

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA,
CALIFORNIA DECLARING ITS INTENTION TO REIMBURSE ITSELF
FROM THE PROCEEDS OF ONE OR MORE TAX-EXEMPT FINANCINGS
FOR CERTAIN EXPENDITURES MADE AND/OR TO BE MADE IN
CONNECTION WITH THE ACQUISITION, CONSTRUCTION AND
EQUIPPING OF CERTAIN CAPITAL IMPROVEMENTS

WHEREAS, the City of Pasadena, California (the "Issuer") is a political subdivision organized and existing under the laws of the State of California; and

WHEREAS, the Issuer has paid, beginning no earlier than May 15, 2014 and will pay, on and after the date hereof, certain expenditures (the "Expenditures") in connection with the acquisition, construction and/or equipping of **Local Generation Repowering Project – Phase II** (including other related improvements, the "Project"), as more fully described in Exhibit A attached hereto; and

WHEREAS, the City Council of the Issuer (the "City Council") has determined that those moneys previously advanced no more than 60 days prior to the date hereof and to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Issuer for the Expenditures from the proceeds of one or more issuances of tax-exempt bonds (the "Bonds");

NOW, THEREFORE, the City Council does hereby resolve, determine and order as follows:

Section 1. The City Council hereby declares the Issuer's intent to reimburse the Issuer with the proceeds of the Bonds for the Expenditures with respect to the Project paid on and after May 15, 2014, which date is no more than 60 days prior to the date hereof. The Issuer reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Bonds.

Section 2. Each Expenditure was and will be either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Bonds, (c) a nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the Issuer so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the Issuer.

Section 3. The maximum principal amount of the Bonds expected to be issued for the Project is \$75,000,000.

Section 4. The Issuer will make a reimbursement allocation, which is a written allocation by the Issuer that evidences the Issuer's use of proceeds of the Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid

or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The Issuer recognizes that exceptions are available for certain "preliminary expenditures," costs of issuance, certain *de minimis* amounts, expenditures by "small issuers" (based on the year of issuance and not the year of expenditure) and expenditures for construction projects of at least five years duration.

Section 5. This resolution shall take effect immediately upon its adoption.

[Remainder of page intentionally left blank.]

ADOPTED at a regular meeting of the City Council this 14th day of July, 2014, by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

APPROVED AS TO FORM:

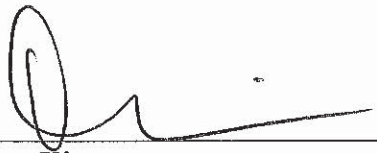
ATTEST:



Lisa Hosey
Deputy City Attorney

Mark Jomsky
City Clerk

APPROVED AS TO FORM AND
CONTENT:



Danny Kim
Fulbright & Jaworski LLP
Bond Counsel

DESCRIPTION OF PROJECT

The proposed project would include a new combined-cycle power generating unit with an estimated gross capacity of 71 MW, to be known as Unit GT-5. The new unit would be installed on the Glenarm site to replace steam generating Unit B-3, which is located on the Broadway site and would be decommissioned after Unit GT-5 is commissioned. Unit GT-5 would be located south of the existing Glenarm Building and will include a new gas turbine, steam turbine, once-through steam generator, wet-type cooling tower, water storage tank and electric powered fuel gas compressors. The proposed project would also include construction of an approximately 18,000 square-foot administrative/control room, including administrative offices and a control station for existing and proposed power-generation units.

The project is part of the Pasadena Water and Power Department's ("PWP") long-term energy supply plan as approved by the City Council in the 2009 Energy Integrated Resource Plan. Unit B-3, which will be replaced by the new generating unit GT-5, is nearly 50 years old and is incurring increasing costs of maintenance and repair and reduced reliability. Unit GT-5 will improve reliability of energy delivery throughout the system, especially during high-usage periods or when there is an interruption in imported power supply from external resources. Unit GT-5 will also have the capability of quickly reaching maximum generating capacity, improving PWP's disaster response and recovery. The flexible operating characteristics of Unit GT-5 will improve integration of resources such as wind and solar energy by providing "firm" energy to augment the variable delivery of renewable resources. Commissioning of the new generating Unit GT-5 is currently scheduled for mid- 2016.

Funding for the project will be provided by long-term financing, equity investment or some combination thereof. Additional non-cash sources of funding will be provided through depreciation and reduced cost of operations due to improved efficiency of operations.