

(2) all 2008A Certificates required to be purchased on a Mandatory Purchase Date described above under "Optional and Mandatory Tender of 2008A Certificates – Mandatory Tender of 2008A Certificates"; and

(3) any Letter of Credit Provider Certificates (A) purchased on a Purchase Date described in clause (1) or (2) above, (B) with respect to which the Letter of Credit Provider has provided notice to the Trustee and the Remarketing Agent that it is ready to reinstate the Available Amount, (C) with respect to which an Alternate Liquidity Facility and Alternate Credit Enhancement is in effect (if a Credit Enhancement was in effect with respect to such 2008A Certificates prior to such 2008A Certificates becoming Liquidity Provider Certificates, which Credit Enhancement is no longer in effect), or (D) which are being marketed as Fixed Rate Certificates.

Notice of Remarketing; Registration Instructions; New Certificates. Not later than 12:00 p.m. on the day the date on which 2008A Certificates in the Weekly Mode are subject to an optional tender or mandatory purchase, the Trustee shall give written notice by facsimile, telex or telegram to the Liquidity Provider of the Principal Amount of 2008A Certificates to be so tendered or purchased for which the Trustee has not received from the Remarketing Agent notice of commitments for purchase. On each date on which a Series 2008A Certificate is to be purchased:

(1) the Remarketing Agent shall notify the Trustee by Electronic Means not later than 12:00 p.m. on the Purchase Date if it has been unable to remarket any tendered 2008A Certificates, and shall include in such notice the principal amount of 2008A Certificates it has been unable to remarket;

(2) the Remarketing Agent shall notify the Trustee by Electronic Means not later than 12:00 p.m. of the names of the purchasers of the successfully remarketed 2008A Certificates and such information as may be necessary to register such 2008A Certificates and the registration instructions (i.e., the names, addresses and taxpayer identification numbers of the purchasers and the desired Authorized Denominations) with respect thereto; and

(3) if the 2008A Certificates are no longer in the Book-Entry System, the Trustee shall authenticate new 2008A Certificates for the respective purchasers thereof which shall be available for pick-up by the Remarketing Agent not later than 2:30 p.m.

Draw on Letter of Credit for Purchase Price. On each date on which a Series 2008A Certificate is to be purchased, if the Remarketing Agent shall have given notice to the Trustee pursuant to paragraph (1) above that it has been unable to remarket any of the 2008A Certificates, the Trustee shall draw on the Letter of Credit not later than 12:30 p.m. in an amount equal to the Purchase Price of all such 2008A Certificates which have not been successfully remarketed.

Delivery of Remarketed Certificates and Liquidity Provider Certificates. The Trustee is required to hold all Certificates delivered to it in trust for the benefit of the DTC Participants who have transferred their interests in the Book-Entry Certificates or the respective Owners which will have so delivered such Certificates until moneys representing the Purchase Price of such Certificates will have been delivered to or for the account of or to the order of such DTC Participants or Owners.

The Trustee is required to hold all moneys for the purchase of 2008A Certificates uninvested in trust for the benefit of the person or entity which has so delivered such moneys until Certificates purchased with such moneys have been delivered to or for the account of such person or entity. The City will not have any right, title, or interest in or to any remarketing proceeds held by the Trustee or the Remarketing Agent.

Book-Entry Certificates purchased with remarketing proceeds under an optional tender or mandatory tender are required to be transferred on the registration books of DTC on the date of such purchase or the date the ownership interest will be transferred to the new DTC Participants on the books of DTC, against payment to the Remarketing Agent in immediately available funds or evidence of immediately available funds in the form of a federal reserve wire number.

Certificates purchased with moneys obtained by a drawing on the Letter of Credit ("**Letter of Credit Provider Certificates**") are required to be registered in the name of the Letter of Credit Provider or its nominee on the registration books of DTC, with respect to Book-Entry Certificates, as directed in writing by the Letter of Credit Provider. The Remarketing Agent is required to seek to remarket any Letter of Credit Provider Certificates prior to remarketing any other Certificates tendered for purchase. The proceeds of any remarketing of Letter of Credit Provider Certificates are required to be delivered to the Trustee and transferred to the Letter of Credit Provider. Upon receipt by the Trustee of funds representing the proceeds of the remarketing of Letter of Credit Provider Certificates, Certificates in place of such Letter of Credit Provider Certificates so purchased will be made available for pick-up by the Remarketing Agent for subsequent delivery to the purchasers thereof, or the ownership interest will be transferred to the new DTC Participants on the books of DTC. Prior to or contemporaneously with such delivery, the proceeds of such remarketing will have been or will be delivered to the Trustee and transferred to the Letter of Credit Provider, and the Trustee will have received written confirmation from the Letter of Credit Provider of the reinstatement of the Liquidity Facility.

If any Certificate is tendered after a notice of prepayment for such Certificate has been given, the Remarketing Agent will give the prepayment notice to any purchaser of such Certificate or to DTC if a Book-Entry Certificate.

Delivery of Proceeds of Sale Held by Remarketing Agent. So long as the 2008A Certificates are Book-Entry Certificates, if the Remarketing Agent has received from the purchasers thereof remarketing proceeds for the remarketing of all Certificates to be remarketed under an optional tender on an Optional Tender Date, the Remarketing Agent will promptly forward by not later than the close of business (California time) on the Purchase Date such remarketing proceeds by wire transfer (or in such other manner as is acceptable to the Remarketing Agent) to the Beneficial Owners tendering such Certificates for purchase. Until such transfer, all such remarketing proceeds are required to be deposited in a separate, segregated account of the Remarketing Agent and until so applied will be held uninvested in trust for the benefit of the Beneficial Owners tendering such Certificates for purchase.

If the Remarketing Agent has not received remarketing proceeds with respect to all of the 2008A Certificates to be remarketed on a Purchase Date or the 2008A Certificates are not Book-Entry Certificates or the 2008A Certificates are Letter of Credit Provider Certificates, the proceeds of the remarketing of such Certificates received by the Remarketing Agent will be transferred by the Remarketing Agent to the Trustee, and upon receipt thereof, the Trustee is required to immediately apply such proceeds to the payment of the Purchase Price of

Certificates to the Beneficial Owners or Owners or, in the case of the remarketing of Certificates which constitute Liquidity Provider Certificates, to the Liquidity Provider. In making payments to the Letter of Credit Provider, the Trustee may conclusively assume that the Letter of Credit Provider has not been repaid from any other sources.

THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT

The following are brief outlines of certain provisions contained in the Letter of Credit established by the Bank in favor of the Trustee and the Reimbursement Agreement and are not to be considered a full statement pertaining thereto. Reference is made to the Letter of Credit and the Reimbursement Agreement on file with the Trustee for the complete texts thereof. Capitalized terms used under this caption and not otherwise defined shall have the meanings given such terms in the Reimbursement Agreement.

The Letter of Credit

Under the Letter of Credit, the Bank irrevocably authorizes the Trustee to draw on the Letter of Credit in accordance with its terms in an aggregate amount of \$_____ (the "Stated Amount"), of which amount is available for the payment of principal and interest evidenced by the 2008A Certificates, as well as the purchase price of the 2008A Certificates to the extent remarketing proceeds are insufficient therefor. The Stated Amount shall be reduced automatically from time to time upon the Bank's honoring of a demand for payment thereunder, and reinstated from time to time from reimbursements made by the City to the Bank for each payment made by the Bank under the Letter of Credit pursuant to the Reimbursement Agreement. The Letter of Credit will expire _____ (the "Stated Expiration Date").

The Letter of Credit will be substantially in the form of Appendix D to the Official Statement.

The Reimbursement Agreement

The City and the Bank have executed, or will execute, on or prior to the Closing Date, the Reimbursement Agreement which inter alia, sets the terms and conditions whereby the City is required to repay the Bank any amounts drawn by the Trustee under the Letter of Credit. Defined terms used under this heading and not defined in this Official Statement shall have the meanings assigned thereto in the Reimbursement Agreement.

Reimbursement of Drawings. The City is obligated under the Reimbursement Agreement to pay to the Bank as reimbursement for each drawing made pursuant to the Letter of Credit (each, a "Drawing") honored by the Bank a sum equal to the full amount of such Drawing no later than 1:00 p.m. (Los Angeles time) on the date such Drawing is honored.

Liquidity Provider Certificates. Upon purchasing Letter of Credit Provider Certificates, the Bank will be entitled to and, where necessary, will be deemed assigned all rights and privileges accorded Owners.

Covenants. Pursuant to the Reimbursement Agreement, the City agrees, among other things, to furnish financial statements to the Bank in a timely manner, maintain the tax-exempt status of the 2008A Certificates, maintain the Leased Property, keep adequate books and records and pay certain fees to the Bank.

Events of Default. The occurrence of any of the following events shall constitute an "Event of Default" under the Reimbursement Agreement:

(a) The City shall fail to pay when due (i) the amount of any Drawing; (ii) the principal of any Liquidity Advance or any Term Loan; (iii) the interest on any Liquidity Advance or any Term Loan, and such default shall continue unremedied for 2 Business Days, or (iv) any other amount payable under the Reimbursement Agreement, and such default shall continue unremedied for 5 days;

(b) the City shall fail to observe or perform any of the covenants, conditions or provisions of the Reimbursement Agreement (other than as specified in (a) above) which failure continues for a period of 30 days after written notice specifying such failure and requesting that it be remedied shall have been given to the City by the Bank;

(c) any representation, warranty, certification or statement made or deemed made by the City in the Trust Agreement, the Assignment Agreement, the Sublease, the Lease, the Remarketing Agreement, the Purchase Contract, the Custodian Agreement or any Qualified Swap Agreement (collectively, the "Related Documents") and the Reimbursement Agreement or in any certificate, financial statement or other document delivered pursuant to the Reimbursement Agreement shall prove when made or deemed made, in the reasonable judgment of the Bank, to have been inaccurate and misleading in any material respect;

(d) The City shall (i) default in any payment of any Debt beyond the period of grace (not to exceed 30 days), if any, provided in the instrument or agreement under which such Debt was created, or (ii) default in the observance or performance of any agreement or condition relating to any Debt contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of any Debt (or a trustee or agent on behalf of such holder or holders) to cause, with the giving of notice if required, such Debt to become due prior to its stated maturity; or (iii) any Debt shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof;

(e) The City shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of itself or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally, or in the reasonable judgment of the Bank be unable, to pay its debts as they become due, or shall take any action to authorize any of the foregoing;

(f) An involuntary case or other proceeding shall be commenced against the City seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and such case or proceeding is not controverted within 30 days and dismissed within 60 days; or an order for relief shall be entered against the City under the federal bankruptcy laws as now or hereafter in effect; or

(g) A court of competent jurisdiction shall enter a final and non-appealable judgment, order or decree declaring any (i) obligation of the City contained in the Reimbursement Agreement or any Related Document or (ii) Related Document to which the City is a party, in either case to be invalid, not binding or unenforceable against the City; or

(h) A moratorium shall have been declared or announced by a Governmental Authority (whether or not in writing) with respect to any Debt of the City; or

(i) Dissolution or termination of the existence of the City; or

(j) A judgment or order for the payment of money in excess of \$5,000,000 and for which insurance proceeds shall not be available shall be rendered against the City and such judgment or order shall continue unstayed, unbonded or unsatisfied for a period of 60 days; or

(k) Any of the funds or accounts established pursuant to the Trust Agreement or any funds or accounts on deposit, or otherwise to the credit of, such funds or accounts shall become subject to any stay, writ, judgment, warrant of attachment, execution or similar process by any of the creditors of the City and such stay, writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or stayed within fifteen (15) days after its issue or levy; or

(l) Any pledge or security interest created by the Reimbursement Agreement or any Related Document to secure any amount due by the City under the Reimbursement Agreement or with respect to the 2008A Certificates shall fail to be fully enforceable with the priority required thereunder; or

(m) Any event which materially and adversely affects the financial condition of the City or the ability of the City to observe and perform its obligations under the Reimbursement Agreement and the City Related Documents shall have occurred and be continuing; or

(n) The long-term unenhanced rating (i.e., any rating that is assigned to Debt of the City senior to or on a parity with the 2008A Certificates without regard to the provision of credit enhancement such as a letter of credit, bond insurance policy or other financial guarantee) by Fitch, S&P and/or Moody's to any Debt of the City that is senior in right of payment to or on a parity with the 2008A Certificates is reduced below "BBB-" (or its equivalent) by Fitch, "BBB-" (or its equivalent) by S&P or "Baa3" (or its equivalent) by Moody's, respectively, or is withdrawn or suspended other than as a result of debt maturity, redemption, defeasance, non application or non provision of information; or

(o) There shall have been rendered a determination that interest with respect to any of the 2008A Certificates is includable in the gross income of the Owners thereof for Federal income tax purposes, as a result of the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service, whether or not such decree, judgment or action is appealable or deemed to be final under applicable procedural law, or delivery to the City, the Bank and the Trustee of an opinion of nationally recognized bond counsel selected by the Bank and reasonably acceptable to the City and the Trustee to the effect that the interest borne by the 2008A Certificates is includable in the gross income of the recipients thereof generally for Federal income tax purposes; or

(p) An "event of default" (or similar event) shall have occurred under any of the Related Documents.

