

RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE CITY COUNCIL AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OR SUBSERIES OF CITY OF PASADENA PENSION OBLIGATION REFUNDING BONDS, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF TRUST AGREEMENT SUPPLEMENTS PROVIDING FOR SUCH ISSUANCE, AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, the City of Pasadena (the "City"), in accordance with Article XV of the City Charter, enacted Chapter 2.250 of Title II, Article VI of the Pasadena Municipal Code (as each may be amended from time to time, being referred to herein as the "Retirement Law"); and

WHEREAS, the Retirement Law obligates the City to (1) make contributions to the City of Pasadena Fire and Police Retirement System (the "System") to fund pension benefits of certain of its employees, (2) amortize the unfunded actuarial accrued liability with respect to such pension benefits, and (3) appropriate funds for the purposes described in (1) and (2); and

WHEREAS, pursuant to that certain Fire and Police Retirement System Contribution Agreement (the "First Contribution Agreement") by and between the City and the System, the City committed to make payments toward the unfunded actuarial accrued liability existing as of May 23, 1991 and committed to contribute to the System all sums received by the City under the Amended and Restated Reimbursement Agreement, dated as of July 7, 1986, by and between the City and the Pasadena Community Development Commission; and

WHEREAS, as of March 18, 1999, the City and the System entered into a new contribution agreement (No. 16,900) (the "Second Contribution Agreement") which, subject to the terms and conditions thereof, superseded and replaced the First Contribution Agreement, and under which, subject to certain conditions, the City agreed to issue bonds in a sufficient amount to generate net proceeds to be paid to the System, after payment of costs of issuance, of \$100 million; and

WHEREAS, on April 26, 1999, acting pursuant to the provisions of Sections 860 *et seq.* of the State Code of Civil Procedure, the City filed a complaint in the Superior Court of the State for the County of Los Angeles seeking judicial validation of the transactions relating to the issuance of certain pension obligation bonds (including refunding bonds) and other matters; and

WHEREAS, on June 7, 1999, the court entered a default judgment (the "1999 Validation") to the effect that, among other things, such bonds were valid, legal and binding obligations of the City and were in conformity with all applicable provisions of the law, including the City Charter; and

WHEREAS, in August 1999, the City issued \$101,940,000 aggregate principal amount of City of Pasadena Taxable Pension Funding Bonds, Series 1999 (the "1999 Bonds"), pursuant to a Trust Agreement, dated as of August 1, 1999 (the "1999 Trust Agreement"), by and between the City and BNY Western Trust Company, as trustee (the "1999 Trustee"), for the purpose of refunding as much as all of the City's then obligations to the System and thereby providing funds to the System for investment; and

WHEREAS, in August 2004, relying on the 1999 Validation, the City issued an additional \$41 million of City of Pasadena Taxable Pension Funding Bonds, Series 2004 (Index Bonds) (the "2004 Bonds"), pursuant to the 1999 Trust Agreement, as amended and supplemented by a First Supplemental Trust Agreement, dated as of August 1, 2004, by and between the City and the 1999 Trustee, to refinance additional unfunded actuarial accrued liability ("UAAL") payable to the System under a separate contribution agreement, by refunding debentures issued by the City to the System in an equivalent amount; and

WHEREAS, as of November 1, 2011, the City and the System entered into an amended contribution agreement (No. 20,823) (the "Amended and Restated Contribution Agreement") which, subject to the terms and conditions thereof, superseded and replaced the First and Second Contribution Agreements, and under which, subject to certain conditions, the City agreed to issue bonds in a sufficient amount to generate a net proceeds to be paid to the System, after payment of costs of issuance, of \$46.6 million; and

WHEREAS, on November 15, 2011, acting pursuant to the provisions of Sections 860 *et seq.* of the State Code of Civil Procedure, the City filed a complaint in the Superior Court of the State for the County of Los Angeles seeking judicial validation of the transactions relating to the issuance of certain additional pension obligation bonds (including refunding bonds) and other matters; and

