
CITY OF PASADENA

and

THE BANK OF NEW YORK TRUST COMPANY, N.A.,
as Trustee

ESCROW AGREEMENT

Dated February 16, 2006

Relating to

City of Pasadena
1991 Variable Rate Demand Certificates of Participation
(Rose Bowl Improvements Project)

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, made and entered into this February 16, 2006, by and between the **CITY OF PASADENA**, a municipal corporation and chartered city of the State of California (the "City") and **THE BANK OF NEW YORK TRUST COMPANY, N.A.**, a national banking association organized and existing under and by virtue of the laws of the United States of America, being qualified to accept and administer the trusts hereby created, in its capacity as successor trustee (the "Trustee") under the Trust Agreement (capitalized terms used herein shall have the meanings given such terms pursuant to Section 1 hereof),

WITNESSETH:

WHEREAS, pursuant to the Trust Agreement, the Trustee executed and delivered \$12,700,000 principal amount of City of Pasadena 1991 Certificates of Participation (Rose Bowl Improvements Project); and

WHEREAS, \$6,000,000 of the Certificates remain Outstanding; and

WHEREAS, for the purpose of providing for the prepayment of the Certificates in accordance with Article X of the Trust Agreement, the City has drawn on the Letter of Credit and deposited the moneys received from such draw into the Escrow Fund as provided in Section 2 hereof; and

WHEREAS, the Trustee is to apply amounts in the Escrow Fund to the purchase of the Escrow Securities; and

WHEREAS, the Escrow Securities will mature at such times and in such amounts as to provide cash in the Escrow Fund which, together with the other available cash held by the Trustee in the Escrow Fund, has been verified in the Verification Report to be sufficient to pay the Escrow Requirements when due and payable;

NOW, THEREFORE, the City and the Trustee hereby agree as follows:

Section 1. Definitions. (a) Capitalized terms used in this Escrow Agreement and not otherwise defined herein shall have the meanings given such terms in the Trust Agreement. The following shall have the meanings set forth below for all purposes of this Escrow Agreement.

"Authority" means the Pasadena Public Financing Authority or its successor and assigns.

"Certificates" mean the outstanding \$6,000,000 principal amount of City of Pasadena 1991 Variable Rate Demand Certificates of Participation (Rose Bowl Improvements Project), issued pursuant to the Trust Agreement.

"Escrow Fund" means the City of Pasadena 1991 Variable Rate Demand Certificates of Participation (Rose Bowl Improvements Project) Escrow Fund established pursuant to Section 2 hereof.

“Escrow Requirements” means (i) the payment on March 1, 2006 of the accrued and unpaid interest on the Certificates, and (ii) the payment on the Prepayment Date of the Prepayment Price.

“Escrow Securities” means the securities listed in Schedule B hereto.

“Indenture” means the Bond Indenture, dated as of February 1, 2006, by and between the Authority and The Bank of New York Trust Company, N.A., as trustee.

“Letter of Credit” means irrevocable letter of credit no. S00043503/STRS-42, dated July 27, 2001, and issued on a several and not joint basis by The Bank of New York and the California State Teachers’ Retirement System.

“Opinion of Bond Counsel” means a written opinion from an attorney or firm of attorneys which have national standing in the field of law relating to municipal securities and the exclusion of interest thereon from gross income for federal income tax purposes, addressed to the City and the Trustee.

“Prepayment Date” means April 3, 2006.

“Prepayment Price” means an amount equal to 100% of the principal amount of the Certificates outstanding on the Prepayment Date, plus accrued interest on the Certificates to the Prepayment Date.

“Trust Agreement” means the Amended and Restated Trust Agreement, dated as of June 1, 1996, by and among the City, the Pasadena Civic Improvement Corporation and the Trustee.

“Trustee” means The Bank of New York Trust Company, N.A., successor to BNY Western Trust Company.

“Verification Agent” means Grant Thornton LLP.

“Verification Report” means the verification report, dated February 16, 2006, prepared by the Verification Agent in connection with the moneys deposited in the Escrow Fund.