Rights and Remedies. Upon the occurrence of an Event of Default under the Reimbursement Agreement the Bank, in its sole discretion, may do any, none or all of the following:

(a) Deliver a written notice to the Trustee requiring the Trustee to (i) cause a mandatory purchase of all Outstanding Certificates pursuant to the Trust Agreement and (ii) submit a final Drawing under the Letter of Credit to pay the purchase price of such Certificates upon their mandatory purchase; or

(b) The Bank may by written notice to the City take any or all of the following actions, without prejudice to the rights of the Bank to enforce its claims against the City (provided, that, if an Event of Default specified in paragraphs (e) or (f) under "Events of Default" shall occur, the result which would occur upon the giving of written notice by the Bank to the City as specified in clauses (i) and (ii) below shall occur automatically without the giving of any such notice): (i) declare the commitment of the Bank to make Liquidity Advances and Term Loans terminated, whereupon such commitment shall forthwith terminate immediately; and (ii) declare the principal of and any accrued interest in respect of all Liquidity Advances, all Term Loans and all other Obligations (other than the payment of the principal of and interest on Liquidity Provider Certificates) owing under the Reimbursement Agreement to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind; or

(c) Exercise any rights and remedies available to the Bank at law, equity or under any Related Document.

The Letter of Credit does not secure the Holders of the 2008A Certificates.

THE BANK

THE FOLLOWING REPRESENTS ONLY A SUMMARY OF THE INFORMATION REFERRED TO HEREIN. EXCEPT TO THE LIMITED EXTENT DESCRIBED HEREIN, THIS DOCUMENT DOES NOT ATTEMPT TO DESCRIBE THE BUSINESS OR ANALYZE THE CONDITION, FINANCIAL OR OTHERWISE, OF THE BANK OR OTHERWISE DESCRIBE ANY RISKS ASSOCIATED WITH THE BANK. EACH CERTIFICATE HOLDER MUST RELY ON THAT HOLDER'S OWN KNOWLEDGE, INVESTIGATION AND EXAMINATION OF THE BANK AND THE BANK'S CREDITWORTHINESS.

Bank of America, N.A. (the "**Bank**") is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Bank is a wholly-owned indirect subsidiary of Bank of America Corporation (the "**Corporation**") and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of December 31, 2007, the Bank had consolidated assets of \$1,312,794,218, consolidated deposits of \$793,571,969 and stockholder's equity of \$108,480,218 based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2006, together with any subsequent documents it filed with the Securities and

Exchange Commission (the "**SEC**") pursuant to the Securities Exchange Act of 1934, as amended (the "**Exchange Act**").

Additional information regarding the foregoing is available from the filings made by the Corporation with the SEC, which filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, United States, at prescribed rates. In addition, the SEC maintains a website at <http://www.sec.gov>, which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning the Corporation and the Bank contained herein is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced herein.

The Letter of Credit has been delivered by the Bank. Moody's Investors Service, Inc. ("**Moody's**") currently rates the Bank's long-term debt as "Aaa" and short-term debt as "P-1." The Bank is under review for possible downgrade. Standard & Poor's rates the Bank's long-term debt as "AA+" and its short-term debt as "A-1+." The outlook is stable. Fitch Ratings, Inc. ("**Fitch**") rates long-term debt of the Bank as "AA+" and short-term debt as "F1+." The rating watch is negative. Further information with respect to such ratings may be obtained from Moody's, Standard & Poor's and Fitch, respectively. No assurances can be given that the current ratings of the Bank's instruments will be maintained.

The Bank will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case as filed with the SEC pursuant to the Exchange Act), and the publicly available portions of the most recent quarterly Call Report of the Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporate Communications
100 North Tryon Street, 18th Floor
Charlotte, North Carolina 28255
Attention: Corporate Communications

PAYMENTS OF PRINCIPAL AND INTEREST WITH RESPECT TO THE 2008A CERTIFICATES WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT. PAYMENTS OF THE PURCHASE PRICE OF THE 2008A CERTIFICATES WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE LETTER OF CREDIT IS A BINDING OBLIGATION OF THE BANK, THE 2008A CERTIFICATES ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE 2008A CERTIFICATES ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The delivery hereof shall not create any implication that there has been no change in the affairs of the Corporation or the Bank since the date hereof, or that the information contained or

referred to in the section of the Official Statement entitled "THE BANK" is correct as of any time subsequent to its date.

SOURCE OF PAYMENT FOR THE 2008A CERTIFICATES

General

For the right of the use and possession of, and the continued quiet use and enjoyment of, the Leased Property, the City covenants under the Sublease to pay Base Rental Payments. The full faith and credit of the City is not pledged for the payment of the Base Rental Payments and such payment is not secured by a pledge of or lien on any revenues or funds of the City. While the Base Rental Payments are payable from any legally available funds, the City expects to pay the Base Rental Payments from amounts in its General Fund to the extent revenues of affiliated entities operating portions of the Leased Property are not available. The City covenants in the Sublease to include each year's Base Rental Payments in that year's operating budget. The City has in the past, and may in the future, incur obligations payable from its General Fund in addition to the obligation to make Base Rental Payments.

The Authority has assigned its rights to receive Base Rental Payments and substantially all of its other rights under the Sublease to the Trustee pursuant to the Amended and Restated Assignment Agreement, dated as of January 1, 2003 (the "Assignment Agreement"), between the Authority and the Trustee. Pursuant to the Trust Agreement, at the request of the City and satisfaction of the conditions contained in the Trust Agreement, the Trustee is authorized to deliver Certificates representing proportionate, undivided interests in the Base Rental Payments in accordance with the Supplemental Trust Agreement relating to such Certificates. Pursuant to the Trust Agreement and the Sublease, amounts payable under Liquidity Facilities, Credit Enhancement and Swap Agreements relating to Certificates are also payable from Base Rental Payments. Proceeds of the sale of Certificates are deposited under the Trust Agreement and applied to improvements to the Leased Property, funding reserves under the Trust Agreement, providing capitalized interest with respect to Certificates and providing for the costs of the authorization and delivery of Certificates, all as provided in the applicable Supplemental Trust Agreement.