WHEREAS, on January 26, 2012, the court entered a default judgment to the effect that, among other things, such bonds were valid, legal and binding obligations of the City and were in conformity with all applicable provisions of the law, including the City Charter; and

WHEREAS, in March 2012, the City issued an additional \$47,440,000 of City of Pasadena Taxable Pension Obligation Bonds, Series 2012 (Mandatory Tender Bonds) (the "2012 Bonds," and together with the 1999 Bonds and the 2004 Bonds, the "Prior Bonds") pursuant to a Trust Agreement, dated as of March 1, 2012 (the "2012 Trust Agreement"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") to refinance additional UAAL payable to the System under the Amended and Restated Contribution Agreement, by refunding a debenture issued by the City to the System in an equivalent amount; and

WHEREAS, the City now desires, pursuant to the City Charter and Section 53570 *et seq.* and Section 53580 *et seq.* of the California Government Code as well as supplements to the 1999 Trust Agreement and the 2012 Trust Agreement (collectively the "Trust Agreements"), to issue its taxable pension obligation refunding bonds (collectively the "2015 Bonds") in one or more series or subseries in an aggregate principal amount not to exceed \$130 million, to (i)

refund and refinance all of the City's outstanding Prior Bonds, and (ii) pay certain costs incident to the issuance of the 2015 Bonds as described below; and

WHEREAS, there are on file with the City Clerk, the proposed form of a Second Supplement to the 1999 Trust Agreement and a First Supplement to the 2012 Trust Agreement pursuant to which the 2015 Bonds will be issued and delivered, each between the City and the Trustee;

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

Section 1. The City Council of the City of Pasadena (the "City Council") hereby finds and declares that the issuance of one or more series or subseries of 2015 Bonds to refund and refinance the Prior Bonds and the other actions contemplated by this Resolution are in the best interests of the City, are consistent with the City's obligations under the Charter, and are lawful under the laws of the State, including the City Charter.

Section 2. The proposed form of Second Supplement to the 1999 Trust Agreement, between the City and the Trustee, on file with the City Clerk, is hereby approved in connection with the refunding and refinancing of the outstanding 1999 Bonds and the 2004 Bonds, and the Director of Finance of the City (the "Director of Finance") is hereby authorized to execute and deliver the Second Supplement on behalf of the City, substantially in the form on file with the City Clerk, with such changes therein, deletions therefrom and additions thereto as the Director of Finance and City Attorney shall approve, such approval to be conclusively evidenced by the execution and delivery of the Second Supplement, and the City Clerk is authorized and directed to attest on behalf of the City.

Section 3. The proposed form of First Supplement to the 2012 Trust Agreement between the City and the Trustee, on file with the City Clerk, is hereby approved in connection with the refunding and refinancing of the outstanding 2012 Bonds, and the Director of Finance of the City is hereby authorized to execute and deliver the First Supplement on behalf of the City, substantially in the form on file with the City Clerk, with such changes therein, deletions therefrom and additions thereto as the Director of Finance and City Attorney shall approve, such approval to be conclusively evidenced by the execution and delivery of the First Supplement, and the City Clerk is authorized and directed to attest on behalf of the City.

Section 4. The City Council hereby authorizes and approves the issuance of the 2015 Bonds and hereby authorizes the Director of Finance to execute the 2015 Bonds, and the City Clerk to countersign such bonds on behalf of the City and to cause the 2015 Bonds to be authenticated and delivered in accordance with the Trust Agreements. The 2015 Bonds shall be in substantially one or more of the forms attached to the related Trust Agreement, with such changes therein, deletions therefrom and additions thereto as the Director of Finance and City Attorney shall approve, such approval to be conclusively evidenced by the execution and delivery of the 2015 Bonds. The 2015 Bonds may be issued in one or more series or subseries, and may be issued as fixed rate current interest rate bonds, capital appreciation bonds, variable rate bonds with or without tender rights, or any combination of the foregoing all as determined by the Director of Finance in the forms provided in the respective Trust Agreements; provided,