(b) References to the principal of the Certificates shall be the principal component of Base Rental Payments represented by such Certificates and references to interest on the Certificates shall be to the interest component of Base Rental Payments represented by such Certificates.

Section 2. Establishment, Funding and Maintenance of Escrow Fund.

(a) There is hereby established by the Trustee a separate irrevocable fund designated as the “City of Pasadena 1991 Variable Rate Demand Certificates of Participation (Rose Bowl Improvements Project) Escrow Fund.” The Trustee shall maintain the Escrow Fund until the termination of this Escrow Agreement pursuant to Section 9 hereof and hold the Escrow

Securities and moneys therein at all times as a special and separate trust fund wholly segregated from all other securities, investments or moneys on deposit with or otherwise held by the Trustee.

(b) There has been deposited with the Trustee the sum of \$6,093,390.32, which sum is derived from the proceeds of the draw made by the Trustee on the Letter of Credit and which is to be deposited in the Escrow Fund and invested and disbursed in accordance with this Escrow Agreement.

(c) All Escrow Securities and moneys in the Escrow Fund are hereby irrevocably transferred to the Trustee on behalf of the owners of the Certificates to be applied, as provided herein, to the payment in accordance with this Escrow Agreement of (i) interest on the Certificates due on March 1, 2006 and (ii) the Prepayment Price on the Prepayment Date.

(d) The City hereby waives any rights that it may have under the Trust Agreement, the Sublease or any other document or agreement relating to the Certificates to give instructions as to the investment of the amounts deposited in the Escrow Fund, except as provided in Section 4, below.

(e) The City acknowledges that it has no right, title or interest in or to any money, Escrow Securities, or other property held in the Escrow Fund, notwithstanding any provision of the Trust Agreement, the Sublease or any other document or agreement relating to the Certificates to the contrary. Under no circumstances shall any such money, securities, or other property be paid or delivered to or for the order of the City, except as provided in Section 5, below.

Section 3. Investments of Moneys in the Escrow Fund.

(a) The City requests and directs that \$6,038,157.00 of the cash on deposit in the Escrow Fund be invested in the Escrow Securities. The Trustee acknowledges and agrees that it has received the amount set forth in Section 2(b) above and hereby agrees: (i) to use \$6,038,157.00 of such moneys to purchase the Escrow Securities from the United States Treasury and at a purchase price equal to the principal amount of the Escrow Securities on February 16, 2006; and (ii) to hold the remaining balance of such deposit (\$55,233.32) uninvested as cash. The City and the Trustee shall each take all remaining necessary action to have the Escrow Securities issued and registered in the name of the Trustee, for the account of the Escrow Fund.

(b) The Trustee shall not be liable or responsible for any loss resulting from any investment made pursuant to this Escrow Agreement and in full compliance with the provisions hereof.

(c) The Trustee acknowledges receipt of certain calculations, the mathematical accuracy of which has been verified by the Verification Agent in its Verification Report, a copy of which has been provided to the Trustee and the Trustee may conclusively rely upon the conclusions of the Verification Report to the effect that the Escrow Securities mature in such amounts and at such times as shall be necessary and sufficient, together with other moneys in the Escrow Fund, to pay the Escrow Requirements when due. The Trustee further acknowledges receipt of the Opinion of Counsel referred to in clause (1) of the definition of "Permitted Investments" in the Trust Agreement.

Section 4. Payment of the Escrow Requirements. The City hereby requests and irrevocably instructs the Trustee, and the Trustee hereby agrees, to collect and deposit in the Escrow Fund all amounts payable with respect to the Escrow Securities held to the credit of the Escrow Fund promptly as such amounts become due and to apply, to the extent necessary, such amounts, together with the other moneys in the Escrow Fund, to the payment when due of the Escrow Requirements and to give notice of the prepayment of the Certificates on the Prepayment Date as set forth in Section 4.03 of the Trust Agreement. The Trustee acknowledges that the provisions of this Section 4 are satisfactory provisions for the giving of the notice of the prepayment of the Certificates. A copy of the form of the prepayment notice is attached hereto as Exhibit A. A copy of the form of notice to be mailed by the Trustee as required by Section 4.03(b) and (c) of the Trust Agreement is attached hereto as Exhibit B. The City and the Trustee acknowledge that this Escrow Agreement constitutes the irrevocable instructions to mail such notice referred to in Section 10.01(b)(i) of the Trust Agreement. The City and the Trustee further acknowledge that this Escrow Agreement constitutes irrevocable instructions to apply the amounts received in connection with the Escrow Securities credited to the Escrow Fund, and the other amounts in the Escrow Fund, to the payment of the Escrow Requirements as set forth in this Escrow Agreement.