Rental Payments

Base Rental. The Sublease requires the City to pay Base Rental Payments with respect to the Leased Property at the times and in the amounts set forth in the Sublease, a portion of which Base Rental Payments will be applied to the payment of interest represented by the Certificates, to amounts due under Swap Agreements and the amount required to reimburse any Credit Provider (including the Letter of Credit Provider) for scheduled payments of principal and interest with respect to the 2008A Certificates. In connection with the delivery of the 2003 Certificates, the City entered into a Swap Agreement (the "2003 Swap Agreement") with the 2003 Swap Provider and has entered into the 2006 Swap Agreement in connection with the 2006B Certificates. Payments by the City under these Swap Agreements are to be made from Base Rental Payments as provided in the Trust Agreement. See Appendix B.

Additional Rental. The Sublease also requires the City to pay, as rental under the Sublease in addition to the Base Rental Payments, to the Authority or the Trustee, such amounts ("Additional Rental") in each year as will be required for the payment of all costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of the Sublease or the assignment thereof, the Trust Agreement or the respective

interests in the Leased Property and the lease of the Leased Property by the Authority to the City under the Sublease, and the fees, expenses and costs of the Credit Provider (including the Letter of Credit Provider), the Remarketing Agent, and Tender Agent, 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 Certificates or the Trust Agreement.

Total Rental. The Base Rental Payments and Additional Rental for each Lease Year or portion thereof during the term of the Sublease will constitute the total rental for such Lease Year or portion thereof for the lease of the Leased Property.

Covenant to Budget and Appropriate

Under the Sublease, the City covenants to take such action as may be necessary to include all Base Rental Payments and Additional Rental payments in its operating budget for each fiscal year and to make all necessary appropriations for such Base Rental Payments and Additional Rental payments. In addition, to the extent permitted by law, the City covenants to take such action as may be necessary to amend or supplement the budget appropriations for payments under the Sublease at any time and from time to time during any fiscal year in the event that the actual Base Rental Payments and Additional Rental paid in any fiscal year exceeds the pro rata portion of the appropriations then contained in the City's budget. The Sublease provides that the City's agreements and covenants thereunder shall be deemed to be and shall be construed to be duties imposed by law and that it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the agreements and covenants in the Sublease agreed to be carried out and performed by the City.

Pledge of Base Rental Payments

The Authority and the City have irrevocably pledged and transferred to the Trustee, for the benefit of the Owners and each Credit Provider (including the Letter of Credit Provider), Liquidity Provider and Qualified Swap Provider with respect to Certificates, all of their right, title and interest in and to all amounts on deposit from time to time, in the funds and accounts established under the Trust Agreement (other than the Rebate Fund) and in and to the Base Rental Payments, which will be used for the punctual payment of the interest and principal represented by the Certificates, or to reimburse any Credit Provider (including the Letter of Credit Provider) for payment of any such amounts and to pay the amounts payable under any Swap Agreement, as such payments will become due and payable in the amounts specified in writing by the applicable Qualified Swap Provider, and the Base Rental Payments will not be used for any other purpose while any of the Certificates remain Outstanding or the City has any obligation to any Credit Provider (including the Letter of Credit Provider), Liquidity Provider or Qualified Swap Provider. The pledge constitutes a first and exclusive lien on the funds established under the Trust Agreement and the Base Rental Payments in accordance with the terms thereof subject in all respects to the power of the City to cause the delivery of Additional Certificates pursuant to the Trust Agreement which will be on a parity with the Outstanding 1993 Certificates, 2003 Certificates, 2004 Certificates and 2006A Certificates.

Base Rental Payment Funds

All Base Rental Payments will be paid directly by the City to the Trustee and if received by the Authority at any time, will be deposited by the Authority with the Trustee within one

Business Day after the receipt thereof. A pro rata amount of Certificates, based on the aggregate amount Outstanding of all Base Rental Payments, the proceeds of rental interruption insurance and liquidated damages, if any, will be deposited by the Trustee in each Base Rental Payment Fund and all amounts on deposit therein will be held in trust by the Trustee, which funds the Trustee agrees to establish and maintain for the benefit of the Owners, each Credit Provider, Liquidity Provider and Qualified Swap Provider, until all required Base Rental Payments are paid in full pursuant to the Sublease and until such date as the Certificates are no longer Outstanding and no amounts remain owing to any Credit Provider, Liquidity Provider or Qualified Swap Provider; provided, however, and notwithstanding the foregoing, if the Trustee receives a Base Rental Payment amount in excess of the amount necessary to pay the amount due and owing on the next Interest Payment Date, Principal Payment Date or Mandatory Sinking Account Payment Date, as the case may be, after giving effect to the funds then on deposit in each Base Rental Payment Fund not needed for any other purpose under the Trust Agreement, and if the amount then in all Certificate Reserve Funds is at least equal to the Certificate Reserve Fund Requirement, and no amounts are then due to any related Credit Provider, Liquidity Provider or Qualified Swap Provider and there exists no Event of Default under the Trust Agreement, then amounts in the Base Rental Payment Funds not needed to make such payments may be utilized by the Trustee to make any regular periodic payment due to a Reserve Agreement Provider under a Reserve Agreement.

The Trust Agreement provides that the Trustee is to deposit the amounts on deposit in the Base Rental Payment Funds at the time and in the priority as described in Appendix A.

Certificate Reserve Funds

Under the Trust Agreement, there are separate Certificate Reserve Funds for each of the 2003 Certificates, 2004 Certificates and 2006A Certificates. All such reserve funds secure all Outstanding Certificates and are funded, in the aggregate, in an amount equal to the Certificate Reserve Fund Requirement. As of the delivery date of the 2008A Certificates, the amount of the Certificate Reserve Fund Requirement will be \$_____ and the 2008A Certificate Reserve Fund will be funded, if necessary, from the proceeds of the 2008A Certificates so that the aggregate amount in all Certificate Reserve Funds under the Trust Agreement is an amount sufficient to satisfy the Certificate Reserve Fund Requirement. See "ESTIMATED SOURCES AND USES OF FUNDS."

