

**MINUTES  
SPECIAL MEETING  
BOARD OF DIRECTORS  
OF THE  
PASADENA PUBLIC FINANCING AUTHORITY  
MARCH 24, 2008**

Chair Bogaard called the special meeting to order at 4:04 p.m. on Monday, March 24, 2008, in the City Hall Council Chamber, 100 N. Garfield Avenue, Pasadena.

**ROLL CALL**

Board Members: Bill Bogaard, Chair  
Steve Haderlein, Vice Chair  
Victor Gordo (Arrived at 4:18 p.m.)  
Chris Holden  
Steve Madison (Arrived at 4:13 p.m.)  
Margaret McAustin  
Jacque Robinson  
Sidney F. Tyler

Staff: Executive Director Bernard K. Melekian  
City Attorney Michele Beal Bagneris  
Senior Assistant City Clerk Mark Jomsky

**APPROVAL OF MINUTES – September 11, 2006**

It was moved by Board Member Robinson, seconded by Board Member Tyler, to approve the above minutes, as submitted. (Motion unanimously carried) (Absent: Board Members Gordo, Madison)

**ADOPTION OF A RESOLUTION OF THE PASADENA PUBLIC FINANCING AUTHORITY APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A THIRD SUPPLEMENTAL TRUST AGREEMENT, A SUPPLEMENT NO. 3 TO LEASE, A SUPPLEMENT NO. 3 TO SUBLEASE, A REIMBURSEMENT AGREEMENT, A CERTIFICATE PURCHASE AGREEMENT, AND APPROVING OTHER RELATED DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH**

**Recommendation of Executive Director:** It is recommended that the Pasadena Public Financing Authority adopt a resolution approving the form of and authorizing the execution and delivery of a third supplemental trust agreement, a supplement No. 3 to lease, a supplement No. 3 to sublease, a reimbursement agreement, a certificate purchase agreement, and approving other related documents and actions in connection therewith. (Resolution No. PPFA-12)

The Executive Director announced the retirement of Steve Stark, Director of Finance Department, and thanked Mr. Stark for his service to the City.

Mr. Stark introduced the agenda item, and thanked Vic Erganian and the financing team, who had worked diligently on this refinancing effort for the Pasadena Conference Center expansion project.

[Board Member Madison arrived at 4:13 p.m. Board Member Gordo arrived at 4:18 p.m.]

Vic Erganian, Acting Deputy Director of Finance, introduced the financing team members who were present: Eric Tashman, Sidley Austin LLP (bond and disclosure counsel); Julio Morales, Public Financial Management, Inc. (PFM) (financial advisor); Michelle Issa, Bank of America Securities (underwriter); Paul Sutherlen, Bank of America, N.A. (line of credit bank). Mr. Erganian reviewed the agenda report, commented on the current liquidity crisis in the bond market/Auction Rate Securities (ARS) market and consequent impacts on the Conference Center's finance deal, confirmed that the Official Statement will be presented to Council when the transaction is closed, described staff's monitoring practices for the bond market and banking activities that are involved in the transaction, distributed handouts titled "City of Pasadena – 2006 Swap" and "Sources and Uses of Funds", and responded to questions.

Eric Tashman, Sidley Austin LLP (bond and disclosure counsel), discussed Ambac's (the insurance company) right to consent to or refuse this transaction and a possible breach of the Ambac agreement by the City; and responded to questions.

Julio Morales, PFM (financial advisor), discussed the sunk cost of the insurance premiums; explained two parts of the transaction [the variable rate demand bonds (VRDBs) and a synthetic fixed rate]; and responded to questions.

Board Member Tyler complemented Mr. Erganian on the thoroughness and quality of the report and the diligence of staff.

Discussion followed on the impact of this action on the debt service for the Conference Center's project, the out-of-pocket costs for the refinancing transaction, the loss of the insurance premiums paid to Ambac and the role of insurance companies in bringing about this loss, an option to pursue legal action to recover a prorated amount on the Ambac insurance premiums, the various components of the refinancing transaction, expectations for renegotiating the financing terms in the next two years, possible recovery by the City if Ambac should enter into bankruptcy, the process for reviewing the reasonable costs of the banking fees, impacts of drawing down on the Line of Credit, potential risks to the City related to the refinancing transaction and the current market, and options to address possible downgrading of the rating for Bank of America.

Board Member Madison suggested staff explore legal remedies to recover the costs of the insurance premiums that will be lost in this transaction, and that a simple postmortem explanation be compiled and presented to Council on the refinancing circumstances for the Conference Center expansion project (the costs of the refinance deal and why). He noted that the Pasadena Center Operating Company's (PCOC) Finance Committee had been discussing this matter; that the PCOC Board would be discussing this matter at its next meeting; and that based on the necessity of this situation, this recommendation was being presented to the Pasadena Public Financing Authority and Council at this time.

The Mayor asked staff to provide total expense cost figures for the time period from when the interest rates began to rise to a time a few months from now when this transaction will be in effect. He noted that the Conference Center project was going forward on time and on budget and that the costs of the current market turmoil does not affect the project in any material sense.

In response to Vice Chair Haderlein's questions, the Executive Director noted that staff had done a good job early in the current market crisis by monitoring the bond market and exploring options.

It was moved by Board Member Tyler, seconded by Vice Chair Haderlein, to approve the Executive Director's recommendation. (Motion unanimously carried) (Absent: None)

**ADOPTION OF A RESOLUTION OF THE PASADENA PUBLIC FINANCING AUTHORITY APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FOURTH SUPPLEMENTAL TRUST AGREEMENT, A SUPPLEMENT NO. 4 TO LEASE, A SUPPLEMENT NO. 4 TO SUBLEASE, A CERTIFICATE PURCHASE AGREEMENT, AND APPROVING OTHER RELATED DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH**

**Recommendation of Executive Director:** It is recommended that the Pasadena Public Financing Authority adopt a resolution approving the form of and authorizing the execution and delivery of a fourth supplemental trust agreement, a supplement No. 4 to lease, a supplement No. 4 to sublease, a certificate purchase agreement, and approving other related documents and actions in connection therewith. (Resolution No. PPFA-13)

The Executive Director indicated that this was the second of three refinancing transactions (see prior agenda item), with the third transaction to be presented in a few weeks.

Vic Erganian, Acting Deputy Director of Finance, summarized the agenda report.

It was moved by Board Member Robinson, seconded by Vice Chair Haderlein, to approve the Executive Director's recommendation. (Motion unanimously carried) (Absent: None)

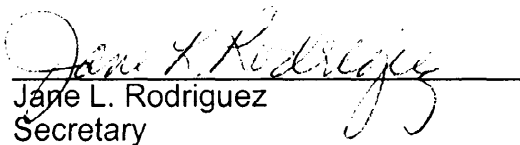
**ADJOURNMENT**

On order of the Chair, the special meeting of the Pasadena Public Financing Authority adjourned at 5:29 p.m.



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Bill Bogaard, Chair  
Pasadena Public Financing Authority

ATTEST:



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Jane L. Rodriguez  
Secretary