

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA APPROVING THE ISSUANCE OF LEASE REVENUE REFUNDING BONDS IN AN AMOUNT NOT TO EXCEED \$50,000,000, INCLUDING APPROVAL FOR PURPOSES OF INTERNAL REVENUE CODE SECTION 147(F), AND THE EXECUTION AND DELIVERY OF A SECOND AMENDMENT TO AMENDED AND RESTATED LEASE, THIRD AMENDMENT TO AMENDED AND RESTATED SUBLEASE, PURCHASE AGREEMENT, CONTINUING DISCLOSURE AGREEMENT, PRELIMINARY OFFICIAL STATEMENT AND FINAL OFFICIAL STATEMENT IN CONNECTION THEREWITH, AND AUTHORIZING THE TAKING OF CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

WHEREAS, pursuant to the provisions of Article 4 of the Joint Exercise of Powers Act, comprising Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act") and the Joint Exercise of Powers Agreement, dated April 24, 2000, by and between the City of Pasadena, a municipal corporation and a chartered city of the State of California (the "City"), and the Pasadena Community Development Commission, creating the Pasadena Public Financing Authority (the "Authority"), the Authority is authorized to issue bonds to finance public capital improvements; and

WHEREAS, on February 23, 2006, the City entered into an interest rate swap agreement in the form of an ISDA Master Agreement, Schedule and Credit Support Annex and a Confirmation (the "Swap Agreement") with Deutsche Bank AG, New York Branch relating to the \$47,300,000 Pasadena Public Financing Authority Variable Rate Demand Lease Revenue Bonds (Rose Bowl Refinancing and Improvement Projects), Series 2006 (the "2006 Bonds"), as converted, in May 2011, to a bank index interest rate mode in connection with the remarketing of the 2006 Bonds to Union Bank, N.A. as the purchaser thereof; and

WHEREAS, the City desires to terminate the Swap Agreement; and

WHEREAS, the City and the Authority previously entered into a Lease, dated as of February 1, 2006, as amended by the First Amendment to Lease, dated as of as of November 1, 2010, and as amended by the Amended and Restated Lease, dated as of May 1, 2011, as amended by the First Amendment to Amended and Restated Lease, dated as of October 1, 2016 (collectively, the "Lease"), pursuant to which the City leased certain land and improvements thereon consisting primarily of the Rose Bowl Stadium (the "Leased Property") to the Authority; and

WHEREAS, the City and the Authority previously entered into a Sublease, dated as of February 1, 2006, as amended by the First Amendment to Sublease, dated as of as of November 1, 2010, as amended by the Amended and Restated Sublease, dated as of May 1, 2011, the First Amendment to Amended and Restated Sublease, dated as of January 1, 2013, and the Second Amendment to Amended and Restated Sublease, dated as of October 1, 2016 (collectively, the "Sublease"), pursuant to which the Authority subleased the Leased Property to the City; and

WHEREAS, the Authority previously issued, among other lease revenue bonds, its \$34,900,000 Pasadena Public Financing Authority Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2013A (Tax-Exempt) (the "2013A Bonds"), and its \$19,065,000 Pasadena Public Financing Authority Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2013B (Taxable) (the "2013B Bonds" and together with the 2013A Bonds, the "Prior Bonds"), for the purpose of financing certain renovations and improvements to the Rose Bowl Stadium (the "Project"); and

WHEREAS, the Prior Bonds were privately placed and purchased pursuant to a Continuing Covenant Agreement, by and among the Authority, the City and Union Bank, N.A.; and

WHEREAS, City desires to refinance its obligations to Union Bank under the Sublease, and,

correspondingly, the Authority desires to refund all or a portion of the Prior Bonds and has determined to issue its Lease Revenue Refunding Bonds (Rose Bowl Renovation Project), Series 2018A (Tax-Exempt) (the "Tax-Exempt Bonds") and Series 2018B (Taxable) (the "Taxable Bonds" and together with the Tax-Exempt Bonds, the "Bonds"), pursuant to the Act and pursuant to Article 11 (commencing with Section 53580), Chapter 3, Part 1, Division 2, Title 5, of the Government Code of California; and

