

REIMBURSEMENT AGREEMENT

Dated as of April 1, 2008

Among

CITY OF PASADENA,

PASADENA PUBLIC FINANCING AUTHORITY

and

BANK OF AMERICA, N.A.

Relating to \$[138,000,000]
City of Pasadena
Variable Rate Demand Refunding Certificates of Participation
Series 2008A

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This REIMBURSEMENT AGREEMENT, dated as of April 1, 2008 (as the same may be amended, modified, supplemented and restated from time to time, this "Agreement"), is entered into among CITY OF PASADENA, a municipal corporation and chartered city of the State of California (the "City"), PASADENA PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority organized under the laws of the State of California (the "Authority"), and BANK OF AMERICA, N.A., a national banking association (the "Bank").

W I T N E S S E T H:

WHEREAS, the City has requested the Bank to issue an irrevocable direct-pay letter of credit to provide credit and liquidity support for certain limited recourse certificates of participation to be issued by the City; and

WHEREAS, the Bank is willing to issue such a letter of credit upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises contained herein and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to induce the Bank to issue the Letter of Credit defined below, the City and the Bank hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. The following terms shall have the following meanings as used herein:

"Additional Certificates" has the meaning set forth in the Trust Agreement.

"Additional Rental" has the meaning set forth in the Trust Agreement.

"Adjusted Letter of Credit Amount" means at any time (i) the principal amount of the Certificates then Outstanding plus (ii) an amount equal to the interest accruing thereon at an assumed interest rate of 12 percent per annum during a period of [44] days (calculated on the basis of a 365 day year).

"Affiliate" means, as to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. A Person shall be deemed to be "controlled by" any other Person if such other Person possesses, directly or indirectly, power (a) to vote 10% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managing general partners; or (b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"Alternate Credit Enhancement" has the meaning set forth in the Trust Agreement.

"Assignee" has the meaning set forth in Section 9.5(b).

“Assignment Agreement” means the Amended and Restated Assignment Agreement, dated as of January 1, 2003, between the Trustee and the Authority.

“Authority” has the meaning set forth in the initial paragraph.

“Authority Related Documents” means the Related Documents to which the Authority is a party.

“Authorized Denomination” means any denomination of the Certificates authorized pursuant to the Trust Agreement.

“Authorized City Representative” means the Manager of the City, the Director of Finance of the City and/or the Treasurer of the City.

“Bank” has the meaning set forth in the initial paragraph.

“Bank Rate” means for any day a fluctuating rate per annum equal to the higher of (i) the Federal Funds Rate plus 2% and (ii) the Prime Rate, in each case in effect on such day.

“Bank-Related Persons” means the Bank, its Affiliates and the officers, directors, employees, agents and attorneys-in-fact of the Bank and Affiliates.

“Base Rental Payments” has the meaning set forth in the Trust Agreement.

“Business Day” has the meaning set forth in the Trust Agreement. The Bank initially designates Los Angeles as the city in which its designated office is located.

“Certificates” has the meaning set forth in the Trust Agreement.

“Charter” means the charter of the City as in effect on the date hereof.

“City” has the meaning set forth in the initial paragraph.

“City Administrative Code” means the Pasadena Municipal Code as in effect on the date hereof.

“City Council” means the governing body of the City.

“City Related Documents” means the Related Documents to which the City is a party.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“Commitment Fee” has the meaning set forth in Section 3.2.

“Commitment Fee Rate” has the meaning set forth in Section 3.2.

“Custodian Agreement” means the Custodian Agreement of even date herewith among the Bank, the City and The Bank of New York, N.A., in its capacity as custodian, the form of which is attached hereto as Exhibit B.

“Daily Rate” has the meaning set forth in the Trust Agreement.

“Date of Issuance” means the date on which the Letter of Credit is issued by the Bank and delivered to the Trustee.

