

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA ACCEPTING A SECTION 108 GUARANTEED LOAN UNDER SECTION 108 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974, AS AMENDED, PLEDGING CDBG BLOCK GRANT FUNDS TO THE REPAYMENT OF THE CITY LOAN GUARANTEE AND MAKING PROVISIONS FOR THE PAYMENT OF ANY DEFICIENCY FROM THE CITY'S GENERAL FUND, AND AUTHORIZING THE CITY MANAGER TO EXECUTE A HUD SECTION 108 LOAN GUARANTEE CONTRACT, NOTE, AND ANY RELATED DOCUMENTS CONTAINING THAT PLEDGE.

WHEREAS, the City of Pasadena is a municipal corporation which exercises governmental functions and powers, and is a chartered city organized and existing under the laws of the State of California; and

WHEREAS, the City Council of the City of Pasadena, by Resolution No. 9112 authorized the City Manager to execute all necessary documents or contracts as might be required by HUD to support a loan application for a Section 108 Loan in the amount of \$6,000,000 and a Section 108 Loan Guarantee for the construction project known as the Robinson Park Community Center (Robinson Park Master Plan Implementation Phase II); and

WHEREAS, the City Council desires to provide security to assure repayment of the Section 108 Loan from any legally available funds; and

WHEREAS, said Resolution is hereby incorporated by reference; and

WHEREAS, as a chartered city, the City is authorized, pursuant to Article XI of the Constitution of the State of California, to enter into agreements, including loan agreements, with the United States or any agency or department thereof for any lawful public purpose; and

WHEREAS, the City has successfully obtained a commitment from the U.S. Department of Housing and Urban Development ("HUD") for the Loan Guarantee; and

WHEREAS, HUD's guarantee of the Note will be governed by a Contract for Loan Guarantee Assistance under Section 108 between the City and HUD (the "Contract"), in which this Resolution is incorporated by reference, and in which the City pledges Community Development Block Grants pursuant to 24 CFR 570.705(b)(2) and funds from time to time on deposit in the City's General Fund Reserves ("Reserves"),

which include, for Fiscal Year 2014-2015, the approximate amount of \$33 million, for the repayment thereof:

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PASADENA AS FOLLOWS:

Section 1. The City Council hereby authorizes the City Manager to execute any and all documents necessary to accept the loan guarantee referenced above and any subsequent Note numbered B-12-MC-06-0525, as may be amended, and any Section 108 note issued under the same commitment in substitution for such note (hereinafter, "Note").

Section 2. The Note constitutes a limited obligation of the City, payable from Community Development Block Grant funds which are hereby pledged by the Borrower pursuant to 24 CFR 570.705(b)(2) to the payment of the Note. To the extent such Community Development Block Grant funds are insufficient to pay the principal and interest due on the Note in any fiscal year, the City covenants that it will budget and appropriate from any legally available funds (including any such funds mentioned in Section 3 hereof) in such fiscal year for the payment of any deficiency.

Section 3. As security for the Note, the City covenants that it will budget, appropriate, and set aside in a Debt Service Reserve an amount equal to one year's debt service on the Section 108 loan and reserve it in its General Fund Fund Balance as a "Reserve Fund" for the loan. There shall be no other requirements as long as the City maintains a rating in the AA category by either Fitch or S&P rating agencies. If the City's rating drops below the AA category by both rating agencies, then the City shall establish a new Reserve Fund with a third party Bank and Trust company and transfer the funds from the Reserve Fund held with the City to the third party Bank and Trust company.

Instead of cash funding the reserve with a third party trustee, the City may also satisfy this requirement by purchasing a surety bond or a standby letter of credit. All investment earnings in the reserve fund held with the City shall be credited to the City's General Fund.

Section 4. As further security for the repayment of the Note, the City covenants to budget and appropriate from funds from time to time on deposit in the City's General Fund Reserves (which includes, for Fiscal Year 2014-2015, reserves in the approximate amount of \$33 million), in support of all obligations of the City as Borrower under the Note executed by the City evidencing loans guaranteed under a HUD Section 108 Loan Guarantee for the City's construction project known as the Robinson Park Community Center (Robinson Park Master Plan Implementation Phase II or "Robinson Park Project") pursuant to paragraph 15 of the related Contract for Section 108 Loan Guarantee Assistance between the City and HUD as authorized by Article XI of the Constitution of the State of California. The City agrees that the covenants and obligations in this resolution, including the obligation to budget, appropriate, and set aside the Reserves, to

the extent legally available, shall be enforceable in mandamus against the City and its officials that must act to carry out such covenants and obligations.

Section 5. The provisions of this Resolution are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this Resolution to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this Resolution in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 6. Effective Date of Resolution. This ordinance shall take effect and be in force from the date of its adoption.

Adopted at the _____ meeting of the Pasadena City Council on the ___ day of May 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

MARK JOMSKY, CMC
CITY CLERK

APPROVED AS TO FORM:


BRAD L. FULLER
ASSISTANT CITY ATTORNEY