

Ordinance Fact Sheet

TO: Honorable Mayor and City Council **DATE:** September 14, 2020

FROM: City Attorney

SUBJECT: AN ORDINANCE OF THE CITY OF PASADENA AUTHORIZING THE ISSUANCE BY THE CITY OF NOT TO EXCEED \$50,425,000 AGGREGATE PRINCIPAL AMOUNT OF CITY OF PASADENA WATER REVENUE/REFUNDING BONDS, 2020A SERIES, PAYABLE OUT OF THE WATER FUND, AND APPROVING THE EXECUTION AND DELIVERY OF A SIXTH SUPPLEMENT TO WATER REVENUE BOND INDENTURE AND A CONTINUING DISCLOSURE AGREEMENT IN CONNECTION THEREWITH

TITLE OF PROPOSED ORDINANCE:

AN ORDINANCE OF THE CITY OF PASADENA AUTHORIZING THE ISSUANCE BY THE CITY OF NOT TO EXCEED \$50,425,000 AGGREGATE PRINCIPAL AMOUNT OF CITY OF PASADENA WATER REVENUE/REFUNDING BONDS, 2020A SERIES, PAYABLE OUT OF THE WATER FUND, AND APPROVING THE EXECUTION AND DELIVERY OF A SIXTH SUPPLEMENT TO WATER REVENUE BOND INDENTURE AND A CONTINUING DISCLOSURE AGREEMENT IN CONNECTION THEREWITH

PURPOSE OF THE ORDINANCE:

The City has previously issued its \$25,425,000 Water Revenue Bonds, Issue of 2010, 2010A Series (Taxable Build America Bonds – Direct Payment) (the “2010A Bonds”) pursuant to Article XIV of the Charter, and a Water Revenue Bond Indenture, dated as of August 1, 2003, by and between the City and The Bank of New York Mellon Trust Company, N.A. (formerly known as BNY Western Trust Company), as trustee (the “Trustee”) (the “Master Indenture”), as supplemented by a Third Supplement to Water Revenue Bond Indenture, dated as of December 1, 2010, by and between the City and the Trustee.

MEETING OF 09/14/2020

AGENDA ITEM NO. 22

The purpose of this ordinance is to authorize the issuance of Water Revenue/Refunding Bonds, 2020A Series (with such further designation as may be determined to identify such bonds, the “2020A Bonds”) pursuant to the Master Indenture, as amended and supplemented, including as amended and supplemented by a Sixth Supplement to Water Revenue Bond Indenture, by and between the City and the Trustee (the “Sixth Supplement,” and collectively with the Master Indenture as amended and supplemented, the “Indenture”), to provide moneys (i) to refund all of the 2010A Bonds, (ii) finance the costs of acquisition and construction of certain capital improvements to the Water System, (iii) make an additional deposit to the Parity Reserve Fund, and (iv) to pay costs of issuance of the 2020A Bonds, said 2020A 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 additionally authorizing the issuance of such 2020A Bonds.

REASONS WHY LEGISLATION IS NEEDED:

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, and extensions and improvements of, the water system of the City, and of refunding bonds for the purposes of refunding any revenue bonds issued pursuant to such Article, by ordinance authorizing the issuance of such revenue bonds.

PROGRAMS, DEPARTMENTS OR GROUPS AFFECTED:

The 2020A 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. The Water and Power Department and Finance Department will be responsible for the administrative implementation of the 2020A Bonds.

ENVIRONMENTAL DETERMINATION:

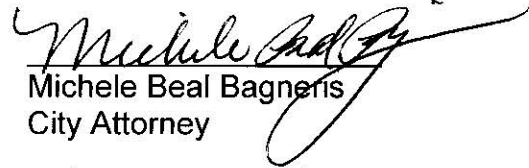
The proposed actions are governmental fiscal activities that would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed action is not a “project” subject to CEQA, as defined in Section 21065 of CEQA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

FISCAL IMPACT:

The 2020A Bonds will be sold on a competitive basis with a maximum term of 30 years and will bear fixed interest rates. It is estimated that the bonds will have an average life of 14.71 years with final maturity in fiscal year 2050. The true interest cost is currently estimated at 2.43% based on current market rates, which is subject to change until the actual bidding is

complete on the scheduled November 16, 2020 date. Debt service payments will be made from the Water Fund and will be addressed by utilization of existing budgeted appropriations in Account #42008300-867700. Funds for the debt service payments are available from currently approved water rates.

Respectfully submitted,


Michele Beal Bagnaris
City Attorney