

Agenda Report

November 22, 2004

To: City Council

From: Rose Bowl Operating Company

Subject: Resolution of the City Council Declaring Its Intention to Reimburse Itself from the Proceeds of One or More Tax-exempt Financings for Certain Expenditures Made and/or To Be Made in Connection With the Acquisition, Construction and Equipping of Certain Capital Improvements

RECOMMENDATION:

It is recommended that the City Council:

- 1) Approve a Resolution declaring the City Council's intention to reimburse itself from the proceeds of one or more tax-exempt financings for certain expenditures made and/or to be made in connection with the acquisition, construction and equipping of certain capital improvements within the Rose Bowl Locker Room & Seismic Strengthening Projects.

BACKGROUND:

On January 12, 2004, the City Council approved a 20 year lease with UCLA to play intercollegiate football at the Rose Bowl Stadium. As part of the lease agreement, the RBOC is required to build new locker rooms and a media center below the south end of the stadium by September, 2007 and provide seismic strengthening of the stadium to meet Seismic Certification for University of California Real Estate Services by September 2006. In December of 2003, the RBOC and City Council approved \$250,000 for the design/development phase of the Locker Room Project and \$386,000 for the Seismic Strengthening Project to begin the process.

Preliminary funding for the pre-construction phase of the projects was provided by funds held in reserve from Rose Bowl retained earnings and surplus from capital projects that were completed under budget.

On October 20, 2004, the RBOC approved an amendment to the FY 2005 Rose Bowl Capital Improvement Program adding the Stadium Seismic Strengthening Project and approved a journal voucher appropriating an additional \$1,164,000 to the Project.

The proposed seismic strengthening project is estimated to cost \$1,550,000 and was approved to be funded from sources below:

ROSE BOWL STADIUM SEISMIC STRENGTHENING PROJECT (S1,550,000)

FUNDING SOURCES

Unrestricted and Undesignated Retained Earnings *	\$1,455,885
Unspent 1996 Bond Proceeds	\$17,177
Unspent 1991 Bond Proceeds	\$76,938
Total from Funding Sources	\$1,550,000

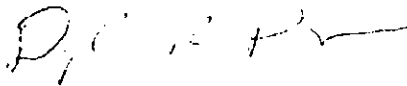
This action would leave a balance of \$159,508 in Unrestricted/Undesignated Retained Earnings.

If the City Council approves this resolution, it can reimburse itself for previously incurred capital costs and/or future costs from the bond proceeds.

FISCAL IMPACT:

There is no specific fiscal impact from this action. This action does not obligate the City Council to approve a bond issue in the future and should the City Council choose not to proceed with a bond issue, all capital project related costs incurred would be paid for out of current cash balances.

Respectfully submitted,



 Edward S. Garlock
RBOC President

ATTACHMENT A

Prospective project expenditures to be funded from bond proceeds include:

1) Seismic Upgrades to Stadium	Estimated Cost - \$ 1,550,000
2) Locker Room Design/Development Documents	Estimated Cost - \$ 215,000
3) Locker Room Construction Documents	Estimated Cost - \$ 352,000
	<u>Total - \$ 2,117,000</u>

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA,
CALIFORNIA DECLARING ITS INTENTION TO REIMBURSE ITSELF FROM
THE PROCEEDS OF ONE OR MORE TAX-EXEMPT FINANCINGS FOR
CERTAIN EXPENDITURES MADE AND/OR TO BE MADE IN CONNECTION
WITH THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN
CAPITAL IMPROVEMENTS**

WHEREAS, the City of Pasadena, California (the "City") is a charter city and municipal corporation duly organized and existing under the Constitution and laws of the State of California; and

WHEREAS, the City has paid, beginning no earlier than September 6, 2004 and will pay, on and after the date hereof, certain expenditures (the "Expenditures") in connection with the acquisition, construction and/or equipping of certain improvements to its Rose Bowl stadium (the "Project"); and

WHEREAS, the City Council of the City has determined that those moneys previously advanced and to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the City for the Expenditures from the proceeds of one or more issues of tax-exempt bonds (the "Bonds"); and

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

Section 1. The City Council hereby declares the City's intent to reimburse the City with the proceeds of the Bonds for the Expenditures with respect to the Project made on and after September 6, 2004, which date is no more than 60 days prior to the date hereof. The City reasonably expects on the date hereof that it will reimburse the expenditures with the proceeds of the Bonds.

Section 2. Each Expenditure was and will be either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Bonds, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the City so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the City.

Section 3. The maximum principal amount of the Bonds expected to be issued for the Project is \$3,000,000.

Section 4. The City will make a reimbursement allocation, which is a written allocation by the City that evidences the City's use of proceeds of the Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the

date on which the Expenditure is paid. The City recognizes that exceptions are available for certain "preliminary expenditures," costs of issuance, certain de *minimis* amounts, expenditures by "small issuers" (based on the year of issuance and not the year of expenditure) and expenditures for construction projects of at least five years.

Section 5. This resolution shall take effect immediately upon its passage.

Adopted at a regular meeting of the City Council this _____ day of November, 2004, by the following vote:

Ayes:

Noes:

Absent:

Approved as to Form:

Michele Beal Bagneris
City Attorney

Jane Rodriguez
City Clerk