“Debt” means for any Person (without duplication) (i) all indebtedness created, assumed or incurred in any manner by such Person representing money borrowed (including by the issuance of debt securities), (ii) all obligations of such Person for the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business), (iii) all obligations secured by any Lien upon property of such Person, whether or not such Person has assumed or become liable for the payment of such indebtedness, (iv) all obligations of such Person as lessee under any lease of property which in accordance with generally accepted accounting principles would be required to be capitalized on the balance sheet of such Person, (v) all obligations of such Person on or with respect to letters of credit, banker’s acceptances and other evidences of indebtedness representing extensions of credit whether or not representing obligations for borrowed money, (vi) certificates of participation evidencing an undivided ownership interest in payments made by such Person (A) as lessee under any lease of property which in accordance with generally accepted accounting principles would be required to be capitalized on the balance sheet of such Person, (B) as purchaser under an installment sale agreement or (C) otherwise as an obligor in connection therewith, and (vii) all Debt of any other Person of the kind referred to in clauses (i) through (vi) above which is guaranteed (regardless of form) directly or indirectly in any manner by such Person.

“Default” means any condition or event which with the giving of notice or lapse of time or both could reasonably be expected to, unless cured or waived, become an Event of Default.

“Default Rate” means, as of any date of determination, a rate per annum equal to the Bank Rate in effect on such date plus 3%.

“Deposit Amounts” has the meaning set forth in Section 2.8.

“Dollars” and the sign “\$” means lawful money of the United States of America.

“Drawing” means a drawing made or permitted to be made pursuant to the terms of the Letter of Credit.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute thereto.

“Event of Default” has the meaning set forth in Section 8.1.

“Excess Interest” has the meaning set forth in Section 3.4(c).

“Existing Certificates” means all Certificates issued pursuant to the Trust Agreement prior to the date hereof.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank on the Business Day next succeeding such day; provided that (i) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to the Bank on such day on such transactions as determined by the Bank.

“Fitch” means Fitch, Inc. and its successors, and if such Person shall for any reason no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any nationally recognized securities rating agency designated by the City that is acceptable to the Bank in its sole discretion.

“Government Acts” means any act or omission to act, whether rightful or wrongful, of any present or future de jure or de facto government or Governmental Authority.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, administrative tribunal, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

“Incorporated Provisions” has the meaning set forth in Section 7.6 of this Agreement.

“Joint Exercise of Powers Agreement” means the joint exercise of powers agreement, dated April 24, 2000, by and between the City and the Pasadena Community Redevelopment Commission creating the Pasadena Public Financing Authority.

“Lease” means the Amended and Restated Lease, dated as of January 1, 2003, between the City, as lessor, and the Authority, as lessee, as supplemented by Supplement No. 1, dated as of March 1, 2004, between the City, as lessor, and the Authority, as lessee, as further supplemented by the Supplement No. 2, dated as of September 1, 2006, between the City, as lessor, and the Authority, as lessee, as further supplemented by the Supplement No. 3, dated as of April 1, 2008, between the City, as lessor, and the Authority, as lessee, together with all future supplements and amendments thereto.

“Leased Property” has the meaning set forth in the Trust Agreement.

“Letter of Credit” means an irrevocable direct-pay letter of credit in the form of Exhibit A hereto, with blanks appropriately completed, executed and issued by the Bank in favor of the Trustee for the benefit of the Owners of the 2008 Certificates.

“Liquidity Advance” and “Liquidity Advances” have the meanings set forth in Section 2.4(a) hereof.

“Liquidity Advance Maturity Date” has the meaning set forth in Section 2.4(a) hereof.

“Liquidity Drawing” means a Drawing made under the Letter of Credit for the purpose of purchasing Certificates tendered for purchase pursuant to Section 4.06 of the Trust Agreement and not remarketed.

“Liquidity Provider Certificates” has the meaning set forth in the Trust Agreement.

“Liquidity Rate” means, with respect to any Liquidity Advance, (i) on any day prior to the date that is 46 days from and including the date such Liquidity Advance was made, a fluctuating rate of interest equal to the Bank Rate; and (ii) on any day on or after the date that is 46 days from and including the date such Liquidity Advance was made through and including the date that is 90 days from the date such Liquidity Advance was made, a fluctuating rate of interest equal to the Bank Rate plus 1%.

“Liquidity Term Loan” has the meaning set forth in Section 2.4(b) hereof.

“Lien” means, with respect to any property, tangible or intangible, real or personal, any mortgage, lien, pledge, charge, security interest or other encumbrance of any kind in respect of such property.

“LOC Period” means the period commencing on the Date of Issuance and ending on the Termination Date.

