

REMARKETING AGREEMENT

Between

PASADENA PUBLIC FINANCING AUTHORITY

and

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,

as Remarketing Agent

Dated as of February 1, 2006

Relating to

[Principal Amount]
PASADENA PUBLIC FINANCING AUTHORITY
VARIABLE RATE DEMAND LEASE REVENUE BONDS
(ROSE BOWL REFINANCING AND IMPROVEMENT PROJECTS), SERIES 2006

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This REMARKETING AGREEMENT, dated as of February 1, 2006 (this "Agreement"), between the PASADENA PUBLIC FINANCING AUTHORITY (the "Authority") and MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED ("Merrill Lynch" or the "Remarketing Agent").

WITNESSETH:

WHEREAS, the Authority has issued \$ _____ aggregate principal amount of its Pasadena Public Financing Authority Variable Rate Demand Lease Revenue Bonds (Rose Bowl Refinancing and Improvement Projects), Series 2006 (the "Bonds") pursuant to a Bond Indenture, dated as of February 1, 2006 (the "Indenture"), by and between the Authority and Deutsche Bank National Trust Company., as trustee (the "Trustee").

WHEREAS, the Bonds and the Indenture provide among other things, that the owners of the Bonds (the "Owners"), may elect (or may be required) in certain instances to tender their Bonds for purchase upon the terms and conditions contained in the Bonds and the Indenture;

WHEREAS, the Indenture provides for the appointment of a remarketing agent to perform certain duties, including the use of its best efforts to find purchasers for Bonds tendered for purchase by the Owners;

WHEREAS, the Authority desires to appoint Merrill Lynch as remarketing agent under the Indenture and Merrill Lynch desires to accept such duties and responsibilities; and

WHEREAS, the Bonds shall be initially supported by an irrevocable direct pay letter of credit (the "Initial Credit Facility") issued by Citibank, N.A. ("Citibank"), pursuant to the Letter of Credit Reimbursement Agreement, dated as of February 1, 2006 (the "Reimbursement Agreement"), by and between Citibank and the City of Pasadena (the "City");

NOW, THEREFORE, for and in consideration of the mutual covenants made herein and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Indenture.

Section 2. Appointment of Remarketing Agent. Subject to the terms and conditions contained herein, the Authority hereby appoints Merrill Lynch as exclusive Remarketing Agent for the Bonds, and Merrill Lynch hereby accepts such appointment.

Section 3. Responsibilities of Remarketing Agent. Subject to the terms and conditions set forth in this Agreement, Merrill Lynch agrees to perform the duties of Remarketing Agent set forth in the Indenture. The parties agree that, in undertaking to perform such duties, and in the performance thereof, it is the intention of the parties that the

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Remarketing Agent shall act solely as an agent and not as a principal, except as expressly provided in Section 12.

(a) Determination of Interest Rates. The Remarketing Agent shall determine the interest rates on, and Interest Periods for, the Bonds in the manner and at the times specified therefor in the Indenture.

(b) Remarketing of Tendered Bonds.

(i) The Remarketing Agent shall use its best efforts to remarket Bonds to be purchased as described in the Indenture.

(ii) The Remarketing Agent:

(A) shall suspend its remarketing efforts upon the receipt of notice of the occurrence of an event of default under either the Indenture or the Reimbursement Agreement; and

(B) may suspend its remarketing efforts immediately upon the occurrence of any of the following events, which suspension shall continue so long as the situation continues to exist:

(1) suspension or material limitation in trading in securities generally on the New York Stock Exchange;

(2) a general moratorium on commercial banking activities in New York is declared by either federal or New York State authorities;

(3) the engagement by the United States in hostilities if the effect of such engagement, in the Remarketing Agent's judgment, makes it impractical or inadvisable to proceed with the solicitation of offers to purchase the Bonds;