WHEREAS, in order to refinance the Project the City proposes to enter into a Second Amendment to Amended and Restated Lease with the Authority (the "Second Amendment to Amended and Restated Lease"); and

WHEREAS, in order to refinance the Project the City further proposes to enter into a Third Amendment to Amended and Restated Sublease with the Authority (the "Third Amendment to Amended and Restated Sublease"), pursuant to which the City will make additional base rental payments ("2018 Base Rental Payments") to the Authority; and

WHEREAS, pursuant to an Indenture (the "Indenture"), between the Authority and U.S. Bank National Association, as trustee (the "Trustee"), the Authority will assign its rights to receive the 2018 Base Rental Payments to the Trustee and the Authority will issue the Bonds, which Bonds will be designated as the "Pasadena Public Financing Authority Lease Revenue Refunding Bonds (Rose Bowl Renovation Project)," of one or more series and with such other designations as may be permitted pursuant to the Indenture; and

WHEREAS, pursuant to one or more Bond Purchase Agreements (each, a "Purchase Agreement") among one or more underwriters (each, an "Underwriter"), the Authority and the City, the Bonds are to be sold to an Underwriter; and

WHEREAS, the Bonds will be offered for sale by the Underwriters to investors through an official statement (the "Official Statement"); and

WHEREAS, there have been presented to this meeting proposed forms of the following documents and agreements:

1. The Second Amendment to Amended and Restated Lease;
2. The Third Amendment to Amended and Restated Sublease;
3. The Purchase Agreement;
4. The Continuing Disclosure Agreement; and
5. The Official Statement; and

WHEREAS, the Project is located within the City, which is a member of the Authority; and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the issuance of the Tax-Exempt Bonds by the Authority may qualify for tax exemption under Section 103 of the Code only if the Tax-Exempt Bonds are approved by the "applicable elected representative" of both the governmental unit issuing the Tax-Exempt Bonds or on behalf of which the Tax-Exempt Bonds are to be issued, and a governmental unit having jurisdiction over the area in which the Project is located after a public hearing held following reasonable public notice; and

WHEREAS, the issuance and delivery of the Bonds shall be subject to the approval of and execution by the Authority; and

WHEREAS, the Authority has requested the City Council of the City of Pasadena (the "City Council") to approve the issuance and sale of the Tax-Exempt Bonds in order to satisfy the requirements of Section 147(f) of the Code, the City Council being the applicable elected representative of the governmental unit on behalf of which the Tax-Exempt Bonds are to be issued and having jurisdiction over the area in which the Project is located within the meaning of Section 147(f) of the Code; and

WHEREAS, on October 4, 2018, the City caused a notice to appear in the Pasadena Journal, which is a newspaper of general circulation in the City, stating that a public hearing with respect to the issuance of the Tax-Exempt Bonds would be held by the City Council on the date hereof; and

WHEREAS, the City Council held the public hearing described above on the date hereof, and a reasonable opportunity was provided for persons to comment on the issuance and sale of the Tax-Exempt Bonds and the plan of financing and refinancing of the Project; and

WHEREAS, it is intended that this Resolution shall constitute approval of the issuance of the Tax-Exempt Bonds for purposes of Section 147(f) of the Code; and

WHEREAS, pursuant to Section 5852.1 of the Government Code of the State of California, the City Council has received from its Municipal Advisor, Urban Futures, Inc., good faith estimates of the following information: (a) the true interest cost of the Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Bonds, (c) the amount of proceeds of the Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Bonds, and (d) the sum total of all debt service payments on the Bonds calculated to the final maturity of the Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Bonds;

NOW, THEREFORE, BE IT RESOLVED, ORDERED AND FOUND by the City Council, that:

Section 1. The foregoing recitals are true and correct, and the City Council so finds and determines.