“LOC Termination Term Loan” has the meaning set forth in Section 2.4(b) hereof.

“Maximum Rate” has the meaning set forth in the Trust Agreement.

“Moody’s” means Moody’s Investors Service, Inc. and its successors, and if such Person shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any nationally recognized securities rating agency designated by the City that is acceptable to the Bank in its sole discretion.

“Notice of Extension” has the meaning set forth in Section 2.3.

“Obligations” shall mean the City’s obligation to reimburse all Drawings, to repay all Liquidity Advances and Term Loans, to pay debt service on the Liquidity Provider Certificates, to pay the principal, interest, fees, expenses, costs and other amounts owed to the Bank or the Parent pursuant to the terms of this Agreement, any Related Document or any other document, instrument or agreement entered into by the City with or in favor of the Bank in connection herewith or therewith, together with all covenants and duties owing by the City to the Bank of any kind or description, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising.

“Official Statement” means the Official Statement for the 2008 Certificates, dated April [], 2008, together with all amendments and supplements thereto.

“Outstanding” has the meaning set forth in the Trust Agreement.

“Owner” has the meaning set forth in the Trust Agreement.

“Parent” means any Person controlling the Bank.

“Participant” has the meaning assigned to it in Section 9.5(b).

“Payment Date” has the meaning set forth in Section 3.1(a).

“Plan” means a pension plan providing benefits for employees of any person.

“Permitted Investments” has the meaning assigned to that term in the Trust Agreement.

“Person” means an individual, a corporation, a partnership, a limited liability company, an association, a joint venture, a trust, an unincorporated organization or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“Prime Rate” means for any day the rate of interest in effect for such day as publicly announced from time to time by the Bank as its “prime lending rate” or “reference rate.” Such prime lending rate or reference rate is a rate set by the Bank based upon various factors including the Bank’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such prime lending rate or reference rate announced by the Bank shall take effect at the opening of business on the day specified in the public announcement of such change.

“Purchase Contract” means the Certificate Purchase Contract, dated as of April [], 2008, among the City, the Authority and Banc of America Securities LLC whereby Banc of America Securities LLC has agreed to purchase the 2008 Certificates.

“Qualified Swap Agreement” has the meaning set forth in the Trust Agreement.

“Rating” has the meaning set forth in Section 3.2.

“Rating Agency” means any of Fitch, Moody’s or S&P.

“Related Documents” means the Trust Agreement, the 2008 Certificates, the Assignment Agreement, the Lease, the Sublease, the Remarketing Agreement, the Purchase Contract, the Custodian Agreement, any Qualified Swap Agreement and the Official Statement.

“Remarketing Agent” means the remarketing agent for the 2008 Certificates which shall initially be Banc of America Securities LLC.

“Remarketing Agreement” means, on any date of determination, the remarketing agreement in effect on such date between the City and the then current Remarketing Agent.

“Rental Payments” has the meaning set forth in the Trust Agreement.

“S&P” means Standard & Poor’s Ratings Group, a division of The McGraw-Hill Companies, Inc. and its successors, and if such division shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City that is acceptable to the Bank in its sole discretion.

“Stated Expiration Date” has the meaning set forth in the Letter of Credit.

“Sublease” means the Amended and Restated Sublease, dated as of January 1, 2003, between the Authority, as lessor, and the City, as lessee, as supplemented by Supplement No. 1, dated as of March 1, 2004, between the Authority, as lessor, and the City, as lessee, as further supplemented by the Supplement No. 2, dated as of September 1, 2006, between the Authority, as lessor, and the City, as lessee, as further supplemented by the Supplement No. 3, dated as of April 1, 2008, between the Authority, as lessor, and the City, as lessee, together with all future supplements and amendments thereto.

“Swap Policy” means the City’s Derivatives Policy which is attached Appendix A to the City’s Debt Management Policy Handbook, a copy of which Appendix is attached hereto as Exhibit C.

“Taxes” has the meaning set forth in Section 3.5(b).

“Tender Agent” has the meaning set forth in the Trust Agreement.

“Term Loan” and “Term Loans” have the meanings set forth in Section 2.4(b).

“Term Loan Payment Date” has the meaning set forth in Section 2.4(b).