however, that (i) the aggregate principal amount of the 2015 Bonds shall not exceed the sum of the outstanding Prior Bonds, plus the underwriter's discount, plus any original issue discount on the 2015 Bonds, plus the costs of issuance of the 2015 Bonds, but in no event shall such sum exceed \$130 million; (ii) the 2015 Bonds shall mature not later than May 1, 2045, (iii) the true interest cost of the 2015 Bonds for any fixed rate bonds (or for the initial interest period if such period is shorter than the maturity of any 2015 Bonds or for the period to maturity if the rate is fixed to maturity) shall not exceed 7.5% per annum and the true interest cost of the 2015 Bonds (if interest is fixed to maturity) shall not exceed 7.5% per annum, and (iv) the interest rate on the 2015 Bonds which are floating rate bonds shall not exceed the lesser of 15% or the maximum rate permitted by law.

Section 5. The 2015 Bonds shall constitute an obligation imposed by law, pursuant to the Constitution of the State of California and the Retirement Law and an obligation of the City not limited as to payment from any special source of funds. The 2015 Bonds shall not, however, constitute an obligation of the City for which the City is obligated or permitted to levy or pledge any form of taxation or for which the City has levied or pledged or will levy or pledge any form of taxation.

Section 6. The 2015 Bonds are hereby authorized to be sold at public or private or negotiated sale, as determined to be in the best interests of the City by the Director of Finance with the advice of the City's financial advisor or underwriter. If sold on a negotiated basis, the form of any Bond Purchase Agreement shall be submitted for approval to this City Council prior to its execution. The Director of Finance, with the advice of the City financial advisor and its bond counsel, is further authorized to enter into a remarketing agreement with the underwriter approved in Section 7 to provide a mechanism for the remarketing of the 1999 Bonds and the 2012 Bonds in the event that the 2015 Bonds are not issued for any reason, as required by the applicable Trust Agreement.

Section 7. The City Council hereby approves Urban Futures Inc. to act as financial advisors to the City and Bank of America Merrill Lynch and Raymond James to act as managing underwriters, remarketing agents and/or placement agents for the 2015 Bonds. The City Council hereby recognizes the appointment of Sidley Austin LLP to serve as bond counsel and disclosure counsel to the City for the 2015 Bonds.

Section 8. The City Manager and the Director of Finance are, and each of them is, authorized, for and in the name of the City, to do any and all things, and to execute and deliver any and all documents which they or any of them deem necessary or advisable in order to consummate the transactions contemplated by this Resolution and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution. The Director of Finance or the City Treasurer is hereby authorized to invest legally available funds of the City in the 2015 Bonds with maturities in excess of five years if he or she deems it to be in the best interest of the City.

Section 9. The City Clerk will cause a copy of this Resolution to be published for three consecutive weeks in the *Pasadena Journal*, a newspaper of general circulation published daily in the City of Pasadena.

Section 10. This Resolution shall take effect immediately upon its adoption.

Adopted at the regular meeting of the City Council on the \_\_\_ day of \_\_\_\_\_, 2015 by the following vote:

AYES:

NOES:

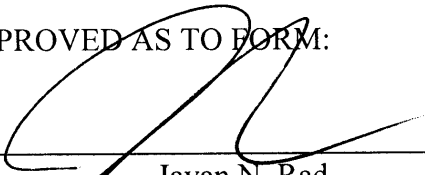
ABSENT:

ABSTAIN:

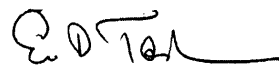
ATTEST:

By: \_\_\_\_\_  
CITY CLERK

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Javan N. Rad  
Chief Assistant City Attorney

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Eric D. Tashman, Esq.  
Sidley Austin LLP  
Bond Counsel