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SUBLEASE

by and between the

PASADENA PUBLIC FINANCING AUTHORITY

and the

CITY OF PASADENA

RELATING TO THE

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

Executed and Entered into
as of February 1, 2006

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SUBLEASE

This Sublease is executed and entered into as of February 1, 2006 (as it may from time to time be amended or supplemented, the "Sublease"), by and between the PASADENA PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority duly created and existing under the laws of the State of California (the "Authority"), and 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").

WITNESSETH:

WHEREAS, the Authority and the City wish to provide for the acquisition, construction and installation of certain public improvements consisting of the Rose Bowl Improvements (capitalized terms used herein shall have the meanings given such terms pursuant to Section 1.01) 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, the City is authorized pursuant to its Charter and the laws of the State of California to lease real and personal property which is necessary and proper for public purposes and the leasing and operation of the Leased Property is necessary and proper for public purposes; and

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

WHEREAS, concurrently with the execution and delivery of this Sublease, 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, the Bond are payable from the Base Rental Payments to be made by the City under this Sublease and certain funds held by the Trustee under the Indenture; 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 Sublease 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 Sublease;

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:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. All other capitalized terms used herein without definition shall have the meanings set forth in Section 1.01 of the Indenture.

“Addition” means the addition of real property and/or improvements to the Leased Property subject to this Sublease and the Lease pursuant to Section 2.06 hereof.

“Additional Property” has the meaning set forth in Section 2.06 hereof.

“Additional Rental” means all amounts payable by the City pursuant to Section 5.01(b) hereof.

“Base Rental Payments” means all amounts payable by the City as Base Rental pursuant to Section 5.01(a) hereof.

“City Hall Improvements” mean the additions and improvements to City Hall generally described in Exhibit C hereto.

“Closing Date” means the date on which the Bonds are initially delivered to the Purchaser thereof, as provided in the Indenture.

“Default Rate” means the rate of interest payable to the Credit Provider as the default rate, as set forth in the applicable Credit Facility.

“Draw Rate” means the rate of interest payable to the Credit Provider with respect to draws on the Credit Facility, other than the Default Rate, as set forth in the applicable Credit Facility.

“Excess Amount” has the meaning set forth in Section 5.01(a) hereof.

“Expiry Date” means, with respect to the Base Rental Payments, December 1, 2023.

“Financed Property” has the meaning set forth in Section 6.03(I).

“Insurance Consultant” means an individual or firm retained by the City and approved by the Credit Provider (which approval shall not be unreasonably withheld) as an independent insurance consultant, experienced in the field of risk management.

“Lease” means that certain Lease, dated as of February 1, 2006, by and between the City and the Authority relating to the Leased Property, as the same may be amended and supplemented from time to time in accordance herewith and therewith.

“Lease Year” means the period from each December 2 to and including the following December 1, during the term hereof.

“Leased Property” means the land described in Exhibit A hereto and all buildings, structures and improvements and facilities currently located thereon or hereafter constructed or installed thereon, including the Rose Bowl Improvements but excluding any person property located or hereafter located on such land which can be removed without damage to the land or such buildings, structures or improvements.

“Owner” means the registered owner of any Outstanding Bond

“Permitted Encumbrances” means, as of any particular time: (i) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to Section 6.02, permit to remain unpaid; (ii) this Sublease; (iii) the Lease and the Indenture; (iv) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (v) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions, all of a non-monetary nature, which exist of record as of the date of initial delivery of the Bonds; and (vi) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions, all of a non-monetary nature, established following the date of recordation of this Sublease and to which the Authority, the Credit Provider and the City consent in writing.

“Quarterly Payment Date” means the first day of March, June, September and December in each year; provided that if the first day of such month is not a Business Day, then the next succeeding Business Day in such month.

“Removal” means the removal of all or a portion of the Leased Property from the leasehold hereof and of the Lease as provided in Section 2.06 hereof.

“Rental Payments” means, collectively, the Base Rental Payments and the Additional Rental.

“Rose Bowl Improvements” mean the additions and improvements to the Leased Property generally described in Exhibit C hereto.

“Sublease” has the meaning set forth in the preamble hereto.

“Substituted Property” has the meaning set forth in Section 2.06 hereof.

“Substitution” means the Removal of all or a portion of the Leased Property from the leasehold hereof and of the Lease, and the concurrent Addition to the Leased Property of substituted real property and/or improvements hereunder and under the Lease as provided in Section 2.06 hereof.