(4) legislation shall be introduced by committee, by amendment or otherwise, in, or be enacted by, the House of Representatives or the Senate of the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the United States Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the offering or sale of obligations of the general character of the Bonds, as contemplated hereby, is or would be in violation of any provision of the Securities Act of 1933, as amended (the "Securities Act") and as then in effect, or the Securities Exchange Act of 1934, as amended (the "Exchange Act") and as then in effect, or the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act") and as then in effect, or with the purpose or effect of otherwise prohibiting the offering or sale of

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obligations of the general character of the Bonds, or the Bonds, as contemplated hereby;

(5) any event shall occur or information shall become known, which, in the Remarketing Agent's reasonable opinion, makes untrue, incorrect or misleading in any material respect any statement or information contained in the disclosure documents provided to the Remarketing Agent in connection with the performance of its duties hereunder, whether provided pursuant to Section 5 or otherwise, or causes such documents to contain an untrue, incorrect or misleading statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(6) any governmental authority shall impose, as to the Bonds, or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force;

(7) any of the representations and warranties of the Authority made hereunder shall not have been true and correct on the date made;

(8) the Authority fails to observe any of the covenants or agreements made herein;

(9) any of the rating agencies then rating the Bonds or the current Credit Provider with respect to the Bonds (the "Bank") shall downgrade the ratings assigned to either the Bonds or the Bank so that the Bonds are not "Eligible Securities" as defined under Rule 2a-7 of the Investment Company Act of 1940, as amended; or

(10) an actual or imminent default or a moratorium in respect of payment of any U.S. Treasury bills, bonds or notes the effect of which in the Remarketing Agent's judgment makes it impractical to market the Bonds or to enforce contracts for the sale of the Bonds.

Section 4. Resignation and Removal of Remarketing Agent. The Remarketing Agent may at any time resign and be discharged of its duties and obligations hereunder upon providing the City, the Authority, the Bank and the Trustee with thirty (30) days' prior written notice. The Remarketing Agent may be removed at any time by the Authority, upon providing the Remarketing Agent, the City, the Trustee, the Tender Agent and the Bank with thirty (30) days' prior written notice, provided, however, that such removal shall be effective only if as a successor Remarketing Agent shall have assumed the duties of remarketing agent under the Indenture on or prior to the scheduled effective date of such removal. Upon removal or resignation of the Remarketing Agent, the Authority shall promptly cause the Tender Agent to give notice thereof by mail to all Bondholders and to any rating agency which has assigned a rating to the Bonds. The Remarketing Agent shall assign and deliver this Agreement to its successor, if requested by the Authority.

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Section 5. Disclosure Materials.

(a) General. If the Remarketing Agent determines that it is necessary or desirable to use an official statement or other disclosure document in connection with its remarketing of the Bonds, the Remarketing Agent shall notify the Authority which shall provide the Remarketing Agent with a disclosure document in respect of the Bonds satisfactory to the Remarketing Agent and its counsel. The Authority shall supply the Remarketing Agent with such number of copies of the disclosure document as the Remarketing Agent requests from time to time and the Authority shall amend the document (and all documents incorporated by reference) so that at all times the document shall not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. In connection with the use of any disclosure document by the Remarketing Agent in its remarketing of the Bonds, the Authority shall furnish to the Remarketing Agent such certificates, accountants' letters and opinions of counsel as the Remarketing Agent reasonably requests. In addition, the Authority, at its own expense, shall take all steps reasonably requested by the Remarketing Agent that the Remarketing Agent or its counsel may consider necessary or desirable to (a) register the sale of the Bonds by the Remarketing Agent under any federal or state securities law or qualify the Indenture under the Trust Indenture Act, or (b) enable the Remarketing Agent to establish a "due diligence" defense to any action commenced against the Remarketing Agent in respect of any disclosure document.

