

Agenda Report

July 22, 2019

TO: Honorable Mayor and City Council

FROM: Director of Finance

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA CONFIRMING THE AWARD OF ITS ELECTRIC REVENUE/ REFUNDING BONDS 2019A SERIES

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to California Environmental Quality Act (CEQA) as defined in Section 21065 of CEQA and section 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required for the project; and
2. Adopt a resolution confirming the award of the City of Pasadena Electric Revenue/Refunding Bonds, 2019A Series.

BACKGROUND:

On June 10, 2019, the City Council authorized the issuance of its Electric Revenue/Refunding Bonds, 2019A Series to refund the current outstanding \$12,625,000 balance on the existing 2009 Electric Revenue Bond series. The 2019A bonds will be sold on a competitive basis on Monday July 22, 2019. In accordance with Section 1414 of the City Charter, once bids have been received, the City Council must, by resolution, officially accept the winning bid and fix the interest rate or rates on the bonds. Based on this requirement, it is recommended that the City Council adopt the attached resolution.

On Monday, July 22, 2019, bids will be received for the above referenced bonds. A calculation will be done by the City's financial advisor to determine the lowest cost bid to the City. Since the City has 24 hours to accept (or reject) any bid, the City Council will be asked to take formal action that same evening at its regularly scheduled meeting. The attached resolution refers to Exhibit B which is the

pricing summary and result of the bids that will be distributed at the council meeting and become part of the official record.

In addition, Section 3 and 4 of the resolution require financial information that will not be known until after the bids are received. This information will be presented at the July 22, 2019 City Council meeting and will be incorporated into the final official version of the resolution.

ENVIRONMENTAL ANALYSIS:

The proposed actions are governmental fiscal activities that would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project to CEQA, no environmental document is required.

COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal to maintain fiscal responsibility and stability for the City will be met through this action.

FISCAL IMPACT:

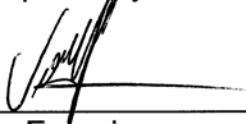
Under the anticipated results of the bids, the All-in True Interest Cost is expected at an estimated 1.37 percent rate based on current market rates, which is subject to change until the actual bidding is complete on the scheduled July 22, 2019 date. The refunding of the 2009 Electric Revenue Bonds is estimated to generate at least \$750,000 million of net present value savings or 6.3 percent of the existing principal amount of the refunded bonds. Debt service payments will be made from the Electric Fund and will be addressed by utilization of existing budgeted appropriations in Account #42004270-867700. There is no indirect or support cost requirements. The anticipated impact to other operations or programs will be none.

Respectfully submitted,



MATTHEW E. HAWKESWORTH
Director of Finance

Prepared by:



Vic Erganian
City Treasurer
Deputy Finance Director

Concurred by:



GURCHARAN BAWA
General Manager
Water & Power Department

Approved by:



STEVE MERMELL
City Manager

RESOLUTION NO. ____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA
CONFIRMING THE AWARD OF ITS ELECTRIC REVENUE
REFUNDING BONDS, 2019A SERIES**

WHEREAS, at the time and place fixed for the opening of bids for the City of Pasadena, California, Electric Revenue Refunding Bonds, 2019A Series (the "2019A Bonds"), bids were received by the Director of Finance of the City of Pasadena (the "City"); and

WHEREAS, the Director of Finance has previously accepted the bid of the highest responsible bidder, a summary of which bids are attached hereto as Exhibit A, and conditionally awarded the 2019A Bonds to the bidder named in the lowest true interest cost bid;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Pasadena:

Section 1. The pricing summary attached hereto as Exhibit B, specifying the purchase price for the 2019A Bonds and the interest rates per annum for each of the maturities of the 2019A Bonds, is based on the highest responsible bid for the 2019A Bonds producing the lowest true interest cost to the City (which true interest cost does not exceed three percent (3.0%) per annum as specified as the maximum true interest cost in the Ordinance authorizing the issuance of the 2019A Bonds). The City hereby waives any irregularity and informality in such bid and confirms the award of the 2019A Bonds to the bidder named in the winning bid in accordance with the terms of the bid.

Section 2. All bids other than the bid accepted by the Director of Finance are rejected.

Section 3. The interest rates on the 2019A Bonds are hereby fixed at the rates as set forth in the attached Exhibit B. The exact aggregate principal amount of the 2019A Bonds to be issued and sold is \$_____.

Section 4. The Director of Finance, or his designee, is hereby authorized and directed to deliver the 2019A Bonds to the successful bidder upon payment therefor at the purchase price of \$_____, and to undertake any and all acts necessary or desirable to accomplish the purposes of this Resolution.

Adopted at a regular meeting of the City Council this 22nd day of July, 2019, by the following vote:

Ayes:

Noes:

Absent:

Mark Jomsky
City Clerk

APPROVED AS TO FORM:

Michele Beal Bagneris
City Attorney

APPROVED AS TO FORM:

Danny Kim, Partner
Nixon Peabody LLP
Bond Counsel

Exhibit A
Summary of Bids

Exhibit B
Pricing Summary