Section 1.02 Construction. The singular form of any word used herein, including the terms defined in this Section 1.01, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders. All references herein to “Articles,” “Sections” and other subdivisions hereof

are to the corresponding Articles, Sections or subdivisions of this Sublease. The word “hereafter” means any time after the execution and delivery of this Sublease by the parties hereto. Defined terms shall include all variants of such terms. The words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Sublease as a whole and not to any particular Article, Section or subdivision hereof.

References to the Credit Provider shall be to each entity providing a Credit Facility which is then in effect.

ARTICLE II

THE LEASED PROPERTY

Section 2.01 Lease of the Leased Property. The Authority hereby leases to the City, and the City hereby rents from the Authority, the Leased Property on the conditions and terms hereinafter set forth. The City hereby agrees and covenants that during the term hereof, except as hereinafter provided, it will use the Leased Property for public purposes so as to afford the public the benefits contemplated hereby and so as to permit the Authority to carry out its agreements and covenants contained herein and in the Indenture, and the City hereby further agrees and covenants that during the term hereof that it will not abandon or vacate the Leased Property.

Section 2.02 Quiet Enjoyment. The parties hereto mutually covenant that the City, so long as it observes and performs the agreements, conditions, covenants and terms required to be observed or performed by it contained herein and is not in default hereunder, shall at all times during the term hereof peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the Authority.

Section 2.03 Right of Entry and Inspection. The Authority shall have the right to enter the Leased Property and inspect the Leased Property during reasonable business hours (and in emergencies at all times) for any purpose connected with the Authority’s rights or obligations hereunder and for all other lawful purposes.

Section 2.04 Prohibition Against Encumbrance or Sale. Neither the City and nor the Authority will create or suffer to be created any mortgage, pledge, lien, charge or encumbrance upon the Leased Property, except Permitted Encumbrances and except as contemplated by Section 5.07 hereof. The City and the Authority will not sell or otherwise dispose of the Leased Property or any property essential to the proper operation of the Leased Property, except as otherwise provided herein. Notwithstanding anything to the contrary herein contained, the City may assign, transfer or sublease any and all of the Leased Property or its other rights hereunder, provided that (a) the rights of any assignee, transferee or sublessee shall be subordinate to all rights of the Authority and the Credit Provider under the Lease and hereunder, (b) no such assignment, transfer or sublease shall relieve the City of any of its obligations hereunder, (c) the assignment, transfer or sublease shall not result in a breach of any covenant of the City contained in any other Section hereof, (d) any such assignment, transfer or sublease shall by its terms expressly provide that fair rental value of the Leased Property for all purposes shall be first allocated to this Sublease, as the same may be amended from time to time before or after any

such assignment, transfer or sublease and (e) no such assignment, transfer or sublease shall confer upon the parties thereto any remedy which allows reentry upon the Leased Property unless concurrently with granting such remedy the same shall be also granted hereunder by an amendment to this Sublease which shall in all instances be prior to and superior to any such assignment, transfer or sublease.

Section 2.05 Liens. In the event the City shall at any time during the term hereof cause any improvements to the Leased Property to be constructed or materials to be supplied in or upon or attached to the Leased Property, the City shall pay or cause to be paid when due all sums of money that may become due or purporting to be due for any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon, about or relating to the Leased Property and shall keep the Leased Property free of any and all liens against the Leased Property or the Authority's interest therein. In the event any such lien attaches to or is filed against the Leased Property or the Authority's interest therein, and the enforcement thereof is not stayed or if so stayed such stay thereafter expires, the City shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, the City shall forthwith pay and discharge or cause to be paid and discharged such judgment. The City shall, to the maximum extent permitted by law, indemnify and hold the Authority and its assignee and its directors, officers and employees harmless from, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorneys' fees) as a result of any such lien or claim of lien against the Leased Property or the Authority's interest therein.

Section 2.06 Substitution, Addition or Removal of Leased Property.

(a) The City may amend this Sublease and the Lease to substitute real property and/or improvements (the "Substituted Property") for existing Leased Property, to make an Addition of real property and/or improvements (the "Additional Property") to the Leased Property and/or to remove real property (including undivided interests therein) and/or improvements from the definition of Leased Property, upon compliance with all of the conditions set forth in subsection (b) of this Section 2.06. After a Removal, the part of the Leased Property for which the Removal has been effected shall be released from the leasehold hereunder and under the Lease.

