

City of Pasadena

Proposal to Renew Direct-Pay Letter of Credit
Supporting 2008 Series A Certificates of Participation

January 8, 2025

BANK OF AMERICA, N.A.
333 S. Hope Street, Suite 3820
Los Angeles, California 90071



January 8, 2025

Mr. Vic Erganian
City Treasurer/Deputy Director of Finance
City of Pasadena
verganian@cityofpasadena.net

Dear Mr. Erganian:

On behalf of Bank of America, N.A., ("BANA"), we are pleased to provide the City of Pasadena (the "City") with a Proposal to extend our existing Letter of Credit support for the City's Series 2008A Variable Rate Demand Refunding Certificates of Participation which is set to expire on March 31, 2025.

The Bank proposes herein a total of \$129.5 million in support of extending our existing LOC currently supporting the City's Series 2008A COPs for an additional two or three years. Our proposed pricing is presented under Appendix A. In order to limit costs further, we suggest minimal changes to the documents and propose to execute this credit extension via a Fee Letter and a short extension amendment to the existing Reimbursement Agreement and Letter of Credit, as amended.

Thank you for your review and consideration of our extension proposal. As with past extensions, we appreciate the opportunity to complete an administratively efficient and timely renewal and look forward to hearing back from you. Please feel free to contact me with any questions.

Sincerely,



Greg Bailey, *Senior Vice President*
Bank of America N.A.
213-621-7131
greg.s.bailey@bofa.com

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- A. Supplementary Information

WE ARE NOT YOUR MUNICIPAL ADVISOR OR FIDUCIARY. Bank of America, N.A. and its subsidiaries and affiliates (“BANA”) are providing the information contained herein for discussion purposes only in connection with a proposed arm’s-length commercial banking transaction between you and BANA. This information is provided to you by BANA pursuant to and in reliance upon the bank exemption provided under SEC Rule 15Ba1-1(d)(3)(iii). BANA is acting for its own interest and has financial and other interests that differ from yours. BANA is not acting as a municipal advisor or financial advisor within the meaning of Section 15B of the Securities Exchange Act of 1934, as amended (the “Act”), and BANA has no fiduciary duty to you or any other person pursuant to Act with respect to the information and material contained in this communication. Before acting on the information or material contained herein, you should discuss it with any and all of your own internal and external financial and/or municipal, legal, accounting, tax and other advisors as you deem appropriate.

Confidential Notice to the City of Pasadena, California

"Bank of America" and "BofA Securities" are the marketing names used by the Global Banking and Global Markets divisions of Bank of America Corporation. Lending, other commercial banking activities, and trading in certain financial instruments are performed globally by banking affiliates of Bank of America Corporation, including Bank of America, N.A., Member FDIC. Equal Housing Lender. Trading in securities and financial instruments, and strategic advisory, and other investment banking activities, are performed globally by investment banking affiliates of Bank of America Corporation ("Investment Banking Affiliates"), including, in the United States, BofA Securities, Inc. and Merrill Lynch Professional Clearing Corp., both of which are registered broker-dealers and Members of SIPC, and, in other jurisdictions, by locally registered entities.

BofA Securities, Inc. and Merrill Lynch Professional Clearing Corp. are registered as futures commission merchants with the CFTC and are members of the NFA.

**Investment products offered by Investment Banking Affiliates:
Are Not FDIC Insured * May Lose Value * Are Not Bank Guaranteed.**

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Bank of America Corporation and its affiliates (collectively, the "BAC Group") comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and strategic advisory services and other commercial services and products to a wide range of corporations, governments and individuals, domestically and offshore, from which conflicting interests or duties, or a perception thereof, may arise. In the ordinary course of these activities, parts of the BAC Group at any time may invest on a principal basis or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions, for their own accounts or the accounts of customers, in debt, equity or other securities or financial instruments (including derivatives, bank loans or other obligations) of the Company, potential counterparties or any other company that may be involved in a transaction. Products and services that may be referenced in the accompanying materials may be provided through one or more affiliates of Bank of America Corporation. We have adopted policies and guidelines designed to preserve the independence of our research analysts. These policies prohibit employees from offering research coverage, a favorable research rating or a specific price target or offering to change a research rating or price target as consideration for or an inducement to obtain business or other compensation. We are required to obtain, verify and record certain information that identifies the Company, which information includes the name and address of the Company and other information that will allow us to identify the Company in accordance, as applicable, with the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) and such other laws, rules and regulations as applicable within and outside the United States.

