

Recording Requested By And
When Recorded Mail To:

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777 South Figueroa Street, Suite 3200
Los Angeles, California 90017

LEASE

by and between the

CITY OF PASADENA

and the

PASADENA PUBLIC FINANCING AUTHORITY

RELATING TO THE

PASADENA PUBLIC FINANCING AUTHORITY
VARIABLE RATE DEMAND LEASE REVENUE BONDS
(ROSE BOWL REFINANCING AND IMPROVEMENTS PROJECTS), SERIES 2006

Executed and Entered into
as of February 1, 2006

LEASE

This Lease is executed and entered into as of February 1, 2006 (as it may from time to time be amended or supplemented, this "Lease"), by and between the CITY OF PASADENA, a municipal corporation duly organized and existing under its Charter and the Constitution and laws of the State of California (the "City"), and the PASADENA PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority duly created by and existing under the laws of the State of California (the "Authority").

WITNESSETH:

WHEREAS, the City proposes to enter into this Lease with the Authority, whereby the City will lease to the Authority the Leased Property (capitalized terms used herein shall have the meanings given such terms pursuant to Section 1.01 of the Sublease, dated as of February 1, 2006 (the "Sublease"), by and between the City and the Authority), as a material consideration for the Authority's agreement to sublease the Leased Property to the City; and

WHEREAS, the Authority and the City wish to provide for the acquisition, construction and installation of certain public improvement consisting of Rose Bowl Improvements to the existing Leased Property and the City Hall Improvements to the City's City Hall and for the prepayment of the Certificates; and

WHEREAS, concurrently with the execution and delivery of this Lease, the City and the Authority are entering into the Sublease of the Leased Property; and

WHEREAS, concurrently with the execution and delivery of this Lease, the Authority and the Trustee are entering into the Indenture pursuant to which the Authority is issuing Bonds to finance the costs of the Rose Bowl Improvements, the City Hall Improvements and to prepay the Certificates; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Lease;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

Section 1. Leased Property. The City hereby leases to the Authority and the Authority hereby rents from the City, on the terms and conditions hereinafter set forth, those certain parcels of real property and improvements thereon situated in the State of California, County of Los Angeles, City of Pasadena, described in Exhibit A attached hereto and made a part hereof.

Section 2. Term. The term hereof shall commence on February 1, 2006, or the date this Lease is recorded, whichever is later, and shall end on December 1, 2023, unless such term is sooner terminated or is extended as hereinafter provided. If prior to December 1, 2023, all Base Rental Payments under the Sublease shall have been paid, or provision therefor has been made in accordance with Article X of the Indenture, the term hereof shall end ten (10) days thereafter or ten (10) days after written notice by the City to the Authority in accordance with Section 15 hereof, whichever is earlier.

If the Sublease is extended beyond December 1, 2023 pursuant to the terms thereof, this Lease shall also be extended to the day following the date of termination of the Sublease.

Section 3. Rent. The Authority shall pay to the City as and for rental of the Leased Property hereunder, the sum of not to exceed \$_____. Such rent shall be paid from the proceeds of the Bonds.

The City shall deposit the rental payment in one or more separate funds or accounts to be held and administered for the purpose of financing the Rose Bowl Improvements, the City Hall Improvements, the prepayment of the Certificates and the costs of issuance of the Bonds, and shall be disbursed in accordance with Section 3.02 of the Indenture. The Authority and the City hereby find and determine that the amount of the rent does not exceed the fair market value of this Leasehold interest in the Leased Property which is conveyed hereunder by the City to the Authority. No other amounts of rental shall be due and payable by the Authority for the right to use and possession of the Leased Property under this Lease.

Section 4. Purpose. The Authority shall use the Leased Property solely for the purpose of subleasing the same to the City, provided, that in the event of default by the City under the Sublease, the Authority may exercise the remedies provided in the Sublease.

Section 5. Owner in Fee. The City covenants that it is the owner of the Leased Property free and clear of all liens, claims or encumbrances which affect marketability.

Section 6. Assignments and Subleases. Unless the City shall be in default under the Sublease, the Authority may not, without the prior written consent of the City and the Credit Provider, assign its rights hereunder or sublet the Leased Property except that the City and the Credit Provider expressly approve and consent to the assignment and transfer of the Authority's right, title and interest in this Lease to the Trustee pursuant to the Indenture.