(b) No Substitution, Addition or Removal shall take place hereunder until the City delivers to the Authority and the Trustee the following:

(i) A Certificate of the City containing a description of all or part of the Leased Property to be Removed and, in the event of a Substitution or Addition, a description of the Substituted Property to be substituted or the Additional Property to be added, as the case may be;

(ii) A Certificate of the City stating that the annual fair rental value of the Leased Property after a Substitution, Addition or Removal, is at least equal to the maximum annual Base Rental Payments attributable to the Leased Property after such

Substitution, Addition or Removal, as determined by the City on the basis of an appraisal of the Leased Property after said Substitution, Addition or Removal, conducted by a member of the Appraisal Institute, the National Association of Real Estate Appraisers or the American Society of Appraisers designated by the City and reasonably acceptable to the then current Credit Provider;

(iii) An Favorable Opinion of Bond Counsel to the effect that the amendments hereto and to the Lease to effect a Substitution, Addition or Removal have been duly authorized, executed and delivered and constitute the valid and binding obligations of the City and the Authority;

(iv) In the event of a Substitution or Addition, a policy of title insurance insuring the City's leasehold interest in the Substituted Property or Additional Property, as the case may be, meeting the requirements of Section 6.05 hereof.

(v) A Favorable Opinion of Bond Counsel that the Substitution, Addition or Removal does not cause the interest on the Bonds to be includable in gross income of the Owners thereof for federal income tax purposes;

(vi) A Certificate of the City stating that it has complied with the covenants contained in clauses (a)(i) and (a)(ii) of Section 6.03 hereof with respect to any Substituted Property or Additional Property;

(vii) Evidence that the City has delivered to each of the Rating Agencies then rating the Bonds copies of the certificates and appraisal described in clauses (i) and (ii) above; and

(viii) In the case of a Substitution or Removal, written consent of the Credit Provider to such Substitution or Removal.

ARTICLE III

TERM OF SUBLEASE

Section 3.01 Term of this Sublease. The term of this Sublease shall commence on the Closing Date and shall end on the Expiry Date, unless such term is extended or sooner terminated as hereinafter provided. If on the Expiry Date the Rental Payments payable hereunder shall not be fully paid and the Bonds shall not be fully paid and retired, or if the Rental Payments shall have been abated at any time and for any reason, then such Expiry Date shall be extended until ten (10) days after the Rental Payments payable hereunder shall be fully paid and all the Bonds shall be fully paid, except that in no event shall the Expiry Date be extended more than 25 years. If prior to the Expiry Date, all Bonds shall have been fully paid, or deemed fully paid in accordance with Article X of the Indenture, such Expiry Date shall be ten (10) days thereafter or 10 (ten) days after written notice by the City to the Authority to the effect that all Bonds have been fully paid or deemed fully paid in accordance with Article X of the Indenture, whichever is earlier.

The City shall take possession of the Leased Property on the Closing Date and the obligation of the City to pay the Base Rental Payments and Additional Rental shall commence on such date.

ARTICLE IV

USE OF PROCEEDS; CERTAIN COVENANTS

Section 4.01 Use of Proceeds. The parties hereto agree that the proceeds of the Bonds will be used to finance the Project and to prepay the Certificates as provided in the Indenture.

Section 4.02 Tax Covenants. (a) The City will not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Code, and specifically the City will not directly or indirectly use or make any use of the proceeds of any Bonds or any other funds of the City or take or omit to take any action that would cause the Bonds to be “arbitrage bonds” subject to federal income taxation by reason of Section 148 of the Code or “private activity bonds” subject to federal income taxation by reason of Section 141(a) of the Code or obligations subject to federal income taxation because they are “federally guaranteed” as provided in Section 149(b) of the Code; and to that end the City, with respect to the proceeds of the Bonds and such other funds, will comply with all requirements of such sections of the Code to the extent that such requirements are, at the time, applicable and in effect; provided, that if the City shall obtain an Favorable Opinion of Bond Counsel to the effect that any action required under this Section is no longer required, or to the effect that some further action is required to maintain the exclusion from gross income of the interest on any Bonds pursuant to Section 103 of the Code, the City may rely conclusively on such opinion in complying with the provisions hereof. In the event that at any time the City is of the opinion that for purposes of this Section it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under the Indenture or otherwise, the City shall so instruct the Trustee in writing, and the Trustee, pursuant to the Indenture, has agreed to take such action as may be necessary in accordance with such instructions.

