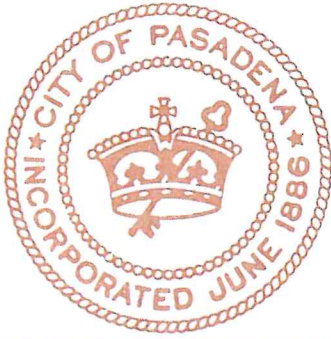




Agenda Report

October 27, 2025

TO: Honorable Mayor and City Council/Pasadena Public Financing Authority

FROM: Department of Finance

THROUGH: Finance Committee

SUBJECT: **JOINT ACTION: APPROVE THE EXTENSION OF THE STANDBY BOND PURCHASE AGREEMENT (SBPA) WITH BMO BANK, N.A. (AS SUCCESSOR TO BANK OF THE WEST) RELATED TO THE PASEO COLORADO BONDS**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that this action proposed herein is not a "project" subject to the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 21065 and within the meaning of Section 15378(b);
2. Adopt a resolution of the City Council of the City of Pasadena approving the form of and authorizing the execution and delivery of a fourth amendment to standby bond purchase agreement; and authorizing the execution and delivery of other related documents and approval of other documents and actions in connection therewith; and
3. To the extent that the proposed amendment of the SBPA could be considered subject to a new competitive selection process, grant the proposed amendment an exemption from the competitive selection process of the Competitive Bidding and Purchasing Ordinance, Pasadena Municipal Code Chapter 4.08, pursuant to Section 4.08.049(B) contracts for which the City's best interests are served.

It is recommended that the Pasadena Public Financing Authority:

1. Adopt a resolution of the Board of Directors of the Pasadena Public Financing Authority approving the form of and authorizing the execution and delivery of a fourth amendment to standby bond purchase agreement; and authorizing the execution and delivery of other related documents and approval of other documents and actions in connection therewith.

BACKGROUND:

In 2000, the City sold \$32.385 million bonds to finance certain improvements to the parking facilities and public property adjacent to or beneath the then Plaza Pasadena shopping center and to finance the acquisition of the right, title, and interest of the developer under a prior lease between the developer and the Pasadena Community Development Commission. The 2000 Paseo Colorado bonds were initially issued with an insurance policy from MBIA. In 2008, the City refunded the bonds and reissued them with no insurance.

The bonds are taxable and structured as variable rate demand lease revenue bonds supported by a standby bond purchase agreement, the liquidity facility, with BMO Bank. There are currently \$17.6 million outstanding bonds with a final maturity in June 2038.

Variable Rate Demand Bonds or VRDBs are long-term bonds that carry a short-term interest rate that is reset every seven-days. VRDBs have a "put" feature and are backed by a liquidity facility in the form of a standby bond purchase agreement or a bank letter of credit. VRDBs are qualified investments for Rule 2a-7 and are typically sold to money market funds, which are required by the Securities and Exchange Commission (SEC) regulation to purchase securities rated in the AA category or higher.

The SBPA with BMO Bank, currently set to expire in December 2025, has been successfully negotiated for an extension for a three-year term at an annual fee of 0.35%.

Staff pursued competitive bids from several banks, which confirmed that BMO's offered rate is favorable. The City's municipal advisor also confirmed that the 0.35% fee is at the lower end of the market range of 0.32% to 0.45% for a comparable liquidity facility, considering Pasadena's credit rating and the leased property type (Paseo Parking Garage). Extending the SBPA with BMO offers the least overall cost to the City by avoiding the significant legal fees that would be incurred with a replacement bank.

COUNCIL POLICY CONSIDERATION:

This action supports the City Council's strategic goal to maintain fiscal responsibility and stability.

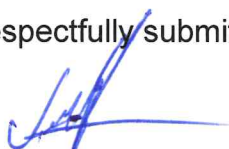
ENVIRONMENTAL ANALYSIS:

CEQA excludes, from environmental review, actions that are not "projects" as defined by CEQA Guidelines Section 21065 and within the meaning of Section 15378(b). Sections 21065 and 15378(b) define a project as an action which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Section 15378 excludes from the definition of "project" organizational or administrative governmental activities that do not result in physical changes to the environment. The actions proposed herein, adopting a resolution extending the standby bond agreement, is an organizational or administrative governmental activity that does not result in physical changes to the environment, and therefore is not a "project" as defined by CEQA. Since the action is not a project subject to CEQA, no environmental document is required.

FISCAL IMPACT:

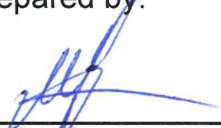
The extension of the standby bond purchase agreement with Bank of the West requires a one-time legal expenditure that is capped at \$18,000 (up to \$8,500 for bank counsel and \$10,000 for City's bond counsel). Funding for this action will be addressed by the utilization of existing budgeted appropriations in account 40724031-814900. No additional indirect or support costs will be required.

Respectfully submitted,



VICKEN ERGANIAN
Acting Director of Finance
Acting PPFA Treasurer

Prepared by:



Vicken Erganian
Acting Director of Finance

Approved by:



MIGUEL MÁRQUEZ
City Manager
PPFA Executive Director

Attachments: (2)

- A) Third Amended and Restated Fee Agreement
- B) Fourth Amendment to Standby Bond Purchase Agreement