

Agenda Report

April 7, 2025

TO: Honorable Mayor and City Council
FROM: Department of Finance
SUBJECT: APPROVE THE ISSUANCE AND SALE OF THE LIBRARY GENERAL OBLIGATION BONDS

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt a resolution authorizing and directing the issuance and sale of not to exceed \$195,000,000 aggregate principal amount of its General Obligation (GO) Bonds (Central Library Project) Series 2025, declaring its official intent to reimburse and approving other related actions in connections therewith; and
2. Find that the proposed action is not a project subject to the California Environmental Quality Act (CEQA) as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required for the project.

BACKGROUND:

Constructed in 1927, the Pasadena Central Library, designed by Myron Hunt and H.C. Chambers, was the first building completed in Pasadena's Civic Center Plan. Listed on the National Register of Historic Landmarks, the Civic Center consists of the Central Library, City Hall, and the Civic Auditorium. The Central Library is comprised of two stories above grade and a basement story below grade and is approximately 120,000 square feet in area.

With the Central Library approaching its centennial birthday in 2027, an assessment of the building's condition and its various systems was completed in 2020. The project provided a general assessment of necessary repairs to various building systems to include mechanical, plumbing, electrical, roof, and design of a new fire alarm and fire sprinkler system. The inspection discovered that the building consists of an unreinforced masonry structure, with walls that are not fastened to the building's foundation, nor to the reinforced concrete floor beams and the timber roof they support. As such, a preliminary structural analysis of the building was completed in April 2021, revealing that the building does not meet the recommended structural performance objectives in a seismic event.

On May 3rd, 2021, City officials were forced to close the Central Library until earthquake retrofit and building repairs could be completed to meet life safety requirements. The structural assessment revealed it was vulnerable to seismic activity and subject to collapse during an earthquake.

On February 6, 2023, at the regularly scheduled meeting, the Pasadena City Council approved a contract to move forward and begin the process of seismically retrofitting and making building repairs to the Pasadena Central Library. Gruen Associates and their qualified team of sub-consultants were awarded the contract for professional design services for the retrofit project. This includes preparation of environmental documentation, final construction drawings, and cost estimates for construction.

On June 10, 2024, the City Council approved a recommended scope of work for the project that would lift the red-tag, so the Library can open its doors to the community again, provide functional enhancements to address community needs; flexibility for the future; and replacement of outdated technology and critical buildings systems that are near the end of their useful life.

On July 22, 2024, the City Council adopted a Resolution of Necessity and conducted a First Reading of an Ordinance to submit a bond measure to voters in the November 5, 2024, General Election for the purpose of financing the Central Library earthquake retrofit, repairs, and upgrades. At a special meeting on July 29, 2024, the City Council approved further resolutions, conducted a second reading of the Ordinance, and adopted the Ordinance finalizing the submission of this bond measure to the ballot.

In November 2024, Pasadena voters approved Measure PL, a \$195 million GO bonds measure, to fund the construction phase of the project, reaffirming the City's commitment to both preserving the Central Library and enhancing its role as a vital community resource. The Central Library Seismic Retrofit and Renovations project is currently in the design phase, led by Gruen Associates, with a team that includes a historic preservation consultant to ensure that the seismic retrofitting respects the building's architectural significance. Additionally, independent oversight of the design process is provided by the Mayor appointed Technical Oversight Committee. The retrofit will include upgraded foundations and concrete shear wall reinforcement to protect the structure from future seismic events, along with necessary replacement of outdated building systems and technology. The renovation will also create more flexible spaces to meet the evolving needs of the community. Pending appropriation of funds, construction is anticipated to begin in the Summer of 2025 and last approximately 30-to-36 months with the re-opening to occur in 2028.