Section 5. Transfer of Funds After Payment of Prepayment Price. The City hereby requests and irrevocably instructs the Trustee, and the Trustee hereby agrees, to transfer any money remaining in the Escrow Fund after the prepayment of the Certificates on the Prepayment Date to the Project Fund established under the Indenture.

Section 6. Fees and Costs.

(a) The Trustee's fees and costs for acting as Trustee under this Escrow Agreement are to be agreed upon by the Trustee and the City and paid by the City as provided in a separate agreement between the City and the Trustee.

(b) The Trustee shall also be entitled to additional reasonable fees and reimbursements for costs incurred, including but not limited to legal and accountants' services, in connection with any litigation not arising from the Trustee's negligence or willful misconduct which may at any time be instituted involving this Escrow Agreement.

(c) The fees of and the costs incurred by the Trustee hereunder or otherwise in connection with the Certificates or the Trust Agreement shall in no event be deducted or payable from or constitute a lien against the Escrow Fund, any Escrow Securities credited to the Escrow Fund or any moneys in the Escrow Fund.

Section 7. Indemnification. The City hereby assumes liability for and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and hold harmless the Trustee and its respective successors, assigns, employees and agents from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Trustee (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery

of this Escrow Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys or securities by the Trustee in accordance with the provisions of this Escrow Agreement, or as may arise by reason of any act, omission or error of the Trustee made in good faith in the conduct of its duties; provided, however, that the City shall not be required to indemnify the Trustee against its own negligence or willful misconduct. The indemnities contained in this Section shall survive the termination of this Escrow Agreement and the resignation or removal of the Trustee.

Section 8. Termination; Unclaimed Money. This Escrow Agreement shall terminate when all moneys are transferred from the Escrow Fund as provided Section 5 hereof.

Section 9. Rights, Duties and Obligations of Trustee. The Trustee is entering into this Escrow Agreement in its capacity as trustee under the Trust Agreement. Subject to the provisions of Sections 3 and 5 hereof, moneys held by the Trustee hereunder are to be held and applied for the payment when due of the Escrow Requirements in accordance with the terms hereof. The rights, duties and obligations of the Trustee shall, except as otherwise expressly provided herein, be governed by the applicable provisions of the Trust Agreement which by this reference are hereby incorporated into this Escrow Agreement as if set forth in full herein.

Section 10. Severability. If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Escrow Agreement. The provisions of this Escrow Agreement shall be unalterable, subject to the provisions of Section 11 hereof.

Section 11. Amendment. The parties hereto may, without the consent or notice to the owners of the Certificates, enter into such agreements supplemental to this Escrow Agreement as shall not adversely affect the rights of such owners hereunder for either of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Escrow Agreement; and

(b) to grant or confer upon the Trustee for the benefit of the owners of the Certificates any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Trustee.

The Trustee shall enter into such agreements only upon receipt by the Trustee of, and shall be entitled to rely conclusively upon, an Opinion of Bond Counsel to the effect that any such agreement complies with this Section 11.