The term "Certificate Reserve Fund Requirement" is defined under the Trust Agreement to mean, as of any date of calculation, the least of: (i) maximum prospective annual Base Rental Payments with respect to Outstanding Certificates to be made by the City under the Sublease; (ii) 10% of the proceeds of the Certificates; or (iii) 125% of the average annual Base Rental Payments with respect to Outstanding Certificates to be made by the City under the Sublease, in accordance with the Tax Certificate. See APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Trust Agreement – Certificate Reserve Fund."

Moneys in the Certificate Reserve Funds will be used and withdrawn by the Trustee solely for the purposes provided in the Trust Agreement. If, on any Interest Payment Date, the amount on deposit in any Interest Fund is insufficient to pay the interest due with respect to the related Certificates on such Interest Payment Date, or to reimburse any Credit Provider for payment of such interest and to pay any obligation of the City then due under a related Qualified Swap, the Trustee will transfer from any Certificate Reserve Fund and deposit in the related Interest Fund an amount sufficient to make up such deficiency. If, on any Principal Payment Date or any Mandatory Sinking Account Payment Date, the amount on deposit in any Principal

Fund is insufficient to pay the principal due with respect to the related Certificates on such Principal Payment Date or Mandatory Sinking Account Payment Date, the Trustee will transfer from any Certificate Reserve Fund and deposit in the related Principal Fund an amount sufficient to make up such deficiency. Subject to the conditions of the Trust Agreement, moneys on deposit in any Certificate Reserve Fund will be withdrawn and applied by the Trustee for the final payment on any Outstanding Certificates and then to pay any amounts owing to any related Credit Provider, Liquidity Provider or Qualified Swap Provider.

The City shall have no obligation to replenish any Certificate Reserve Fund, except, as described in this paragraph, from Base Rental Payments not needed to pay the interest and principal components of the Certificates.

Notwithstanding anything in the Trust Agreement to the contrary, all Certificate Reserve Funds shall be deemed to be one fund which fund secures and is pledged to the payment of all Certificates and to the obligations owing to each Credit Provider, Liquidity Provider and Qualified Swap Provider.

Insurance

The Sublease requires the City to maintain specified insurance coverage with respect to the Leased Property, including title insurance, property damage insurance, use and occupancy insurance, workers' compensation insurance and public liability insurance. See APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—The Sublease—Insurance."

Substitution, Addition or Removal of Leased Property

The City may amend the Sublease and the Lease to substitute real property and/or improvements (the "Substituted Property") for existing Leased Property, to add real property and/or improvements (the "Additional Property") or to remove real property or improvements from the definition of Leased Property, upon compliance with all of the conditions set forth in the Sublease. After a Substitution or Removal, the part of the Leased Property for which the Substitution or Removal has been effected will be released from the leasehold under the Sublease and under the Lease.

See APPENDIX A – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Sublease" herein.

Damage, Destruction, Title Defect and Condemnation; Use of Net Proceeds

If prior to the termination of the term of the Sublease: (a) the Leased Property or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty; or (b) title to, or the temporary use of, the Leased Property, or any portion thereof, or the estate of the City or the Authority in the Leased Property, or any portion thereof, is defective or will be taken under the exercise of the power of eminent domain by any governmental body, or by any person, or firm or corporation acting under governmental authority, then the City and the Authority will cause the net proceeds of any insurance claim or condemnation award to be applied to the prompt repair, restoration, modification, improvement or replacement of the damaged, destroyed, defective or condemned portion of the Leased Property, and any balance of the net proceeds remaining after such work has been completed will be paid to the City; provided that the City, at its option, and provided that the proceeds of such insurance or condemnation award together with any other moneys then available for the purpose are at least

sufficient to prepay the aggregate annual amount of principal and interest represented by Outstanding Certificates attributable to the portion of the Leased Property so destroyed, damaged, defective or condemned (determined by reference to the proportion which the annual fair rental value of the destroyed, damaged, defective or condemned portion thereof bears to the annual fair rental value of the entire Leased Property), may elect not to repair, reconstruct or replace the damaged, destroyed, defective or condemned portion of the Leased Property and thereupon will cause said proceeds to be used for the prepayment of Outstanding Certificates pursuant to the Trust Agreement. In the event that the proceeds, if any, of said insurance or condemnation award are insufficient either: (i) to repair, rebuild or replace the Leased Property so that the fair rental value of the Leased Property would be at least equal to the Base Rental Payments; or (ii) to prepay the Outstanding Certificates, together with any payment then due to any Qualified Swap Provider, as provided above, then the City may, in its sole discretion, budget and appropriate an amount necessary to effect such repair, rebuilding or replacement or prepayment; provided that the failure of the City to so budget and/or appropriate will not be a breach of or default under the Sublease.

Rental Abatement

Except to the extent of (i) amounts held by the Trustee in any Base Rental Payment Fund or any Certificate Reserve Fund; (ii) amounts received in respect of use and occupancy insurance; and (iii) amounts, if any, otherwise legally available to the Trustee for payments in respect of the Certificates, or to any Credit Provider, Liquidity Provider or Qualified Swap Provider, during any period in which, by reason of material damage, destruction, title defect or condemnation there is substantial interference with the use and possession by the City of any portion of the Leased Property, rental payments due under the Sublease will be abated to the extent that the annual fair rental value of the portion of the Leased Property in respect of which there is no substantial interference is less than the annual Base Rental Payments and Additional Rental, in which case rental payments will be abated only by an amount equal to the difference. In the event that rental is abated, in whole or in part, due to damage, destruction, title defect or condemnation of any part of the Leased Property and the City is unable to repair, replace or rebuild the Leased Property from the proceeds of insurance, if any, the City agrees to apply for and to use its best efforts to obtain any appropriate state and/or federal disaster relief in order to obtain funds to repair, replace or rebuild the Leased Property.

ADDITIONAL CERTIFICATES

In addition to the 1993 Certificates, 2003 Certificates, 2004 Certificates, 2006A Certificates, and the 2008A Certificates, the City, the Authority and the Trustee may, with prior notice to each Credit Provider, by execution of a Supplemental Trust Agreement without the consent of the Owners, provide for the delivery of Additional Certificates representing additional Base Rental Payments. See APPENDIX A – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Trust Agreement.” Additional Certificates executed and delivered under the Trust Agreement will be on a parity with the Outstanding 1993 Certificates, 2003 Certificates, 2004 Certificates and 2006A Certificates and each Owner thereof will have the same rights upon an Event of Default as the Owner of any other Certificate executed and delivered under the Trust Agreement, except as any such rights of the Owners of any Additional Certificates may be limited as provided in any Supplemental Trust Agreement under which such Additional Certificates are executed and delivered.