To address the disruption caused by the library's closure, staff is working diligently to expedite the project's timeline to ensure the library can reopen as soon as possible. While the closure has undeniably impacted the community, the seismic retrofit, repairs, and renovations will ultimately preserve and enhance the library's role as a cornerstone of Pasadena's educational, cultural, and civic life. The City is committed to re-opening the doors of Pasadena's Central Library as a safe, historic, and functional space for all.

The Financing

The Financing Team began its work immediately after the voters approved the GO Bonds. The team comprises of City Finance staff, Norton Rose Fulbright LLP as Bond and Disclosure Counsel, and Urban Futures as Municipal Advisor. Norton Rose Fulbright was selected in the past as apart of a Request For Qualification process to act as Bond and Disclosure Counsel on General Fund issued financings. Urban Futures was selected through a Request For Proposal Process specifically for the GO bonds and U.S. Bank Trust Company has been selected as fiscal agent through a competitive bidding process.

The bond sale is scheduled to be on the week of April 21, 2025. The closing of the bond sale and financing transaction is estimated to be on the second week of May 2025.

In accordance with Section 909 of the City Charter, the GO bonds will be sold on a competitive basis and awarded to the lowest True Interest Cost (TIC) bidder after advertising for sealed proposals; provided that the City Council may reject any and all bids. The term of the GO bonds will be thirty-years, and the bonds will be issued as fixed rate bonds. The GO bonds will be sold at a premium and a capitalized interest account shall be established to cover the interest payment on the bonds during the first bond year.

On or before the first Monday of September in each year, the City Council shall, by ordinance, fix the tax rate, and shall, by ordinance, establish procedures for tax collection and enforcement. The City Council shall fix a tax rate, which will raise sufficient monies, when added to all other estimated income and revenue, to meet the adopted budget requirements.

Based on current interest rates, it is estimated that the TIC on the bonds will be 4.42% and the highest tax rate will be in 2027 at an estimated \$28.38 per \$100,000 of assessed valuation. The average tax rate over the term of the bond will be an estimated \$20.20 per \$100,000 of property assessed valuation.

The attached resolution (a) approves the GO bond financing in an amount not to exceed \$195,000,000 and sets forth certain terms governing the bonds (b) approves the forms of the Fiscal Agent Agreement (Attachment C), Continuing Disclosure Agreement (Attachment D), and Notice of Sale (Attachment E); and (c) acts as a reimbursement resolution and declaration of official intent under U.S. Treasury Regulations for tax-exempt bonds.

COUNCIL POLICY CONSIDERATION:

This report and recommendation support the City Council's strategic planning goal to maintain fiscal responsibility and stability.

FISCAL IMPACT:

The GO Bonds will have a term of thirty-years with an option to call the bonds at par in year ten. The estimated TIC will be 4.42% and the average annual debt service is estimated at \$12,600,341 million. Attachment A provides the estimated sources and uses of funds of the Series 2025A GO bonds:

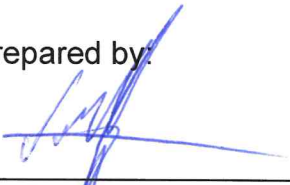
Pursuant to Senate Bill 450 and Government Code Section 5852.1 Disclosure, the true interest cost of this financing is currently estimated to be 4.42%. The amount of proceeds to be received by the City less the finance charge and capitalized interest is estimated to be \$195,000,000. The total principal and interest payment amount is estimated to be \$368,560,000 to the final maturity of the bonds, and the finance charge associated with this transaction is estimated to be \$1,375,000.

Respectfully submitted,



MATTHEW E. HAWKESWORTH
Director of Finance

Prepared by:



Vic Erganian
City Treasurer/Deputy Director of Finance

Approved by:



MIGUEL MÁRQUEZ
City Manager

Attachments (6):

- Attachment A – Estimated Sources and Uses of Funds
- Attachment B – Resolution
- Attachment C - Form of Fiscal Agent Agreement
- Attachment D - Form of Continuing Disclosure Agreement
- Attachment E - Form of Notice of Sale
- Attachment F – Preliminary Official Statement and Appendix A