(b) To the ends covenanted in this Section, the City hereby specifically agrees to ensure that the following requirements are met:

(i) No more than 5% of the Leased Property or the Project (determined both on the basis of space and on the basis of cost) shall be used in the trade or business of one or more nongovernmental persons (not including the portion of the proceeds properly allocable to facilities expected to be used by an organization described in Section 501(c)(3) of the Code).

(ii) The City will not invest or allow proceeds of the Bonds to be invested at a yield in excess of the Bonds, except to the extent allowed under the Tax Certificate.

(iii) The City will rebate or cause to be rebated any amounts due to the federal government, as provided in the Tax Certificate.

Section 4.03 Credit Facilities. (a) So long as the Bonds are in a Daily Mode, Weekly Mode, R-FLOAT Mode or Unit Pricing Mode, the City will maintain a Credit Facility for the Bonds or cause to be provided to the Trustee a Substitute Credit Facility which satisfies the requirements of subsection (b) of this Section. At least forty (40) days prior to the termination or expiration of the then existing Credit Facility with respect to the Bonds, including any renewals or extensions thereof (which shall not be considered the delivery of a Substitute Credit Facility), the City shall cause to be delivered to the Trustee notice that the City expects the Credit Provider for the existing Credit Facility for the Bonds to renew or extend the term of such Credit Facility or that the City expects to provide a Substitute Credit Facility for the Bonds satisfying the requirements of subsection (b) of this Section. At least five (5) days prior to the termination or expiration of the existing Credit Facility with respect to the Bonds, including any renewals or extensions thereof, the City shall cause to be delivered to the Trustee a renewal or extension of the term of such Credit Facility for at least 364 days (or, if shorter, the period to the maturity of the Bonds) or a Substitute Credit Facility for the Bonds satisfying the requirements of subsection (b) of this Section.

(b) The City may at any time provide a Substitute Credit Facility with respect to the Bonds if such Substitute Credit Facility satisfies the following conditions and the City causes the opinions specified in subsection (c) of this Section to be delivered to the Trustee:

(i) The Substitute Credit Facility has a term of at least 364 days (or, if shorter, the period to the maturity of the Bonds);

(ii) The Substitute Credit Facility must take effect on or before the remarketing of the Bonds under the existing Credit Facility as a result of the delivery of such Substitute Credit Facility pursuant to the provisions of the Indenture; and

(iii) The Substitute Credit Facility must be in an amount to permit the Trustee to draw the greater of (a) the principal and the maximum amount of interest payable on the Outstanding Bonds to be secured by such Substitute Credit Facility on any Interest Payment Date during the current Interest Period and (b) the maximum Purchase Price of the Bonds which will be applicable during the then current Interest Period.

(c) On or prior to the date of delivery of a Substitute Credit Facility to the Trustee pursuant to this Section, the City shall cause to be furnished to the Trustee: (i) a Favorable Opinion of Bond Counsel with respect to such delivery and (ii) an opinion of counsel to the Credit Provider to the effect that the Substitute Credit Facility has been duly authorized, executed and delivered by the applicable Credit Provider and constitutes the valid, legal and binding obligation of the Credit Provider; provided, however, that such opinions may be subject to such limitations and exceptions as are customarily taken in such opinions.

ARTICLE V

RENTAL PAYMENTS

Section 5.01 Rental Payments. The City agrees to pay to the Authority, its successors or assigns, without deduction or offset of any kind, as rental for the right of the use and possession of the Leased Property, the following amounts at the following times:

(a) Base Rental. (i) The City shall pay to the Authority as Base Rental Payments at the times and in the amounts set forth in the Base Rental Payment Schedule attached hereto as Exhibit B and made a part hereof, a portion of which Base Rental Payments shall constitute interest; provided that such Base Rental Payments for each Lease Year shall not exceed the fair rental value of the Leased Property plus the undischarged portion of the Excess Amount. The interest components of the Base Rental Payments shall be paid by the City as and constitute interest paid on the principal components of the Base Rental Payments to be paid by the City hereunder.