REMARKETING AGREEMENT

The City has entered into a Remarketing Agreement for the 2008A Certificates, dated as of _____ 1, 2008 (the "**Remarketing Agreement**"), with Banc of America Securities LLC as the Remarketing Agent (the "**Remarketing Agent**"). Under the Remarketing Agreement, the Remarketing Agent has agreed to use its best efforts to offer for sale all Certificates tendered in accordance with the provisions of the Trust Agreement.

INVESTMENT CONSIDERATIONS

The following information should be considered by prospective investors in evaluating the 2008A Certificates. However, the following does not purport to be an exclusive listing of risks and other considerations that may be relevant to investing in the 2008A Certificates, and the order in which the following information is presented is not intended to reflect the relative importance of any such risks and considerations.

Security for the 2008A Certificates

The 2008A Certificates are being offered solely on the basis of the Letter of Credit and the financial strength of the Bank and not the operations, financial strength or condition of the City or any other security. This Official Statement does not describe the financial condition of the City. The rating assigned to the 2008A Certificates is based primarily on the creditworthiness of the Bank. Prospective purchasers of the 2008A Certificates that wish to make a full evaluation of the financial status of the Bank are advised to obtain financial statements of the Bank.

Except to the extent payable from draws under the Letter of Credit (see "THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT"), the 2008A Certificates are payable solely from Base Rental Payments. No representation or assurance can be made that Base Rental Payments will be sufficient to pay maturing principal, mandatory sinking fund requirements and interest with respect to the 2008A Certificates. Future economic and other conditions, including economic trends and events, technological developments and demographic changes, increases in insurance claims, as well as increased costs and changes in government regulations, including Internal Revenue Service (the "**IRS**") policy regarding tax exemption, may adversely affect the future financial condition of the City and, consequently, the City's ability to make payments of the principal and premium, if any, and interest with respect to the 2008A Certificates.

Expiration of the Letter of Credit

The initial scheduled expiration date of the Letter of Credit is _____, 20__, subject to extension or earlier termination in certain circumstances as described therein. If the Letter of Credit is not extended or an Alternate Liquidity Facility is not obtained by the City, the 2008A Certificates will be subject to mandatory prepayment. There can be no assurance that the City will be able to obtain an extension of the Letter of Credit or an Alternate Liquidity Facility. The Bank is under no obligation to extend the Letter of Credit beyond the scheduled expiration thereof.

Bank's Obligations Unsecured

The ability of the Bank to honor draws upon the Letter of Credit is based solely upon the Bank's general credit and is not collateralized or otherwise guaranteed by the United States of America or any agency or instrumentality thereof. No provision has been made for replacement of or substitution for the Letter of Credit in the event of any deterioration in the financial condition of the Bank. Neither the City nor the Bank assumes any liability to any purchaser of the 2008A Certificates as a result of any deterioration of the financial condition of the Bank. Upon any insolvency of the Bank, any claim by the Trustee against the Bank would be subject to bank receivership proceedings.

General Factors Affecting the Bank

The Bank is subject to regulation and supervision by various regulatory bodies. New regulations could impose restrictions upon the Bank which would restrict its ability to respond to competitive pressures. Various legislative or regulatory changes could dramatically impact the banking industry as a whole and the Bank specifically. The banking industry is highly competitive in many of the markets in which the Bank operates. Such competition directly impacts the financial performance of the Bank. Any significant increase in such competition could adversely impact the Bank.

Tax-Exempt Status

Tax-Exempt Status of Interest with respect to the 2008A Certificates. The Internal Revenue Code of 1986, as amended (the "Code") imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the 2008A Certificates, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of 2008A Certificate proceeds, limitations on the investment earnings of Certificate proceeds prior to expenditure, a requirement that certain investment earnings on Certificate proceeds be paid periodically to the United States and a requirement that the issuers file an information report with the IRS. The City has covenanted in certain of the documents referred to herein that they will comply with such requirements. Failure by the City to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the treatment of interest with respect to the 2008A Certificates as taxable, retroactively to the Date of Delivery of the 2008A Certificates. See the section entitled "TAX MATTERS" herein.

TAX MATTERS

In the opinion of Special Counsel, based on existing statutes, regulations, rulings and judicial decisions and assuming compliance with certain covenants in the Trust Agreement, the Sublease and other documents relating to the 2008A Certificates and requirements of the Internal Revenue Code of 1986, as amended, regarding the use, expenditure and investment of proceeds of the 2008A Certificates and the timely payment of certain investment earnings to the United States, the portion of each Base Rental Payment due under the Sublease designated as and comprising interest with respect to the 2008A Certificates is not includable in the gross income of the Owners of the 2008A Certificates for federal income tax purposes. Failure to comply with such covenants and requirements may cause the portion of each Base Rental Payment due under the Sublease designated as and comprising interest with respect to the 2008A Certificates to be included in gross income retroactively to the date of execution and delivery of the 2008A Certificates.

In the further opinion of Special Counsel, the portion of each Base Rental Payment due under the Sublease designated as and comprising interest with respect to the 2008A Certificates is not treated as an item of tax preference in calculating the federal alternative minimum taxable income of individuals and corporations. Such portion of each Base Rental Payment, however, is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability.

Ownership of, or the receipt of interest on or with respect to, tax-exempt obligations may result in collateral tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Special Counsel expresses no opinion with respect to any collateral tax consequences and, accordingly, prospective purchasers of the 2008A Certificates should consult their tax advisors as to the applicability of any collateral tax consequences.

Certain requirements and procedures contained or referred to in the Trust Agreement, the Sublease or other documents pertaining to the 2008A Certificates may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. Special Counsel expresses no opinion as to the exclusion from gross income for federal income tax purposes of the portion of each Base Rental Payment due under the Sublease designated as and comprising interest with respect to the 2008A Certificates on and after the date on which any such change occurs or action is taken upon the advice or approval of counsel other than Special Counsel.

Legislation affecting municipal securities is constantly being considered by the United States Congress. There can be no assurance that legislation enacted after the date of execution and delivery of the 2008A Certificates will not have an adverse effect on the tax-exempt status of the 2008A Certificates. Legislative or regulatory actions and proposals may also affect the economic value of tax exemption or the market prices of the 2008A Certificates.

In the further opinion of Special Counsel, the portion of each Base Rental Payment due under the Sublease designated as and comprising interest with respect to the 2008A Certificates is exempt from personal income taxes imposed by the State.