We do not provide legal, compliance, tax, or accounting advice. If any person uses or refers to any such tax statement in promoting, marketing or recommending a partnership or other entity, investment plan or arrangement to any taxpayer, then the statement expressed herein is being delivered to support the promotion or marketing of the transaction or matter addressed and the recipient should seek advice based on its particular circumstances from an independent tax advisor. Notwithstanding anything that may appear herein or in other materials to the contrary, the Company shall be permitted to disclose the tax treatment and tax structure of a transaction (including any materials, opinions or analyses relating to such tax treatment or tax structure, but without disclosure of identifying information or any nonpublic commercial or financial information (except to the extent any such information relates to the tax structure or tax treatment)) on and after the earliest to occur of the date of (i) public announcement of discussions relating to such transaction, (ii) public announcement of such transaction or (iii) execution of a definitive agreement (with or without conditions) to enter into such transaction; provided, however, that if such transaction is not consummated for any reason, the provisions of this sentence shall cease to apply. ©2025 Bank of America Corporation. All rights reserved.

Summary of Terms and Conditions

Submission date: January 8, 2025

Issuer	City of Pasadena, California/Pasadena Public Financing Authority (the "City", the "Issuer" or the "Authority")
Issue:	City of Pasadena Variable Rate Refunding Certificates of Participation, Series 2008 A (the "Bonds")
Facility Amount:	\$129.5 million Direct-Pay Letter of Credit ("LOC") plus interest to support the Bonds
Facility Provider:	Bank of America, N.A. ("BANA" or the "Bank").
Facility Tenor:	2-year or 3-year

PROPOSED TERMS AND CONDITIONS SUBJECT TO CERTAIN EVENTS:

*This Summary of Terms is intended only as an outline of certain of the material terms of the Facility and does not purport to summarize all of the conditions, covenants, representations, warranties and other provisions that would be contained in definitive documentation for the Facility contemplated hereby. **This offer is credit approved.** This Summary of Terms represents a willingness on the part of BANA to provide the commitment indicated herein and consummate a transaction based upon the terms and conditions outlined in this term sheet and is subject to:*

- Absence of any material adverse change in the financial condition, operations or prospects of the City, or in any law, rule or regulation (or their interpretation or administration), that, in each case, may adversely affect the consummation of the transaction, to be determined in the sole discretion of the Bank.
- Such additional due diligence as the Bank may require.
- Agreement by the Bank, in its sole discretion, as to all final terms and conditions and satisfactory documentation thereof (including satisfactory legal opinions).

EXPIRATION OF TERMS AND CONDITIONS:

Consideration of a financing based on the terms and conditions presented in this term sheet shall automatically expire on January 22, 2025. The Bank reserves the right to terminate, reduce or otherwise amend its commitment if the subject transaction is not closed by March 31, 2025.

FUTURE MODIFICATIONS:

The terms, conditions, pricing levels and fees (including legal fees and expenses) cited herein reference the financing and the Facility Amount as described in this Summary of Terms and Conditions and are subject to revision in the event that (i) the Facility Amount changes, (ii) the security or transaction structure is modified, (iii) the transaction deviates materially from what is described herein or in conjunction therewith, (iv) after acceptance, the proposed financing does not close by March 31, 2025.