(ii) If the Trustee draws moneys under any Credit Facility pursuant to the Indenture and the Credit Provider which issued such Credit Facility honors such draw, then, and in each such case, the Credit Provider shall be subrogated to the rights of the Owners of the Bonds the principal or Purchase Price of, or interest on which Bonds were paid with a draw on such Credit Facility, and the City shall pay or have the Trustee pay to the Credit Provider as provided in the Indenture to such Base Rental Payments as follows:

(A) on the date a request for a draw is honored by the Credit Provider, any amounts drawn under such Credit Facility for any purpose other than to pay the Purchase Price of such Bonds tendered under Section 4.06, 4.07, 4.08, 4.09 or 4.10 of the Indenture; provided that the City shall receive credit to the extent of amounts in the corresponding account within the Interest Fund, the Principal Fund and the Redemption Fund. Upon receipt by the Trustee of the funds needed to reimburse the Credit Provider (less any of the above credits) the Trustee shall forward such amounts to the Credit Provider by 12:00 noon, Los Angeles time, on the same day as the Credit Provider honors a draw under such Credit Facility. To the extent not so received by the Credit Provider, the amount so drawn shall bear interest at the Draw Rate until paid in full, which interest shall be payable on demand but if no demand is made, on the next succeeding Interest Payment Date for the Credit Provider Bonds;

(B) (1) on the date on which any Credit Provider Bond is remarketed, is converted to the Fixed Rate Mode, or a Substitute Credit Facility is delivered in accordance with the Indenture, an amount equal to the principal amount of such Credit Provider Bonds, and (2) on the first Business Day of each month following a month during which the Credit Provider owns Credit Provider Bonds, an amount equal to the product of (x) the Draw Rate (or at the Default Rate during any period in which an Event of Default under a Credit Facility has occurred and is continuing or if Credit Provider Bonds were acquired as a

consequence of a mandatory purchase under Section 4.10(b) of the Indenture) and (y) the principal amount of Credit Provider Bonds so owned by the Credit Provider, such product to be multiplied by a fraction, the numerator of which is the number of days appropriate to the interest rate or rates applicable to the Credit Provider Bond and the denominator of which is 360, and interest at the applicable interest rate shall accrue from the date on which Bonds became Credit Provider Bonds or from the last date to which interest has been paid whichever is later, provided, however, that nothing in this clause (B) shall prevent the City from reimbursing the Credit Provider for draws under such Credit Facility to pay the portion of the Purchase Price constituting principal of the Bonds being tendered pursuant to Section 4.06, 4.08 or 4.10 of the Indenture on the same day as such draw occurs and if such payment is made to the Credit Provider by 12:00 noon, Los Angeles time, on such day, then there shall be no interest payable on account of funds advanced by the Credit Provider for such purpose but if the amount paid to the Credit Provider is not received by the Credit Provider on such day until after 12:00 noon, Los Angeles time, then such principal amount of the draw shall bear interest at the applicable rate specified in this clause (B).

(iii) Payments made by the Trustee to the Credit Provider pursuant to the terms of the Indenture shall, to the extent of any such payments, be in satisfaction of the City's obligations with respect to draws under the Credit Facility issued by the Credit Provider and Credit Provider Bonds owned by the Credit Provider; provided that in the event the Trustee shall fail for any reason to make any such payment to the Credit Provider, to the extent permitted by law, the City shall nevertheless be responsible for paying all sums required to be paid to the Credit Provider hereunder, provided that such payments shall not exceed the fair rental value of the Leased Property plus the undischarged portion of the Excess Amount.

If on the 90th day following the date of purchase of any Credit Provider Bonds (the "Term Out Date"), there does not exist nor is continuing any event of default or any event which with the passage of time or giving of notice or both would constitute an event of default under the Reimbursement Agreement, the City shall cause the Authority to optionally redeem such Credit Provider Bonds in twenty (20) equal quarterly principal installments based on the principal amount of such Credit Provider Bonds on the Term Out Date, together with accrued interest thereon, commencing on the first Interest Payment Date following the Term Out Date and on each third Interest Payment Date thereafter so that all Credit Provider Bonds are redeemed by the fifth anniversary of the first Interest Payment Date following the Term Out Date, and shall pay Base Rental Payments in an amount sufficient to pay the redemption price of such Bonds so optionally redeemed in an amount equal to the principal amount thereof plus accrued interest thereon. Notwithstanding the foregoing all Base Rental Payments payable under this Sublease shall not exceed the annual fair rental value, as may then be determined, of the Leased Property plus the undischarged portion of the Excess Amount; provided, however, that all Base Rental Payments payable under this Sublease in any Lease Year shall not exceed the annual fair rental value of the Leased Property plus the undischarged portion of the Excess Amount, if any.