“Term Loan Rate” means, with respect to any Term Loan, a fluctuating rate of interest equal to the Bank Rate plus 2%.

“Termination Date” has the meaning set forth in the Letter of Credit.

“Termination Drawing” means a Drawing made under the Letter of Credit for the purpose of purchasing Certificates tendered or deemed tendered for purchase pursuant to Section 4.07 of the Trust Agreement and not remarketed.

“Termination Fee” has the meaning set forth in Section 3.2.

“Term-Out Period” has the meaning set forth in Section 2.4(d).

“Third Supplemental Trust Agreement” means the Third Supplemental Trust Agreement, dated as of April 1, 2008, among the City, the Authority and The Bank of New York Trust Company, N.A., in its capacity as trustee.

“Trust Agreement” means the Amended and Restated Trust Agreement, dated as of January 1, 2003, among the City, the Authority and BNY Western Trust Company, in its capacity as trustee, as supplemented by the First Supplemental Trust Agreement, dated as of March 1, 2004, among the City, the Authority and BNY Western Trust Company, in its capacity as trustee, as further supplemented by the Second Supplemental Trust Agreement, dated as of September 1, 2006, among the City, the Authority and The Bank of New York Trust Company, N.A., in its capacity as trustee, as further supplemented by the Third Supplemental Trust Agreement, dated as of April 1, 2008, among the City, the Authority and The Bank of New York Trust Company, N.A., in its capacity as trustee, together with all future supplements and amendments thereto.

“Trustee” has the meaning set forth in the Trust Agreement.

“2007 CAFR” has the meaning set forth in Section 2.2(k)(iv).

“2008 Certificates” means the City of Pasadena Variable Rate Demand Refunding Certificates of Participation, Series 2008A, initially issued and authenticated in an aggregate principal amount of \$[138,000,000].

“Underlying Provisions” has the meaning set forth in Section 7.6 of this Agreement.

“Unpaid Amounts” has the meaning set forth in Section 2.4(d).

“Weekly Rate” has the meaning set forth in the Trust Agreement.

Section 1.2 Incorporation of Certain Definitions by Reference. Each capitalized term used herein and not otherwise defined herein shall have the meaning provided therefor in the Trust Agreement.

Section 1.3 Accounting Terms and Determinations. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles.

Section 1.4 Interpretation. The following rules shall apply to the construction of this Agreement unless the context requires otherwise: (a) the singular includes the plural, and the plural the singular; (b) words importing any gender include the other gender and the neuter gender; (c) references to statutes are to be construed as including all statutory provisions consolidating, and all regulations promulgated pursuant to, such statutes; (d) references to “writing” include printing, photocopy, typing, lithography and other means of reproducing words in a tangible visible form; (e) the words “including”, “includes” and “include” shall be deemed to be followed by the words “without limitation”; (f) references to the introductory paragraph, recitals, articles, sections (or clauses or subdivisions of sections), exhibits, appendices, annexes or schedules are to those of this Agreement unless otherwise indicated; (g) references to agreements and other contractual instruments shall be deemed to include all subsequent

amendments and other modifications to such instruments, but only to the extent that such amendments and other modifications are permitted or not prohibited by the terms of this Agreement; (h) article and section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose; and (i) unless otherwise indicated, references to Persons include their respective permitted successors and assigns.

ARTICLE II

LETTER OF CREDIT; REIMBURSEMENT; LIQUIDITY ADVANCES; TERM LOANS

Section 2.1 Application for Letter of Credit, Liquidity Advances and Term Loans.

The City hereby applies to the Bank for, and authorizes and instructs the Bank to issue for the City's account, the Letter of Credit, and to make Liquidity Advances and Term Loans. The Bank agrees that it will pay all Drawings under the Letter of Credit from its own funds.