Section 12. Execution of Counterparts. This Escrow Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

Section 13. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given (i) if hand delivered or delivered by courier, when delivered to the appropriate notice address, or (ii) if mailed by first class mail, postage

prepaid, six business days after deposit in the United States mail addressed to the appropriate notice address. The parties listed below may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice required or permitted hereunder shall be directed to the following notice address:

As to the City: City of Pasadena
117 East Colorado Boulevard
Pasadena, California 91105
Attention: Acting Director of Finance

As to the Trustee: The Bank of New York Trust Company, N.A.
700 South Flower Street, Suite 500
Los Angeles, California 90017-4104
Attention: Corporate Trust

Section 14. Governing Law. This Escrow Agreement shall be construed in accordance with and governed by the constitution and the laws of the State of California (the "State") applicable to contracts made and performed in the State.

Section 15. Immunities and Liabilities of Trustee.

(a) The Trustee undertakes to perform hereunder only such duties as are expressly and specifically set forth in this Escrow Agreement and no implied duties or obligations shall be read into this Escrow Agreement against Trustee.

(b) The Trustee shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Trustee be liable for any special indirect or consequential damages. The Trustee shall have no duty or responsibility under this Escrow Agreement in the case of any default in the performance of the covenants or agreements of any other party contained in the Trust Agreement or in the case of any default by any other party in the performance of the covenants or agreements contained in the Trust Agreement; provided that, notwithstanding any such default, the Trustee shall apply the moneys in the Escrow Fund as provided in this Escrow Agreement. The Trustee is not required to resolve conflicting demands to money or property in its possession under this Escrow Agreement.

(c) The Trustee may consult with counsel of its own choice (which may be counsel to the City), and the written opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action hereunder in accordance with such opinion of counsel.

(d) The Trustee shall not be responsible for any of the recitals or representations contained herein, in the Trust Agreement or in the Indenture, other than recitals or representations specifically made by the Trustee.

(e) The Trustee may become the owner of, or acquire any interest in, any bonds or other securities of the City with the same rights that it would have if it were not the Trustee and may engage or be interested in any financial or other transaction with the City.

(f) The Trustee shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys or securities deposited with it to pay the Escrow Requirements when due.

(g) The Trustee shall not be liable for any action or omission of the City under this Escrow Agreement, the Trust Agreement or the Indenture.

(h) Whenever in the administration of this Escrow Agreement the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or willful misconduct on the part of the Trustee, be deemed to be conclusively proved and established by a certificate of any authorized representative of the City, and such certificate shall, in the absence of negligence or willful misconduct on the part of the Trustee, be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Escrow Agreement upon the faith thereof.

(i) The Trustee may conclusively rely, as to the truth and accuracy of the statements and the correctness of the opinions and the calculations provided to it in connection with this Escrow Agreement and shall be protected in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Trustee in connection with this Escrow Agreement and reasonably believed by the Trustee to have been signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate or opinion.

(j) The liability of the Trustee to make the payments required by this Escrow Agreement shall be limited to the moneys and Escrow Securities in the Escrow Fund.

(k) No provision of this Escrow Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be signed in their respective names by their duly authorized officers, all as of the day and year first above written.

CITY OF PASADENA

By: _____
Steven B. Mermell, Acting Director of Finance

**THE BANK OF NEW YORK TRUST
COMPANY, N.A., as Trustee**

By _____
Authorized Officer

**Escrow Requirements
Schedule A**

<u>Payment Date</u>	<u>Maturing Principal</u>	<u>Prepayment Price</u>	<u>Interest*</u>	<u>Total*</u>
March 1, 2006	--	--	\$55,232.88	\$55,232.88
April 3, 2006	\$6,000,000	\$6,000,000	\$65,095.89	\$6,065,095.89

*All interest calculated at maximum interest rate of 12% per annum.

Schedule B

Escrow Securities

Investments to be purchased on February 16, 2006

<u>Type of Security</u>	<u>Maturity Date</u>	<u>Par Amount</u>	<u>Interest Rate</u>
SLG Certificate	4/3/06	\$603,851.00	3.54%
SLG Certificate	4/3/06	\$5,434,306.00	3.54%

EXHIBIT A

FORM OF NOTICE OF PREPAYMENT

**CITY OF PASADENA
1991 VARIABLE RATE DEMAND CERTIFICATES OF PARTICIPATION
(ROSE BOWL IMPROVEMENTS PROJECT)**

NOTICE OF PREPAYMENT

To: Registered owners of the above-captioned certificates (the "Certificates")
CUSIP No. _____.