CONFIDENTIALITY:

This Summary of Terms and Conditions contains confidential and proprietary structuring and pricing information. Except for disclosure on a confidential basis to your accountants, attorneys and other professional advisors retained by you in connection with the Facility or as may be required by law, the contents of this Summary of Terms and Conditions may not be disclosed in whole or in part to any other person or entity without our prior written consent, provided that nothing herein shall restrict disclosure of information relating to the tax structure or tax treatment of the proposed transaction.

NO ADVISORY OR FIDUCIARY ROLE:

The Issuer acknowledges and agrees that: (i) the transaction contemplated by this Summary of Terms and Conditions is an arm's length, commercial transaction between the Issuer and the Bank in which the Bank is acting solely as a principal and for its own interest; (ii) the Bank is not acting as a municipal advisor or financial advisor to the Issuer; (iii) the Bank has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Bank has provided other services or is currently providing other services to the Issuer on other matters); (iv) the only obligations the Bank has to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Summary of Terms and Conditions;



and (v) the Bank is not recommending that the Issuer take an action with respect to the transaction contemplated by this Summary of Terms and Conditions, and before taking any action with respect to the contemplated transaction, Issuer should discuss the information contained herein with its own legal, accounting, tax, financial and other advisors, as it deems appropriate. If Issuer would like a municipal advisor in this transaction that has legal fiduciary duties to Issuer, Issuer is free to engage a municipal advisor to serve in that capacity. This Summary of Terms and Conditions is provided to Issuer pursuant to and in reliance upon the "bank exemption" provided under the municipal advisor rules of the Securities and Exchange Commission, Rule 15Ba1-1 *et seq.*

AGREEMENT BY THE ISSUER:

The Issuer hereby agrees to engage Bank of America to provide the Facility(s), which is the subject hereof, pursuant to the terms and conditions stated herein, and subject to approval by Pasadena City Council, as appropriate. Please evidence your agreement with the foregoing either by e-mail or by signing and returning a copy of this document to the Bank.

ACCEPTED AND AGREED TO:

By: Matthew E. Hawkesworth Date: 1-29-25

Matthew E. Hawkesworth
Director of Finance



**APPENDIX A:
SUPPLEMENTAL INFORMATION**

January 8, 2025

Background Information

<p>Name: Greg Bailey Title: SVP/Sr. Municipal Credit Officer Address: Bank of America, N.A. Public Sector Banking 333 S. Hope St., Suite 3820 Los Angeles, CA 90071 Telephone: (213) 621-7131 Email: greg.s.bailey@bofa.com</p>	<p>Name: Craig Ash Title: VP/Municipal Credit Specialist Address: Bank of America, N.A. Public Sector Banking 185 Asylum St Hartford, CT 06103 Telephone: (860) 952-7472 Email: craig.ash@bofa.com</p>
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Direct-Pay Letter of Credit Proposal

Counterparty:	Bank of America, N.A.																		
Commitment Amount:	\$129,501,372, including interest coverage																		
Expiration Date:	3 years																		
Facility Fee:	0.340%																		
<p>Ratings Based Price Increases:</p> <p>Change in pricing if the City's ratings* are downgraded</p> <p>*"Rating" is defined as the lowest unenhanced long-term rating by S&P or Fitch assigned to any long-term debt of the City that is on a parity with, or senior to, the Certificates (without regard to bond insurance or any other form of credit enhancement).</p>	<p>(unchanged)</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="text-align: center;">S&P / Fitch</th> <th style="text-align: center;">Applicable Spread (incremental increase)</th> </tr> </thead> <tbody> <tr><td style="text-align: center;">AA or above</td><td style="text-align: center;">0.340%</td></tr> <tr><td style="text-align: center;">AA-</td><td style="text-align: center;">0.360%</td></tr> <tr><td style="text-align: center;">A+</td><td style="text-align: center;">0.420%</td></tr> <tr><td style="text-align: center;">A</td><td style="text-align: center;">0.570%</td></tr> <tr><td style="text-align: center;">A-</td><td style="text-align: center;">0.720%</td></tr> <tr><td style="text-align: center;">BBB+</td><td style="text-align: center;">0.920%</td></tr> <tr><td style="text-align: center;">BBB</td><td style="text-align: center;">1.220%</td></tr> <tr><td style="text-align: center;">BBB-</td><td style="text-align: center;">1.620%</td></tr> </tbody> </table> <p>Plus an additional:</p> <p>(1) 1.50% should a rating be reduced below BBB- / BBB- or withdrawn or suspended for any reason and</p> <p>(2) 1.50% upon the occurrence and during the continuance of an Event of Default as described in the Reimbursement Agreement</p>	S&P / Fitch	Applicable Spread (incremental increase)	AA or above	0.340%	AA-	0.360%	A+	0.420%	A	0.570%	A-	0.720%	BBB+	0.920%	BBB	1.220%	BBB-	1.620%
S&P / Fitch	Applicable Spread (incremental increase)																		
AA or above	0.340%																		
AA-	0.360%																		
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A	0.570%																		
A-	0.720%																		
BBB+	0.920%																		
BBB	1.220%																		
BBB-	1.620%																		
Term-out Period:	5 years, semi-annual principal amortization (unchanged)																		
Upfront or Closing Fee (\$):	None																		
Advance Fee (\$ per draw) :	\$250 plus customary wire transfer costs (unchanged)																		
Amendment Fee (\$):	\$2,500																		
Termination Fee:	No Termination Fee																		