(b) Compliance with Rule 15c2-12. In the event the Remarketing Agent is asked to remarket the Bonds in any situation which requires compliance with Rule 15c2-12 of the Exchange Act (the "Rule"),

(i) the Authority shall provide the Remarketing Agent with an Official Statement which the Authority deems final as of its date (exclusive of pricing and other sales information), prior to the date the Remarketing Agent bids for, offers or sells any Bonds;

(ii) the Authority shall provide the Remarketing Agent with such number of copies of any preliminary official statement or other disclosure document prepared in connection therewith, as the Remarketing Agent may need to supply at least one copy thereof to each potential customer who requests it; and

(iii) the Authority shall provide the Remarketing Agent within seven (7) Business Days after the interest rate is determined or by the time "money confirmations" are to be sent to customers, whichever is earlier, with a number of copies of the final Official Statement or disclosure document adequate to provide at least one copy of such final Official Statement or disclosure document to any customer or any potential customer for a period commencing on the date such final Official Statement or disclosure document is available and extending for the underwriting period as defined in the Rule (the "Underwriting Period") and, thereafter, for as long as may be required by the Rule. During the Underwriting Period, the Authority agrees to update, by written supplement or amendment or otherwise, the final Official Statement or disclosure document such that at all times during such period the final Official Statement or disclosure document shall not contain an untrue statement of a material fact or

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omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Section 6. Indemnification and Contribution.

(a) The Authority will indemnify and hold harmless the Remarketing Agent and each of its directors, officers and employees and each person who controls the Remarketing Agent within the meaning of Section 15 of the Securities Act, against any and all losses, claims, damages or liabilities, joint or several, to which any such indemnified party may become subject under any statute or at law or in equity or otherwise, and will reimburse any such indemnified party for any legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon (i) an allegation or determination that the Bonds should have been registered under the Securities Act or the Indenture should have been qualified under the Trust Indenture Act, or (ii) any untrue statement or alleged untrue statement of a material fact contained in any disclosure documents furnished pursuant to Section 5 hereof or the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, but the Authority will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made in the document in reliance upon and in conformity with written information furnished to the Authority by the Remarketing Agent specifically for use in connection with the preparation of the documents. This indemnity agreement will not limit any other liability to any such indemnified party the Authority otherwise may have; provided that in no event will the Authority be obligated for double indemnification.

(b) An indemnified party shall, promptly after receipt of notice of the commencement of any action against such indemnified party in respect of which indemnification may be sought against an indemnifying party, notify the indemnifying party in writing of the commencement of the action. Failure of the indemnified party to give such notice will not relieve the indemnifying party from any liability it may have to such indemnified party. If such an action is brought against an indemnified party and such indemnified party notifies the indemnifying party of its commencement, the indemnifying party may, or if so requested by such indemnified party will, participate in or assume its defense, with counsel reasonably satisfactory to the indemnified party and, after notice from the indemnifying party to such indemnified party of an election to assume the defense, the indemnifying party will not be liable to the indemnified party under this Section for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense other than reasonable costs of investigation. Until the indemnifying party assumes the defense of any such action at the request of such indemnified party, the indemnified party may participate at its own expense in the defense of such action. If the indemnifying party does not retain counsel to take charge of the defense or if the indemnified party reasonably concludes that there may be defenses available to it different from or in addition to those available to the indemnifying party (in which case the indemnifying party will not have the right to assume the defense of such action on behalf of such indemnified party), legal and other expenses reasonably incurred by the indemnified party shall be borne by the indemnifying party. Any obligation under this Section of an indemnifying party to reimburse an indemnified party for expenses shall be payable in

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reasonable amounts and at reasonable periodic intervals not more often than monthly as required by the indemnified party, but if the indemnified party is later determined not to be entitled to indemnification under this Section or otherwise, the indemnified party will promptly return any moneys paid pursuant to this sentence. No party will be liable with respect to any settlement effected without its consent.