Section 2. The form of Second Amendment to Amended and Restated Lease presented to this meeting, and on file with the City Clerk, is hereby approved. Each of the City Manager and the Director of Finance and any of their designees (collectively, the "Authorized Officers"), acting singly, is hereby authorized and directed for, on behalf of, and in the name of the City, to execute and deliver the Second Amendment to Amended and Restated Lease in substantially said form, with such changes, insertions and deletions as may be consistent with this Resolution and as may be approved by the officer executing the Second Amendment to Amended and Restated Lease, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The form of Third Amendment to Amended and Restated Sublease presented to this meeting, and on file with the City Clerk, is hereby approved. Any of the Authorized Officers, acting singly, is hereby authorized and directed for, on behalf of, and in the name of the City, to execute and deliver the Third Amendment to Amended and Restated Sublease in substantially said form, with such changes, insertions and deletions as may be consistent with this Resolution and as may be approved by the officer executing the Sublease, such approval to be conclusively evidenced by the execution and delivery thereof provided, however, that the annual 2018 Base Rental Payments payable by the City under the Third Amendment to Amended and Restated Sublease shall not be greater than \$5,000,000 per year and the final payment under the Third Amendment to Amended and Restated Sublease shall be no later than December 1, 2042.

Section 4. The City Council hereby approves of the issuance by the Authority of the Bonds in one or more series and in an aggregate principal amount of not to exceed \$50,000,000.

Section 5. The form of Purchase Agreement presented to this meeting, and on file with the City Clerk, is hereby approved. Any of the Authorized Officers, acting singly, is hereby authorized and directed for, on behalf of, and in the name of the City, to execute and deliver one or more Purchase Agreements in substantially said form, with such changes, insertions and deletions as may be consistent with this Resolution and as may be approved by the officer executing such Purchase Agreement, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officer executing the Purchase Agreement is hereby authorized to determine the purchase price to be paid for the Bonds under the

Purchase Agreement; provided, however, that (i) the Underwriter's discount shall not be more than 0.275 percent of the initial principal amount of the Tax-Exempt Bonds, and the true interest cost of the Tax-Exempt Bonds shall not be greater than 5.00 percent and (ii) the Underwriter's discount shall not be more than 0.275 percent of the initial principal amount of the Taxable Bonds, and the true interest cost of the Taxable Bonds shall not be greater than 5.00 percent.

Section 6. The form of the Continuing Disclosure Agreement presented to this meeting, and on file with the City Clerk, is hereby approved. Any of the Authorized Officers, acting singly, is hereby authorized and directed for, on behalf of, and in the name of the City, to execute and deliver the Continuing Disclosure Agreement in substantially said form, with such changes, insertions and deletions as may be consistent with this Resolution and as may be approved by the officer executing the Continuing Disclosure Agreement, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The City Council hereby approves the form of the Preliminary Official Statement (the "Preliminary Official Statement"), in substantially the form on file with the City Clerk and presented to the City Council at this meeting, with such changes and modifications as shall be necessary or appropriate for completion to the satisfaction of any Authorized Officer to reflect changes between the date of adoption of this Resolution and the date the Preliminary Official Statement is delivered to potential investors in the Bonds. Any one of the Authorized Officers is authorized and directed, on behalf of the City, to deem the Preliminary Official Statement "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934. The City Council further approves distribution of the Preliminary Official Statement by the Underwriter to persons who may be interested in purchasing the Bonds. Any one of the Authorized Officers is authorized and directed to execute and deliver a final Official Statement in substantially the form of the Preliminary Official Statement hereby approved, with such additions thereto and changes therein as are consistent with this Resolution and recommended or approved by disclosure counsel to the City and approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. The City Manager, Director of Finance, City Clerk and all other appropriate officers of the City are hereby authorized and directed, acting singly, to do any and all things and to execute and deliver any and all documents which they may 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 foregoing authorization includes, but is in no way limited to, the execution and delivery of any tax certificate required by the Sublease, the execution and delivery of an escrow agreement to defease the Prior Bonds, any bond insurance, bond reserve fund surety or other form of credit enhancement determined by such officer to be in the best interests of the City in order to provide for the cost-effective issuance of the Bonds, and the execution and delivery of any and all other documents determined to be necessary or appropriate by such officials and not inconsistent with this Resolution, and such determination thereof shall be final, binding and conclusive upon the City. Any actions heretofore taken by such officers in connection therewith are hereby ratified, confirmed and approved.