Information Reporting and Backup Withholding

Interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. While this reporting requirement does not, by itself, affect the excludability of interest from gross income for federal income tax purposes, the reporting requirement causes the payment of interest with respect to the 2008A Certificates to be subject to backup withholding if such interest is paid to beneficial owners that (a) are not "exempt recipients," and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities are exempt recipients. Amounts withheld under the backup

withholding rules from a payment to a beneficial owner are allowed as a refund or credit against such beneficial owner's federal income tax liability so long as the required information is furnished to the IRS.

Future Developments

Future legislative proposals, if enacted into law, regulations, rulings or court decisions may cause interest with respect to the 2008A Certificates to be subject, directly or indirectly, to federal income taxation or to be subject to State or local income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax-exempt status of such interest. On November 5, 2007, the United States Supreme Court heard oral argument in connection with its review of a decision of the Court of Appeals of Kentucky which held that the Commerce Clause in the United States Constitution prohibits the Commonwealth of Kentucky from exempting interest on bonds issued by Kentucky and its localities and authorities from Kentucky state income tax while subjecting interest on bonds issued by other states and their localities and authorities to Kentucky state income tax. If the Kentucky decision is affirmed by the United States Supreme Court, it could require states such as the State of California to eliminate disparity between the tax treatment of out-of-state bonds, notes and other obligations and the tax treatment of in-state bonds, notes and other obligations, including bonds, notes or other obligations issued by the City. The impact of this decision may also affect the market price for, or the marketability of, the 2008A Certificates.

Prospective purchasers of the 2008A Certificates should consult their tax advisors regarding pending or proposed federal or state tax legislation, regulations, rulings or litigation, as to which Special Counsel expresses no opinion.

A copy of the proposed form of opinion of Special Counsel is attached hereto as APPENDIX B – "PROPOSED FORM OF OPINION OF SPECIAL COUNSEL."

APPROVAL OF LEGALITY

The validity of the issuance of the 2008A Certificates under California law is subject to the approval of Sidley Austin LLP, San Francisco, California, acting as Special Counsel. The proposed form of the legal opinion of Special Counsel is attached hereto as Appendix B. Certain legal matters will be passed upon for the City by the City Attorney of the City of Pasadena, California, and by Sidley Austin LLP, San Francisco, as Disclosure Counsel, for the Bank by White & Case LLP, Los Angeles, California, and for the Underwriter by Fulbright & Jaworski L.L.P., Los Angeles, California.

ABSENCE OF MATERIAL LITIGATION

There is no litigation that has been served on the City or, to the best knowledge of the City, that is otherwise pending or threatened seeking to restrain or enjoin the issuance, sale, execution or delivery of the 2008A Certificates, or in any way contesting or affecting the validity of the 2008A Certificates or any proceeding of the City taken with respect to the issuance or sale thereof, the pledge or application of any moneys or security provided for the payment of the 2008A Certificates, or existence or powers of the City, or the authority of the City to enter into any document relating to the Trust Agreement or the 2008A Certificates.

UNDERWRITING

The 2008A Certificates will be purchased from the City by Banc of America Securities, LLC, as the Underwriter. The Underwriter has agreed to purchase the 2008A Certificates from the City at a purchase price of \$_____ (equal to \$_____ principal amount of 2008A Certificates less an underwriter's discount of \$_____).

The purchase contract between the City and the Underwriter provides that the Underwriter will purchase all of the 2008A Certificates, if any are purchased. Certificates may be offered and sold by the Underwriter to certain dealers and others at prices lower than the public offering prices set forth on the inside cover page of this Official Statement, and such public offering prices may be changed by the Underwriter from time to time without notice.

RATINGS

S&P and Fitch Ratings (each, a "Rating Agency" and collectively, the "Rating Agencies") have assigned the ratings of "___" and "___," respectively to the 2008A Certificates. Such ratings are based on the Letter of Credit delivered for the benefit of the 2008A Certificates. See "THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT" herein. S&P and Fitch Ratings have assigned the underlying ratings of "___" and "___," respectively to the 2008A Certificates. Such ratings reflect only the view of the rating agency assigning such rating, and any explanation of the significance of such rating should be obtained from the assigning Rating Agency. The City furnished the Rating Agencies with certain information and material relating to the 2008A Certificates and the City that have not been included in this Official Statement. Generally, rating agencies base their ratings on information and materials furnished and on investigation, studies, and assumptions by the rating agencies. There is no assurance that the rating mentioned above will remain in effect for any given period of time, or that such ratings might not be lowered or withdrawn entirely by the Rating Agencies, if in the judgment of the Rating Agencies circumstances so warrant. The City and the Underwriter have not undertaken any responsibility either to bring to the attention of the Certificate owners any proposed change in or withdrawal of the rating or to oppose any such proposed revision or withdrawal. Any such downward change in or withdrawal of the ratings might have an adverse effect on the market price or marketability of the 2008A Certificates.

NO CONTINUING DISCLOSURE

While in the Weekly Mode, the 2008A Certificates are exempt from the continuing disclosure requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended.

EXECUTION AND DELIVERY

The execution of this Official Statement has been duly authorized by the City.

CITY OF PASADENA

APPENDIX A
SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX B

PROPOSED FORM OF SPECIAL COUNSEL OPINION

____, 2008

City of Pasadena
Pasadena, California

\$ _____
Refunding Certificates of Participation, Series 2008A
Evidencing and Representing Proportionate, Undivided
Interests of the Owners Thereof in Base Rental
Payments to be Made by the
CITY OF PASADENA, CALIFORNIA

Ladies and Gentlemen:

