

# Agenda Report

**TO:** City Council  
Attn: Finance Committee

**DATE:** May 11, 1998

**FROM:** Acting City Manager

**SUBJECT:** RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDMENT TO THE REIMBURSEMENT AGREEMENT ENTERED INTO IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE 1996 CERTIFICATES OF PARTICIPATION (ROSE BOWL IMPROVEMENTS PROJECT) AND THE CONSENT TO THE ASSIGNMENT OF A PORTION OF THE OBLIGATIONS UNDER THE LETTER OF CREDIT ISSUED WITH RESPECT THERETO

## RECOMMENDATION

It is recommended that the City Council approve a resolution authorizing the execution and delivery of an amendment to the Reimbursement Agreement entered into in connection with the execution and delivery of the 1996 Certificates of Participation (Rose Bowl Improvements Project) and the consent to the assignment of a portion of the obligations under the letter of credit issued with respect thereto.

## DISCUSSION

In 1996, the City Council authorized the issuance of approximately \$22 million in Certificates of Participation (Bonds) for improvements to the Rose Bowl. Because of potential tax implications regarding the tax-exempt status of the Bonds, staff recommended and the City Council approved the issuance of variable rate debt. In order to provide the necessary liquidity support for the bond holders, a letter of credit was obtained from Canadian Imperial Bank Corporation (CIBC). Since 1996, CIBC has brought California State Teachers' Retirement System (Cal STRS) into many of its credit enhancement issues. This arrangement allows CIBC to participate in more bond financings and reduces the capital commitment required by CIBC on each deal.

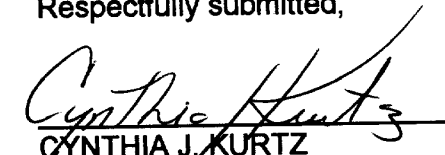
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Recently, the City has been asked by CIBC to agree to allow them to bring Cal STRS into the Rose Bowl financings. After careful review of Cal STRS' credit quality staff has concluded that, if anything, this action will strengthen the credit quality of the 1991 and 1996 Rose Bowl financings. As CIBC is the letter of credit bank on both issues, staff is comfortable making this recommendation to the City Council.

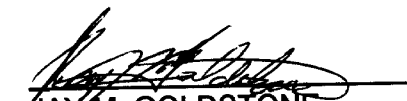
**FISCAL IMPACT**

All expenses associated with this transaction will be paid for by CIBC. In addition, the rating on the bonds will not be negatively impacted and the interest rate paid by the Rose Bowl Operating Company will not be different than it would be if this assignment is not approved. Therefore, it is staff's conclusion that approval of this action would not have a negative impact on the City and could even improve interest rates slightly while lowering debt service expenses.

Respectfully submitted,

  
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Prepared by:

  
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