(iv) Notwithstanding anything contained herein to the contrary, the difference, as determined by the City in each Lease Year between the fair rental value of the Leased Property and the Base Rental Payments actually paid by the City in such Lease Year, to the extent that such Base Rental actually paid is less than the fair rental value shall remain an obligation of the City (the "Excess Amount") to be paid in any future Lease Year or for any prior Lease Year as and when needed to pay Base Rental Payments, including amounts payable to the Credit Provider pursuant to this Section 5.01(a), as and when such Base Rental Payments exceed or have exceeded the fair rental value in any such Lease Year. Except to the extent of such Excess Amount, the City shall have no obligation to make Base Rental Payments for the Leased Property in an amount greater than the fair rental value of the Leased Property; provided, however, that in the event that the sum of the fair rental value of the Leased Property and the Excess Amount is less than the amount necessary to pay the Base Rental Payments due hereunder, the Excess Amount shall first be allocated to amounts due to the Credit Provider Bonds, and then to other Bonds.

(v) No Credit Provider shall be entitled to receive payment of interest hereunder in excess of the maximum rate permitted by applicable law. If the Credit Provider receives less interest during any period than it would be entitled to receive hereunder but for the applicability of a maximum legal rate of interest, during any subsequent period in which the rate of interest to which the Credit Provider is otherwise entitled hereunder is less than such maximum legal rate of interest, the Credit Provider shall instead receive interest at a rate equal to the maximum legal rate of interest until the Credit Provider has received, in the aggregate, the amount of interest due the Credit Provider hereunder.

(vi) Notwithstanding anything in this Sublease or the Indenture to the contrary, the Trustee shall not be responsible for any calculations with regard to the Default Rate, the Draw Rate, the Accrual Rate, the calculation of any moneys owed the Credit Provider for Credit Provider Bonds, or the modification of any Base Rental Payments by the Excess Amount. These calculations and modifications shall be performed by the Credit Provider or by the City with respect to a modification of any Base Rental Payments, with copies of notices sent to the Trustee in a timely manner.

(b) Additional Rental. The City shall also pay, as rental hereunder in addition to the Base Rental Payments, to the Authority or the Trustee, as hereinafter provided, such amounts ("Additional Rental") in each year as shall be required for the payment of all costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of this Sublease or the assignment hereof, the Indenture or their respective interests in the Leased Property, including but not limited to all fees, costs and expenses and all administrative costs of the Authority relating to the Leased Property including, without limiting the generality of the foregoing, salaries and wages of employees, overhead, insurance premiums, taxes and assessments (if any), expenses, compensation and indemnification of the Trustee and the Tender Agent (to the extent not paid or otherwise provided for out of the proceeds of the sale of any Bonds), any amounts which may become due to the Remarketing Agent pursuant to the Remarketing Agreement (to the extent not paid or otherwise provided for out of the proceeds of the sale of the Bonds), fees of auditors, accountants, attorneys or engineers, insurance premiums,

and all other reasonable and necessary administrative costs of the Authority or charges required to be paid by it to comply with the terms of the Bonds or of the Indenture.

The foregoing Additional Rental shall be billed to the City by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been incurred or paid by the Authority, the Trustee, or the Trustee on behalf of the Authority for one or more of the items above described, or that such amount is then so payable for such items. Amounts so billed shall be paid by the City not later than the latest time as such amounts may be paid without penalty or, if no penalty is associated with a late payment of such amounts, within thirty (30) days after receipt of a bill by the City for such amounts.

The City shall also pay as Additional Rental hereunder directly to the Credit Provider the following amounts:

(i) on demand, any and all reasonable charges and expenses incurred by the Credit Provider (including, without limitation, reasonable attorneys' fees and expenses) in enforcing any rights under the Indenture, this Sublease or its Credit Facility;

(ii) on demand, any transfer fees, costs and expenses incurred by the Credit Provider in connection with the transfer of its Credit Facility, in accordance with its terms, to a successor trustee under the Indenture, up to the amount of \$2,500 per transfer;

(iii) a Credit Facility fee at the per annum rate set forth in the Credit Facility, such fee to be calculated as set forth in the Credit Facility, commencing on the Closing Date, with the final payment, if any, being due and payable upon the expiration date of such Credit Facility;

(iv) a draw fee as set forth in the Credit Facility for each drawing under such Credit Facility payable as set forth in the Credit Facility, with the last payment being due and payable on the expiration date of such Credit Facility;