(c) In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in Section 6(a) hereof is due in accordance with its terms but, for any reason, is held by a court to be unavailable on grounds of policy or otherwise, the Authority and the Remarketing Agent will contribute to the total losses, claims, damages and liabilities (including legal or other expenses of investigation or defense) to which the Authority and the Remarketing Agent may be subject in such proportion so that the Remarketing Agent is responsible for that portion represented by the percentage that the fee to be paid to the Remarketing Agent pursuant to Section 7 hereof bears to the principal amount of the Bonds under this Agreement and the Authority is responsible for the balance. In no case, however, will the Remarketing Agent be responsible for any amount in excess of the fee applicable to the Bonds remarketed by the Remarketing Agent under this Agreement and no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this paragraph, each person who controls the Remarketing Agent within the meaning of the Securities Act shall have the same rights to contribution as the Remarketing Agent, and each person who controls the Authority within the meaning of the Securities Act and each officer and each director of the Authority will have the same rights to contribution as the Authority, subject to the foregoing sentence. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this paragraph, notify each party from whom contribution may be sought, but the failure to give such notice will not relieve the party from whom contribution may be sought from any obligation it may have to the party entitled to contribution.

Section 7. Fees and Expenses. For the Remarketing Agent's services under this Agreement and the Indenture, the Authority initially shall pay the Remarketing Agent a fee of 0.07% per annum of the average aggregate principal amount of Bonds Outstanding for the immediately preceding 3-month period. The Authority shall pay the fee quarterly in arrears (on the first Business Day of each January, April, July and October, commencing April 1, 2006), based on actual number of days elapsed over 365 or 366, as applicable. If the Bonds are remarketed in connection with a change of Mode, the Authority and the Remarketing Agent shall agree on the fee to be paid in connection with such remarketing and while the Bonds are in such new Mode.

The Authority shall pay all expenses of delivering remarketed Bonds and reimburse the Remarketing Agent for all direct, out-of-pocket expenses incurred by it as Remarketing Agent, including reasonable counsel fees and disbursements.

Section 8. Representations, Warranties, Covenants and Agreements of the Remarketing Agent. The Remarketing Agent, by its acceptance hereof, represents, warrants and covenants and agrees with the Authority as follows:

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(a) the Remarketing Agent meets the requirements for the Remarketing Agent set forth in Section 4.14 of the Indenture;

(b) the Remarketing Agent has been duly incorporated, is validly existing and is in good standing under the laws of the State of Delaware, and is authorized by law to perform all the duties and obligations imposed upon it as Remarketing Agent by this Agreement and the Indenture; and

(c) the Remarketing Agent has full power and authority to take all actions required or permitted to be taken by the Remarketing Agent by or under, and to perform and observe the covenants and agreements on its part contained in, this Agreement and the Indenture.

Section 9. Representations, Warranties, Covenants and Agreements of the Authority. The Authority, by its acceptance hereof, represents, warrants, covenants and agrees with the Remarketing Agent that it:

(a) is a joint exercise of powers authority duly created and existing under the constitution and laws of the State;

(b) has full power and authority to take all actions required or permitted to be taken by the Authority by or under, and to perform and observe the covenants and agreements on its part contained in, this Agreement and any other instrument or agreement relating thereto to which the Authority is a party;

(c) has, on or before the date hereof, duly taken all action necessary to be taken by it prior to such date to authorize (i) the execution, delivery and performance of this Agreement, the Reimbursement Agreement and any other instrument or agreement to which the Authority is a party and which has been or shall be executed in connection with the transactions contemplated by the foregoing documents; and (ii) the carrying out, giving effect to, consummation and performance of the transactions and obligations contemplated by the foregoing agreements and by the Official Statement;

(d) shall provide Merrill Lynch Corporate Credit ("ML Credit") at the address noted in Section 14 hereof, (i) within 45 days of the end of each of its first three fiscal quarters, with copies of its unaudited quarterly financial statements, and (ii) within 120 days of the end of each fiscal year, with a copy of its annual audited financial statements for that fiscal year; and

(e) shall promptly notify the Remarketing Agent by Electronic Means of any material adverse changes that may affect the remarketing of the Bonds or any fact or circumstance which may constitute, or with the passage of time shall constitute, an event of default under the Indenture or the Reimbursement Agreement.

