

Agenda Report

October 11, 2010

TO: Honorable Mayor and City Council

FROM: Finance Department

SUBJECT: PUBLIC HEARING: TAX EQUITY AND FISCAL RESPONSIBILITY ACT (TEFRA) AND CALIFORNIA GOVERNMENT CODE SECTION 6586.5 HEARING TO CONSIDER APPROVAL OF ROSE BOWL STADIUM IMPROVEMENTS AND AUTHORIZATION OF LEASE REVENUE BONDS BY THE PASADENA PUBLIC FINANCING AUTHORITY TO FINANCE AND REFINANCE SUCH IMPROVEMENTS LOCATED AT 1001 ROSE BOWL DRIVE

RECOMMENDATION:

It is recommended that the City Council:

Hold a public hearing as required by (i) Section 147(f) of the Internal Revenue Code of 1986 (the "Code") which is part of the Tax Equity and Fiscal Responsibility Act (TEFRA); and (ii) Section 6586.5 of the California Government Code relating to the proposed issuance by the Pasadena Public Financing Authority (the "Authority") of its lease revenue bonds in one or more series in a maximum aggregate principal amount of \$200,000,000 and the proposed reissuance for purposes of U.S. Treasury regulations Section 1.141-12(F)(2) of the Authority's \$47,300,000 original aggregate principal amount of Variable Rate Demand Lease Revenue Bonds, Series 2006.

BACKGROUND:

In May 2010, the Rose Bowl Operating Company (RBOC) Board of Directors reviewed the Rose Bowl renovation scope of development and recommended that the proposal be forwarded to City Council for approval. Staff has been periodically updating the City Council on the progress made on the renovation project and its financing. A workshop detailing the components of the financing was held on October 4, 2010. The TEFRA hearing advertised for October 4th was opened and continued until October 11th to allow for any new information regarding the proposed debt. On October 11, 2010, staff will present to City Council the recommendation for the approval of the Rose Bowl improvement project and its financing plan.

The bonds would be issued for 30 years with an anticipated average blended fixed interest rate of 4.8 percent. The bond issuance amount will not exceed \$200 million. The actual bond issue amount and interest rates will depend on market conditions at the time the bonds are sold. It is anticipated that the bonds will be sold in mid-November and proceeds will be available by late November.

A TEFRA hearing is required when public bonds are issued that will benefit a 501 (c)3 non-profit entity or when there is a potential use of Recovery Zone Bonds (RZBs). Consequently, due to the use of the Rose Bowl Stadium by the Tournament of Roses (TOR), which is a 501 (c)3 entity and the proposed use of Recovery Zone Economic Development Bonds (RZEDBs) for the renovation project, a TEFRA hearing is required. The notice of the hearing is contained in Exhibit A which is attached.

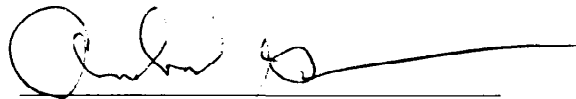
COUNCIL POLICY CONSIDERATION:

The Rose Bowl renovation project complies with the City's strategic plan of maintaining the stadium as an economically viable and world-wide reputable asset.

FISCAL IMPACT:

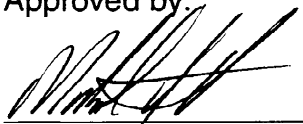
Holding the public hearing complies with the requirements of Section 147(f) of the Internal Revenue Code of 1986 (the "Code") and does not constitute City Council approval of the project or the financing.

Respectfully submitted,



ANDREW GREEN
Director of Finance

Approved by:



MICHAEL J. BECK
City Manager

Exhibit A

**CITY OF PASADENA
NOTICE OF PUBLIC HEARING**

NOTICE IS HEREBY GIVEN that on October 4, 2010, a public hearing will be held as required by (i) Section 147(f) of the Internal Revenue Code of 1986 (the "Code"); and (ii) Section 6586.5 of the California Government Code with respect to (a) the proposed issuance by the Pasadena Public Financing Authority (the "Authority") of its lease revenue bonds in one or more series in a maximum aggregate principal amount of \$200,000,000 and (b) the proposed re-issuance for purposes of U.S. Treasury Regulations Section 1.141-12(f)(2) of the Authority's \$47,300,000 original aggregate principal amount of Variable Rate Demand Lease Revenue Bonds (Rose Bowl Refinancing and Improvements Projects), Series 2006 (collectively, the "Bonds"). The Bonds have been or will be used to: (a) finance the costs of acquisition, construction, improvement, renovation, remodeling, furnishing and equipping of improvements and betterments to the Rose Bowl Stadium, including concourses, restrooms, tunnels, entry gates, scoreboards, seating, press box, club, suite and lounge facilities and related infrastructure as well as locker room and press facilities (the "Project"); (b) fund capitalized interest on the Project, if any; (c) fund any required debt service reserve fund for the Bonds; and (d) pay certain costs of issuance of the Bonds, including initial costs of any credit enhancement. Certain elements of the Project will be owned, operated or used by the Tournament of Roses. The location of Project is 1001 Rose Bowl Drive, Pasadena, California.

The public hearing will consider the proposed approval of the Project and the proposed authorization of the Bonds in order to finance and refinance the Project.

The public hearing shall be held during the regularly scheduled meeting of the Pasadena City Council to be held on October 4, 2010, at 7:30 p.m. local time, or as soon thereafter as the matter can be heard, in the Pasadena City Hall, Council Chambers Room S-246, 100 North Garfield Avenue, Pasadena, California.

Further information regarding this public hearing may be obtained by telephoning the City Clerk at (626) 744-4124. Interested persons wishing to express their views on the issuance of the Bonds or on the nature or location of the facilities proposed to be financed or refinanced may attend the public hearing or, prior to the time of the hearing, submit written comments to the office of the City Clerk, 100 North Garfield Avenue, Room S228 Pasadena, California 91109.

Dated: September 20, 2010

By: /s/ Mark Jomsky
City Clerk, City of Pasadena