Bank Counsel and Fees:	<p>Rudy Salo, Nixon Peabody LLP 300 South Grand Avenue, Suite 4100 Los Angeles, CA 90071 Telephone: (213) 629-6069 Email: rsalo@nixonpeabody.com</p> <p>Bank Counsel fees are estimated at \$7,500.</p>
Other Fees (\$):	None expected
Documentation:	<p>We anticipate minimal substantive changes to the existing bank documents. Documentation will include a new Fee Letter and an amendment to the Reimbursement Agreement, based on BANA's existing Letter of Credit and Reimbursement Agreement dated April 2008 (as previously amended, the "Reimbursement Agreement"), prepared by Bank Counsel and acceptable to the Bank. The Agreement will include, but not be limited to, the terms and conditions outlined herein, as well as the provisions that are customary and standard with respect to conditions precedent, representations and warranties, covenants, events of default and remedies.</p>
Interest Rates During Term-out Period:	<p>Base Rate (%) (unchanged): The greatest of (i) Bank of America's Prime Rate + 1.0%, (ii) Fed Funds + 2.00%, and (iii) 7.00%</p> <p>Bank Rate (%) (unchanged): Days 1-90: Base Rate. Day 91+: Base Rate + 1.00%</p>
Default Rate (%):	Base Rate + 3.00% (unchanged)
Opinions:	The Bank will require customary legal opinions from counsel to the City and Bond Counsel as to the obligations of the City and the Authority, respectively, under the Agreement.
No Advisory or Fiduciary Role:	<p>The Issuer acknowledges and agrees that: (i) the transaction contemplated by this Proposal and Summary of Terms and Conditions is an arm's length, commercial transaction between the Issuer and the Bank in which the Bank is acting solely as a principal and for its own interest; (ii) the Bank is not acting as a municipal advisor or financial advisor to the Issuer; (iii) the Bank has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Bank has provided other services or is currently providing other services to the Issuer on other matters); (iv) the only obligations the Bank has to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Summary of Terms and Conditions; and (v) the Bank is not recommending that the Issuer take an action with respect to the transaction contemplated by this Summary of Terms and Conditions, and before taking any action with respect to the contemplated transaction, Issuer should discuss the information contained herein with its own legal, accounting, tax, financial and other advisors, as it deems appropriate. If the Issuer would like a municipal advisor in this transaction that has legal fiduciary duties to Issuer, the Issuer is free to engage a municipal advisor to serve in that capacity. This Summary of Terms and Conditions is provided to the Issuer pursuant to and in reliance upon the "bank exemption" provided under the municipal advisor rules of the Securities and Exchange Commission, Rule 15Ba1-1 et seq.</p>