Section 7. Right of Entry. The City reserves the right for any of its duly authorized representatives to enter upon the Leased Property at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 8. Termination. The Authority agrees, upon the termination hereof, to quit and surrender the Leased Property in the same good order and condition as the same was in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and agrees that any permanent improvements to the Leased Property at the time of the termination hereof shall remain thereon and title thereto shall vest in the City.

Section 9. Default. In the event the Authority shall be in default in the performance of any obligation on its part to be performed under the terms hereof, which default continues for thirty (30) days following notice and demand for correction thereof to the Authority, the City may exercise any and all remedies granted by law, except that no merger of this Lease and of the Sublease shall be deemed to occur as a result thereof; provided, that so long as any Bonds issued pursuant to the Indenture are Outstanding, the City shall have no power to terminate this Lease by reason of any default on the part of the Authority, if such termination would affect or impair any assignment of the Sublease then in effect between the Authority and the trustee for such Bonds.

Section 10. Quiet Enjoyment. The Authority at all times during the term hereof shall have the right to peaceably and quietly, hold and enjoy the Leased Property.

Section 11. Waiver of Personal Liability. All liabilities hereunder on the part of the Authority shall be solely corporate liabilities of the Authority, and the City hereby releases each and every director, officer and employee of the Authority of and from any personal or individual liability hereunder. No director, officer or employee of the Authority shall at any time or under any circumstances be individually or personally liable hereunder for anything done or omitted to be done by the Authority hereunder.

Section 12. Eminent Domain. In the event the whole or any portion of the Leased Property is taken by eminent domain proceedings, the interest of the Authority shall be recognized and is hereby determined to be the amount of the then unpaid Base Rental Payments, and the amount of the unpaid Additional Rental due under the Sublease, and the balance of the award, if any, shall be paid to the City.

Section 13. Amendments. This Lease may be amended for the purpose of effecting a Substitution or Removal, as further described in the Sublease or for the purpose of issuing additional bonds as described in Section 5.07 of the Sublease, or as otherwise provided in the Sublease.

Section 14. Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms hereof shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining agreements, conditions, covenants or terms hereof shall be affected thereby, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 15. Notices. All approvals, authorizations, consents, demands, designations, notices, offers, requests, statements or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered by Electronic Notice or if mailed by United States registered or certified mail, return receipt requested, postage prepaid, and, if to the City, addressed to City of Pasadena, 117 East Colorado Boulevard, Pasadena, California 91105, Attn: Director of Finance, or, if to the Authority, addressed to Pasadena Public Financing Authority, c/o City of Pasadena, 117 East Colorado Boulevard, Pasadena, California 91105, Attn: Director of Finance, with a copy to the

Trustee for the Bonds, or to such other addresses as the respective parties may from time to time designate by notice in writing.

Section 16. California Law. This Lease shall be governed by and construed and interpreted in accordance with the laws of the State.

Section 17. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision hereof.

Section 18. Severability. If any agreement, condition, covenant or term hereof or any application hereof should be held by a court of competent jurisdiction to be invalid, void or unenforceable, in whole or in part, all agreements, conditions, covenants and terms hereof and all applications thereof not held invalid, void or unenforceable shall continue in full force and effect and shall in no way be affected, impaired or invalidated thereby.

Section 19. Execution in Counterparts. This Lease may be executed and entered into in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Lease by their officers thereunto duly authorized as of the day and year first above written.

CITY OF PASADENA

By _____
Steven B. Mermell,
Acting Director of Finance

(SEAL)

ATTEST:

Jane L. Rodriguez,
City Clerk

APPROVED AS TO FORM:

By: _____
Michele Beal Bagneris,
City Attorney

**PASADENA PUBLIC FINANCING
AUTHORITY**

By _____
Cynthia J. Kurtz,
Executive Director

ATTEST:

Jane L. Rodriguez,
Secretary

EXHIBIT A
DESCRIPTION OF LEASED PROPERTY

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.

On _____ before me, _____, Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

[Notarial Seal]

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.

On _____ before me, _____, Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

[Notarial Seal]