

Agenda Report

December 12, 2011

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Director of Finance

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA CONFIRMING THE AWARD OF ITS WATER REVENUE REFUNDING BONDS 2011A SERIES

RECOMMENDATION:

It is recommended that the City Council adopt a resolution confirming the award of its Water Revenue Refunding Bonds, 2011A Series.

BACKGROUND:

On November 14, 2011, the City Council authorized the issuance of its Water Revenue Refunding Bonds, 2011A Series to partially refinance the current outstanding 2003 bonds in the amount of up to \$35,000,000. The bonds will be sold on a competitive basis on Monday December 12, 2011. In accordance with Section 1414 of the City Charter, once bids have been received, the City Council must, by resolution, officially accept the 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 December 12, 2011, 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 A which is the 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 also be presented at the December 12, 2011 council meeting and will be incorporated into the final official version of the resolution.

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:

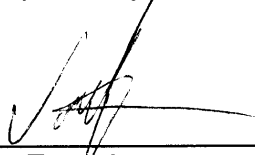
Under the anticipated results of the bids, the True Interest Cost is expected at an estimated 3.20% rate and the Water Fund is expected to realize an estimated net present value savings of up to \$1.78 million. The bonds will have a term of 20 years with an average annual debt service payment of \$1.936 million. There will be no increase in the annual debt service amount nor will there be an extension in the term of the bonds. Debt service payments will be addressed by the utilization of existing budgeted appropriations in account #8677-402-833000 made from the Water Fund and funds are available from the current rates.

Respectfully submitted,



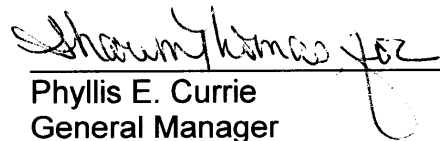
ANDREW GREEN
Director of Finance

Prepared by:



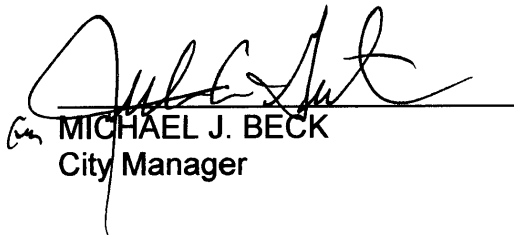
Vic Erganian
Deputy Director of Finance
City Treasurer

Concurred by:



Phyllis E. Currie
General Manager
Water & Power

Approved by:



MICHAEL J. BECK
City Manager

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA CONFIRMING THE AWARD OF ITS WATER REVENUE REFUNDING BONDS, 2011A SERIES

WHEREAS, at the time and place fixed for the opening of bids for the City of Pasadena, California, Water Revenue Refunding Bonds, 2011A Series (the "2011A Bonds"), bids for the 2011A Bonds 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 for the 2011A Bonds, a summary of which bids are attached hereto as Exhibit A, and conditionally awarded the 2011A Bonds to the bidder named in the lowest true interest cost bid; and

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

Section 1. The pricing summary for the 2011A Bonds attached hereto as Exhibit B, specifying the purchase price for the 2011A Bonds and the interest rates per annum for each of the maturities of the 2011A Bonds, is based on the highest responsible bid for the 2011A Bonds producing the lowest true interest cost to the City (which true interest cost does not exceed four and three-quarters percent (4.75%) per annum with respect to the 2011A Bonds, as specified as the maximum true interest cost for the 2011A Bonds in the Ordinance authorizing the issuance of the 2011A Bonds). The City hereby waives any irregularity and informality in such bid and confirms the award of the 2011A 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 for the 2011A Bonds are rejected.

Section 3. The interest rates on the 2011A Bonds are hereby fixed at the rates as set forth in the attached Exhibit B. The exact aggregate principal amount of the 2011A Bonds to be issued and sold is \$_____.

Section 4. The Director of Finance, or his designee, is hereby authorized and directed to deliver the 2011A Bonds to the successful bidder upon payment therefor at the net purchase price of \$_____, and to undertake any and all acts necessary or desirable to accomplish the purposes of this Resolution.

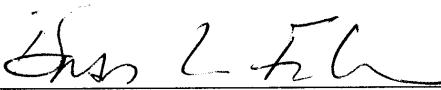
Adopted at a regular meeting of the City Council this 12th day of December, 2011, by the following vote:

Ayes:

Noes:

Absent:

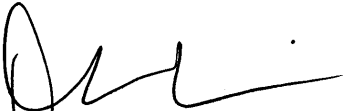
APPROVED AS TO FORM:



For _____
Michele Beal Bagneris
City Attorney

Mark Jomsky
City Clerk

APPROVED AS TO FORM:



Danny Kim
Fulbright & Jaworski L.L.P.
Bond Counsel

Exhibit A

Summary of Bids for 2011A Bonds

Exhibit B

Pricing Summary for 2011A Bonds