Section 9. In accordance with Section 5852.1 of the Government Code of the State of California, good faith estimates of the following are set forth on Exhibit A attached hereto: (a) the true interest cost of the Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Bonds, (c) the amount of proceeds of the Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Bonds, and (d) the sum total of all debt service payments on the Bonds calculated to the final maturity of the Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Bonds.

Section 10. The City Clerk is hereby authorized and directed to attest the signature of the City Manager, the Director of Finance or such other City officers as may be required or appropriate in

connection with the execution and delivery of the agreements and documents contemplated by this Resolution or any related document or instrument.

Section 11. Each of the Authorized Officers, acting singly, is hereby authorized and directed for, on behalf of, and in the name of the City, to take such actions are necessary to terminate the Swap Agreement if, upon the advice of the City's Financial Advisors, the Director of Finance determines it would be in the best interest of the City. Each of the Authorized Officers, acting singly, is further authorized to pay any termination fee from legally available moneys.

Section 12. The City Council, as the applicable elected representative of the governmental unit on behalf of which the Bonds will be issued and having jurisdiction over the area in which the Project is or will be located, hereby approves the issuance of the Bonds by the Authority. It is the purpose and intent of the City Council that this Resolution constitute "issuer" approval and "host" approval of the issuance of the Bonds by the City for purposes of Section 147(f) of the Code

Section 13. This Resolution shall take effect immediately upon its adoption.

ADOPTED at a regular meeting of the City Council of the City of Pasadena this 22nd day of October, 2018, by the following vote:

AYES: _____

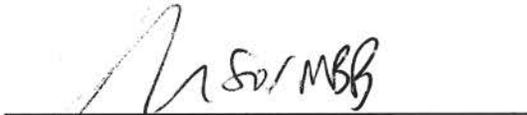
NOES: _____

ABSENT: _____

ABSTAIN: _____

APPROVED AS TO FORM:

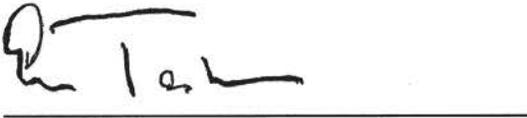
ATTEST:



Michèle Beal Bagneris
City Attorney

Mark Jomsky
City Clerk

APPROVED AS TO FORM:



Eric Tashman
Norton Rose Fulbright US LLP
Bond Counsel

EXHIBIT A

GOOD FAITH ESTIMATES

The following information was obtained from Urban Futures, Inc., as municipal advisor for the Bonds, with respect to the Bonds, and is provided in compliance with Senate Bill 450 (Section 5852.1 of the Government Code) with respect to the Bonds:

1. *True Interest Cost of the Bonds.* Assuming the maximum aggregate principal amount of the Bonds authorized (\$50,000,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 3.83%.

2. *Finance Charge of the Bonds.* Assuming the maximum aggregate principal amount of the Bonds authorized (\$50,000,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the finance charge of the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds) is \$384,250, as follows:

<u>Cost of Issuance</u>	<u>Amount</u>
Underwriters' Discount	\$125,000.00
Municipal Advisor	45,000.00
Bond and Disclosure Counsel	125,000.00
Trustee	6,250.00
Printing	5,000.00
Rating	48,000.00
Miscellaneous	30,000.00
Total	<u>\$384,250.00</u>

3. *Amount of Proceeds to be Received.* Assuming the maximum aggregate principal amount of the Bonds authorized (\$50,000,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the Authority for sale of the Bonds less the finance charge of the Bonds described in 2 above and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is \$47,733,198.33.

4. *Total Payment Amount.* Assuming the maximum aggregate principal amount of the Bonds authorized (\$50,000,000) are sold and based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the Bonds plus the finance charge of the Bonds described in paragraph 2 above not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$72,292,971.13.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment amount may vary from the estimates above due to variations from these estimates in the timing of Bond sales, the amount of Bonds sold, the amortization of the Bonds sold and market interest rates at the time of each sale. The date of sale and the amount of Bonds sold will be determined by the Authority based on need for project funds and other factors. The actual interest rates at which the Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale. Market interest rates are affected by economic and other factors beyond the City's and the Authority's control. The Authority shall approve the issuance of the Bonds with a maximum true interest cost of 5.00%.