NOTICE IS HEREBY GIVEN by The Bank of New York Trust Company, N.A., as successor trustee (the "Trustee"), that the above-captioned Certificates maturing on December 1, 2023 are subject to prepayment on April 3, 2006 (the "Prepayment Date"). The Certificates will be prepaid at a price equal to 100% of the principal amount represented by the Certificates outstanding on the Prepayment Date, plus accrued interest represented thereby (the "Prepayment Price"). The Certificates were originally executed and delivered on December ____, 1991, pursuant to an Amended and Restated Trust Agreement, dated as of June 1, 1996, by and among the City of Pasadena, the Pasadena Civic Improvement Corporation and the Trustee. On the Prepayment Date, there shall become due and payable the Prepayment Price and from and after the Prepayment Date the interest represented by the Certificates shall cease to accrue and be payable. In connection with the discharge and satisfaction of the Trust Agreement, the Letter of Credit has terminated and been surrendered by the Trustee, and the Owners of the Certificates are entitled to payment only from amounts deposited pursuant to the Trust Agreement and pledged to such payment, and from no other source.

The Prepayment Price will be paid by the Trustee at the following location:

[insert location]

Dated: February ____, 2006

THE BANK OF NEW YORK TRUST
COMPANY, N.A., as Trustee

By: _____
Authorized Officer

cc: The Bank of New York
California State Teachers' Retirement System

EXHIBIT B

FORM OF NOTICE OF PREPAYMENT

**CITY OF PASADENA
1991 VARIABLE RATE DEMAND CERTIFICATES OF PARTICIPATION
(ROSE BOWL IMPROVEMENTS PROJECT)**

NOTICE OF PREPAYMENT

The Depository Trust Company	Midwest Securities Trust Company
Pacific Securities Depository Trust Company	Philadelphia Depository Trust Company
Financial Information, Inc.'s Daily Called Bond Service	Kenny Information Service's Called Bond Service
Moody's Investors' Service, Inc.	Standard & Poor's Called Bond Record

[need to update names/addresses]

NOTICE IS HEREBY GIVEN by The Bank of New York Trust Company, N.A., as successor trustee (the "Trustee"), that the above-captioned Certificates maturing on December 1, 2023 are subject to prepayment on April 3, 2006 (the "Prepayment Date"). The Certificates will be prepaid at a price equal to 100% of the principal amount represented by the Certificates outstanding on the Prepayment Date, plus accrued interest represented thereby (the "Prepayment Price"). The Certificates were originally executed and delivered on December ____, 1991, pursuant to an Amended and Restated Trust Agreement, dated as of June 1, 1996, by and among the City of Pasadena, the Pasadena Civic Improvement Corporation and the Trustee. On the Prepayment Date, there shall become due and payable the Prepayment Price and from and after the Prepayment Date the interest represented by the Certificates shall cease to accrue and be payable.

The Prepayment Price will be paid by the Trustee at the following location:

[insert location]

Dated: February ____, 2006

THE BANK OF NEW YORK TRUST
COMPANY, N.A., as Trustee

By: _____
Authorized Officer

EXHIBIT C

CERTIFICATE OF TRUSTEE

The undersigned, a duly authorized officer of The Bank of New York Trust Company, N.A., as successor trustee (the "Trustee") under the Amended and Restated Trust Agreement, dated as of June 1, 1996 (the "Trust Agreement"), by and among the City of Pasadena, the Pasadena Civic Improvement Corporation and the Trustee, hereby certifies on behalf of the Trustee that notice of prepayment has been given to the Owners and the securities depositories and services listed in Section 4.03(b) and (c) of the Trust Agreement, as provided in the Trust Agreement.

Capitalized terms used but undefined herein shall have the meanings ascribed thereto in the Trust Agreement.

Dated: February __, 2006

THE BANK OF NEW YORK TRUST
COMPANY, N.A., as Trustee

By: _____
Authorized Officer