragraph of Section 4.04 is amended and restated in its entirety as follows:

"Investment Securities purchased as an investment of moneys in the Parity Reserve Fund may not have maturities extending beyond ten (10) years."

Additional Information

Copies of the Ordinance, the Fiscal Agent Agreement, and the Preliminary Official Statement will be furnished to any potential bidder upon request made to the City's Financial Advisor, Public Resources Advisory Group, 11500 West Olympic Boulevard, Suite 502, Los Angeles, California 90064, Attention: Edmund Soong (telephone (310) 477-8487, fax (310) 477-0105).

Date: _____, 2016

/s/ Matthew Hawkesworth

Director of Finance
City of Pasadena