We have acted as special counsel to 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"), in connection with the execution and delivery of \$ _____ Refunding Certificates of Participation, Series 2008A (the "2008A Certificates"), evidencing and representing proportionate, undivided interests of the owners thereof in Base Rental Payments to be made by the City under and pursuant to that certain Amended and Restated Sublease, dated as of January 1, 2003 (the "2003 Sublease"), by and between the Pasadena Public Financing Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority") and the City, as amended and supplemented by Supplement No. 1 to the Amended and Restated Sublease, dated as of March 1, 2004 ("Supplement No. 1 to Sublease"), Supplement No. 2 to Amended and Restated Sublease, dated as of September 1, 2006 ("Supplement No. 2 to Sublease") and Supplement No. 3 to Amended and Restated Sublease, dated as of _____ 1, 2008 ("Supplement No. 3 to Sublease" and together with the 2003 Sublease, Supplement No. 1 to the Sublease and Supplement No. 2 to the Sublease, the "Sublease"), for the lease of certain of certain real property and improvements (the "Leased Property") by Authority to the City. The Leased Property has been leased by the City to the Authority pursuant to an Amended and Restated Lease, dated as of January 1, 2003 (the "2003 Lease"), by and between the Authority and the City, as amended and supplemented by Supplement No. 1 to Amended and Restated Lease, dated as of January 1, 2004 ("Supplement No. 1 to Lease"), Supplement No. 2 to Amended and Restated Lease, dated as of September 1, 2006 ("Supplement No. 2 to Lease") and Supplement No. 3 to Amended and Restated Lease, dated as of _____ 1, 2008 ("Supplement No. 3 to Lease" and together with the 2003 Lease, Supplement No. 1 to Lease and Supplement No. 2 to Lease, the "Lease") for the purpose of leasing such Leased Property back from the Authority pursuant to the Sublease.

The Authority's rights to receive Base Rental Payments under the Sublease have been assigned without recourse by the Authority to The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), pursuant to the Amended and Restated Assignment Agreement, dated as of January 1, 2003, by and between the Trustee and the Authority. The 2008A Certificates

have been executed and delivered pursuant to the Amended and Restated Trust Agreement, dated as of January 1, 2003 (the "2003 Trust Agreement"), by and among the Trustee, the Authority and the City, as amended and supplemented by the First Supplemental Trust Agreement, dated as of March 1, 2004 (the "First Supplemental Trust Agreement"), the Second Supplemental Trust Agreement dated as of September 1, 2006 ("Second Supplemental Trust Agreement") and the Third Supplemental Trust Agreement dated as of _____ 1, 2008 ("Third Supplemental Trust Agreement" and together with the 2003 Trust Agreement, the First Supplemental Trust Agreement and the Second Supplemental Trust Agreement, the "Trust Agreement").

We have examined a certified copy of the record of proceedings relating to the execution and delivery of the 2008A Certificates and such other documents and records of the City as we have deemed necessary for the purpose of this opinion. Our services as special counsel were limited to such examination and to rendering the opinions set forth below. We have assumed the genuineness of all documents and signatures presented to us. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Trust Agreement and the Sublease, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause the portion of each Base Rental Payment designated as and imposing interest with respect to the 2008A Certificates to be included in gross income for federal income tax purposes.

Based upon the foregoing, in our opinion, such proceedings show lawful authority for the execution and delivery by the Authority and the City of the Trust Agreement, the Lease and the Sublease under the laws of the State of California now in force, and the Trust Agreement, the Lease and the Sublease have been duly authorized, executed and delivered by the Authority and the City and, assuming due authorization, execution and delivery of the Trust Agreement by the Trustee, are valid and binding obligations of the Authority and the City, enforceable against the Authority and the City in accordance with their respective terms. The 2008A Certificates, assuming due execution and delivery by the Trustee, are entitled to the benefits of the Trust Agreement. The obligation of the City to make the Base Rental Payments under the Sublease does not constitute a debt of the City or the State of California, or of any political subdivision thereof, within the meaning of any constitutional debt limit or restriction, does not violate any statutory debt limitation, and does not constitute an obligation for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

We are further of the opinion, based on existing statutes, regulations, rulings and judicial decisions and assuming compliance by the City with certain covenants in the Trust Agreement and Sublease and requirements of the Internal Revenue Code of 1986, as amended, regarding the use, expenditure and investment of Certificate proceeds and the timely payment of certain investment earnings to the United States, that the portion of each Base Rental Payment due under the Sublease designated as and comprising interest with respect to the 2008A Certificates is excludable from the gross income of the owners of the 2008A Certificates for federal income tax purposes. Failure to comply with such covenants and requirements may cause the portion of each Base Rental Payment designated as and comprising interest with respect to the 2008A Certificates to be included in federal gross income retroactive to the date of execution and delivery of the 2008A Certificates.

We are also of the opinion that the portion of each Base Rental Payment due under the Sublease designated as and comprising interest with respect to the 2008A Certificates is not treated as an item of tax preference in calculating the federal alternative minimum taxable income of individuals and corporations. Such portion of each Base Rental Payment, however, will be included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability. We express no opinion regarding other federal income tax consequences caused by the ownership of, or the receipt of interest with respect to, the 2008A Certificates. Further, we express no opinion as to the effect of any change to any document pertaining to the 2008A Certificates or of any action taken or not taken where such change is made or action is taken or not taken without our approval or in reliance upon the advice of counsel other than ourselves with respect to the exclusion from gross income of the interest with respect to the 2008A Certificates for federal income tax purposes.

We are additionally of the opinion that the portion of each Base Rental Payment due under the Sublease designated as and comprising interest with respect to the 2008A Certificates is exempt from personal income taxes imposed by the State of California.

With respect to the opinions expressed herein, the rights and obligations under the 2008A Certificates, the Trust Agreement, the Lease and the Sublease are subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting the enforcement of creditors' rights generally, to the application of equitable principles (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against cities in the State of California. In addition, we express no opinion with respect to any indemnification, contribution, penalty, choice of forum or waiver provisions contained in the foregoing documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions may be adversely affected by actions taken or events occurring, including a change in law, regulation or ruling (or in the application or official interpretation of any law, regulation or ruling) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions are taken or such events occur, and we have no obligation to update this opinion in light of such actions or events.

This opinion is limited to the laws of the State of California and the federal laws of the United States. The opinions in this letter are expressed solely as of the date hereof for your benefit and may not be relied upon in any manner for any purposes by any other person.

Respectfully submitted,

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix C has been provided by The Depository Trust Company (“DTC”), New York, New York, for use in securities offering documents, and City takes no responsibility for the accuracy or completeness thereof the City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the 2008A Certificates or (b) certificates representing ownership interest in or other confirmation of ownership interest in the 2008A Certificates, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement.

1. DTC will act as securities depository for the 2008A Certificates (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of the Securities, and will be deposited with DTC.

2. DTC, the world’s largest depository, is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be

accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults and proposed amendments to the security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Prepayment notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Prepayment proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer or the paying agent or bond trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the paying agent or bond trustee, or the issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of prepayment proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer or the paying agent or bond trustee, disbursement of such payments

to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the issuer or the paying agent or bond trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

10. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the issuer believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX D
FORM OF LETTER OF CREDIT