(v) on demand, to the extent permitted by law, interest at the Default Rate from time to time in effect, on any and all amounts required to be paid to the Credit Provider hereunder from and after the due date thereof until paid in full, whether before or after the expiration date of such Credit Facility;

(vi) on demand, any and all expenses, including without limitation reasonable attorneys' fees and disbursements of counsel for the Credit Provider incurred or paid by the Credit Provider in connection with (A) the negotiation of this Sublease, the preparation and negotiation of the Credit Facility, and the issuance of the Credit Facility issued by the Credit Provider and (B) enforcing the City's obligations to the Credit Provider under this Sublease; provided, however, that with respect to the expenses of the Credit Provider described in subclause (A), the City shall not be required to pay an amount greater than the amount set forth in the Credit Facility;

(vii) on demand, all reasonable costs and expenses of the Credit Provider (including reasonable counsel fees and expenses) for or in connection with (A)

the filing, recording, amendment, maintenance, renewal or cancellation of such Credit Facility, (B) any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of such Credit Facility and any other documents which may be delivered in connection with this Sublease, (C) any and all amounts which the Credit Provider has paid or incurred relative to the Credit Provider's curing of any Event of Default under the Credit Facility, this Sublease or the Indenture; provided that the Credit Provider may not cure an Event of Default involving the failure to make Base Rental Payments by paying the same itself, (D) the enforcement of the Credit Facility or this Sublease, or (E) any action or proceeding relating to a court order, injunction, or other process or decree restraining or seeking to restrain the Credit Provider from paying any amount under such Credit Facility, in the case of an action described in this subclause (E), until the City makes payment of, or provision for payment other than from such Credit Facility, the Bonds then Outstanding which are supported by such Credit Facility or delivers a Substitute Credit Facility and the action described in this subclause (E) is terminated (provided the Credit Provider agrees to use reasonable efforts to have the action terminated as quickly as possible);

(viii) if, after the date hereof, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Credit Provider with any request or directive made on or after the date hereof (whether or not having the force of law) of any such authority, central bank or comparable agency shall either (A) subject the Credit Provider to any tax, duty or other charge with respect to the Bonds, the Credit Facility or the Reimbursement Agreement, or shall change the basis of taxation of payments to the Credit Provider under the Reimbursement Agreement or any Credit Provider Bonds (except for changes in the rate of tax on the overall net income of the Credit Provider); or (B) impose, modify or deem applicable any reserve (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System), or similar requirement against the assets of, deposits, with or for the account of, or credit extended by, the Credit Provider or shall impose on the Credit Provider any other condition affecting its obligations with respect to the Bonds, the Credit Facility or the Reimbursement Agreement; and the result of any of the foregoing is to increase the cost to the Credit Provider of performing its obligations with respect to the Bonds, the Credit Facility or the Reimbursement Agreement, or to reduce the amount of any sum received or receivable by the Credit Provider with respect to the Bonds, the Credit Facility or the Reimbursement Agreement, by an amount deemed by the Credit Provider to be material, then, within thirty (30) days after demand by the Credit Provider (or, if such increased costs will continue to be incurred by the Credit Provider, in arrears on a monthly basis as agreed between the City and the Credit Provider) the City shall pay to the Credit Provider such additional amount or amounts as will compensate the Credit Provider for such increased cost or reduction after receipt of notice and a certificate of the Credit Provider, as provided in the Reimbursement Agreement;

(ix) If, after the date hereof, the Credit Provider shall have determined that the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on capital of the Credit Provider (or its parent) as a consequence of the Credit Provider's obligations hereunder to a level below that which the Credit Provider (or its parent) could have achieved but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy) by an amount deemed by the Credit Provider to be material, then from time to time, within thirty (30) days after demand by the Credit Provider (or if such reductions in the rate of return on capital of the Credit Provider (or its parent) will continue to be suffered by the Credit Provider (or its parent), in arrears on a monthly basis as agreed between the City and the Credit Provider), the City shall pay to the Credit Provider such additional amount or amounts as will compensate the Credit Provider (or its parent) for such reduction after receipt of notice and a certificate of the Credit Provider as provided in the Reimbursement Agreement;