Section 10. Term of Agreement. This Agreement shall become effective on the date hereof and shall continue in full force and effect until the payment in full of the Bonds or the earlier conversion of all Bonds to the Fixed Rate Mode, subject to the right of termination as provided herein.

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Section 11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

Section 12. Dealing in Bonds by the Remarketing Agent. The Remarketing Agent, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Bonds, including, without limitation, any Bonds offered and sold by the Remarketing Agent pursuant to this Agreement, and may join in any action which any Owner may be entitled to take with like effect as if it did not act in any capacity hereunder. The Remarketing Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Authority and may act as depositary, trustee, or agent for any committee or body of Owners secured hereby or other obligations of the Authority as freely as if it did not act in any capacity hereunder.

Section 13. Intention of Parties. It is the express intention of the parties hereto that any purchase, sale or transfer of any Bonds, as herein provided, shall not constitute or be construed to be the extinguishment of any Bonds or the indebtedness represented thereby or the reissuance of any Bonds.

Section 14. Miscellaneous.

(a) Except as otherwise specifically provided in this Agreement, all notices, demands and formal actions under this Agreement shall be in writing and either (i) hand-delivered, (ii) sent by electronic means, or (iii) mailed by registered or certified mail, return receipt requested, postage prepaid, to:

The Remarketing Agent:

Merrill Lynch, Pierce, Fenner
& Smith Incorporated
Merrill Lynch World Headquarters
4 World Financial Center
9 Floor, Municipal Markets
Attention: Manager, Municipal Money Markets
World Financial Center
New York, New York 10080

Attention: Municipal Money Markets Department
Telephone: (212) 449-5101
Telecopy: (212) 449-6440

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The Authority:

P.O. Box 7115
Pasadena, California 91109-7215

Attention: Director of Finance
Telephone: _____
Telecopy: _____

The City:

P.O. Box 7115
Pasadena, California 91109-7215

Attention: _____
Telephone: _____
Telecopy: _____

The Trustee or the Tender Agent:

[to come]

Attention: _____
Telephone: _____
Telecopy: _____

The Bank:

[to come]

Attention: _____
Telephone: _____
Telecopy: _____

ML Credit:

Merrill Lynch & Co., Inc.
4 World Financial Center
21 Floor
Corporate Credit
Attention: _____
New York, New York 10080

The Remarketing Agent, the Authority, the City, the Trustee, the Tender Agent, ML Credit and the Bank may, by notice given under this Agreement, designate other addresses to which subsequent notices, requests, reports or other communications shall be directed.

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(b) This Agreement shall inure to the benefit of and be binding only upon the parties hereto and their respective successors and assigns. The terms “successors” and “assigns” shall not include any purchase of any of the Bonds merely because of such purchase. The Bank shall be deemed to be a third party beneficiary hereof for the limited purpose of enforcing its express rights hereunder. No Owner or other third party (other than the Bank) shall have any rights or privileges hereunder.

(c) All of the representations and warranties of the Authority and the Remarketing Agent in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Remarketing Agent or the Authority, (ii) the offering and sale of and any payment for any Bonds hereunder or (iii) termination or cancellation of this Agreement.

(d) This Agreement and each provision hereof may be amended, changed, waived, discharged or terminated only by an instrument in writing signed by the parties hereto. If such amendment affects any rights of the Bank hereunder, the prior written consent of the Bank to such amendment shall be required.

(e) Nothing herein shall be construed to make any party an employee of the other or to establish any fiduciary relationship between the parties except as expressly provided herein.

(f) If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatsoever.

(g) This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

PASADENA PUBLIC FINANCING AUTHORITY

By: _____
[Title]

MERRILL LYNCH, PIERCE, FENNER &
SMITH INCORPORATED

By: _____
[Title]

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