(x) The City shall indemnify and hold harmless, to the extent permitted by law, the Credit Provider and any Participants or Subparticipants and their respective officers, directors, employees and agents (each an "Indemnified Party") from and against any and all claims, damages, losses, liabilities, costs or expenses (including reasonable attorneys' fees) whatsoever which the Indemnified Party may incur (or which may be claimed against the Indemnified Party by any person or entity whatsoever) which arises out of or in connection with the transactions contemplated by the Reimbursement Agreement and the Credit Facility, including, without limitation, (i) any untrue statement or alleged untrue statement of any material fact contained or incorporated by reference in the Official Statement or any other offering circular or document used in connection with the Bonds, or in any supplement or amendment thereof, or the omission or alleged omission to state therein a material fact necessary to make such statements, in the light of the circumstances under which they are or were made, not misleading or the failure to deliver the Official Statement or any other offering circular or document to any offeree or purchaser of Bonds (but excluding any information included in the Official Statement or such other offering circular relating to the Credit Provider and provided in writing by the Credit Provider for inclusion therein); (ii) the execution and delivery or transfer of, or payment or failure to pay under the Credit Facility; (iii) the issuing, offering, sale, remarketing or resale of the Bonds; or (iv) the proposed use of the proceeds of the Bonds or any amounts drawn under the Credit Facility; provided that the City shall not be required to indemnify the Credit Provider for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (1) the willful misconduct or gross negligence of the Credit Provider or (2) the Credit Provider's grossly negligent failure to pay under the Credit Facility after the presentation to it by the Trustee of a Drawing strictly complying with the terms and conditions of the Credit Facility. This is in addition to the City's reimbursement obligations contained elsewhere in this Section 5.01(b) hereof; provided, however, that such indemnification is not intended to be duplicative of the payment obligations contained in Article V hereof.

The Authority may issue bonds and may enter into leases to finance facilities other than the Project. The administrative costs of the Authority shall be allocated among said facilities and the Project, as hereinafter in this paragraph provided. Any taxes levied against the Authority with respect to the Leased Property, the fees of the Trustee, the Tender Agent and the Remarketing Agent under the Indenture, and any other expenses directly attributable to the Leased Property shall be included in the Additional Rental payable hereunder to the parties to whom such amounts are owing. Any taxes levied against the Authority with respect to real property other than the Leased Property, the fees of any trustee or paying agent under any resolution securing bonds of the Authority or any indenture or trust agreement other than the Indenture, and any other expenses directly attributable to any facilities other than the Leased Property shall not be included in the administrative costs of the Leased Property and shall not be paid from the Additional Rental payable hereunder. Any expenses of the Authority not directly attributable to any particular project of the Authority shall be equitably allocated among all such projects, including the Leased Property, in accordance with sound accounting practice. In the event of any question or dispute as to such allocation, the written opinion of an independent firm of certified public accountants, employed by the Authority to consider the question and render an opinion thereon, shall be final and conclusive determination as to such allocation. The Trustee may conclusively rely upon a Certificate of the Authority in making any determination that costs are payable as Additional Rental hereunder, and shall not be required to make any investigation as to whether or not the items so requested to be paid are expenses of operation of the Project.

(c) Consideration.

(i) Such payments of Base Rental Payments and Additional Rental for each Lease Year or portion thereof, together with Excess Amounts for such Lease Year, during the term of this Sublease shall constitute the total rental for such Lease Year or portion thereof and shall be paid or payable by the City for and in consideration of the right of the use and possession of, and the continued quiet use and enjoyment of, the Leased Property. On the Closing Date, the City shall deliver a Certificate to the Authority, the Trustee and the Credit Provider which shall set forth the fair rental value of the Leased Property. The City, the Authority and the Credit Provider have agreed and determined that the fair rental value of the Leased Property and the Project is not less than the maximum Base Rental Payments payable hereunder assuming an interest component of any Variable Rate Bonds calculated at 12% per annum due hereunder. In making such determinations of fair rental value, consideration has been given to a variety of factors including costs and timing of the design, acquisition, construction and financing of the Leased Property, including the Project, the replacement costs of the existing improvements on the Leased Property, other obligations of the parties under this Sublease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the City and the general public.

(ii) The parties hereto hereby acknowledge that the parties hereto may amend this Sublease from time to time to increase the Base Rental Payments payable hereunder so that additional bonds may be issued, provided that the City provides a certificate that the annual fair rental value of the Leased Property is not less than the maximum annual debt service after completion of any buildings, structures or other improvements to be paid with the proceeds of any additional bonds issued in connection