Section 2.2 Conditions Precedent to Issuance of the Letter of Credit. Upon satisfaction of each and every condition listed below, the Bank hereby agrees to issue the Letter of Credit:

(a) Receipt by the Bank, on or prior to the Date of Issuance, of the Charter together with all amendments thereto, certified as to accuracy and completeness by the clerk of the City;

(b) Receipt by the Bank, on or prior to the Date of Issuance, of a copy of the resolutions of the City authorizing the execution, delivery and performance of this Agreement and the City Related Documents, certified by an appropriate official of the City, which certification shall include a statement to the effect that such resolutions are in full force and effect on the Date of Issuance and have not been amended;

(c) Receipt by the Bank, on or prior to the Date of Issuance, of a certificate of the City certifying the names and true signatures of the officials of the City authorized to sign this Agreement and the City Related Documents and the other documents to be delivered by the City hereunder;

(d) To the extent not included in (b) above, receipt by the Bank, on or prior to the Date of Issuance, of originals (or copies certified to be true copies by an appropriate official of the City) of all governmental and regulatory approvals necessary for the City to enter into this Agreement and the City Related Documents and to perform its obligations as contemplated hereby and thereby, and of all other documents evidencing any other necessary City action;

(e) Receipt by the Bank, on or prior to the Date of Issuance, of the Joint Exercise of Powers Agreement together with all amendments thereto, certified as to accuracy and completeness by the secretary of the Authority;

(f) Receipt by the Bank, on or prior to the Date of Issuance, of a copy of the resolutions of the Authority authorizing the execution, delivery and performance of the Authority Related Documents, certified by an appropriate official of the Authority,

which certification shall include a statement to the effect that such resolutions are in full force and effect on the Date of Issuance and have not been amended;

(g) Receipt by the Bank, on or prior to the Date of Issuance, of a certificate of the Authority certifying the names and true signatures of the officials of the Authority authorized to sign the Authority Related Documents and the other documents to be delivered by the Authority thereunder;

(h) To the extent not included in (b) above, receipt by the Bank, on or prior to the Date of Issuance, of originals (or copies certified to be true copies by an appropriate official of the Authority) of all governmental and regulatory approvals necessary for the Authority to enter into the Authority Related Documents and to perform its obligations as contemplated hereby and thereby, and of all other documents evidencing any other necessary Authority action;

(i) Receipt by the Bank, on or prior to the Date of Issuance of opinions (or in the case of clause (i) below, a reliance letter) addressed to the Bank and dated the Date of Issuance, of (i) Sidley Austin LLP, certificate counsel, substantially in the form attached to the Official Statement, (ii) the City Attorney for the City, substantially in the form set forth in or attached to the Purchase Contract, and (iii) special counsel to the Trustee and the Tender Agent, in form and substance satisfactory to the Bank;

(j) An executed copy of this Agreement, an executed copy (or a copy certified to be an accurate and complete copy by an appropriate official of the City) of each Related Document and a copy of the Official Statement shall have been delivered by the City to the Bank and, the Related Documents and the Official Statement shall each be in form and substance identical to the most recent draft of those documents reviewed by the Bank and its counsel prior to the Date of Issuance with only those changes as have been approved by the Bank;

(k) The following statements shall be true and correct on the Date of Issuance, and the Bank shall have received a certificate signed by the Authorized City Representative, dated the Date of Issuance, stating that:

(i) the representations and warranties of the City contained in this Agreement and the City Related Documents and each certificate furnished or delivered by the City to the Bank pursuant hereto or thereto are true and correct on and as of the Date of Issuance as though made on and as of such date;

(ii) no “default” or “event of default” under any Related Document to which the City is a party and no Default or Event of Default has occurred and is continuing or would result from the issuance of the Letter of Credit or the making of any Liquidity Advance or Term Loan;

(iii) the Certificates have been assigned a long-term/short-term rating of either “AA/A-1+” by S&P or “AA/F-1+” by Fitch or both;

(iv) the comprehensive annual financial report of the City for the fiscal year ended June 30, 2007 (the “2007 CAFR”) posted at www.cityofpasadena.net is complete and accurate; and

(v) there has been no material adverse change in the business, financial position or results of operation of the City since June 30, 2007;

(l) The representations and warranties of the Authority contained in this Agreement and the Authority Related Documents and each certificate furnished or delivered by the Authority to the Bank pursuant hereto or thereto are true and correct on and as of the Date of Issuance as though made on and as of such date;

(m) Receipt by the Bank of a copy of the most recent annual budget adopted by the City;

(n) Receipt by the Bank, on or prior to the Date of Issuance, of a certificate of the secretary or an assistant secretary of the Trustee certifying the offices held, names and true signatures of the officers of the Trustee authorized to authenticate the Certificates and to sign the Related Documents to which the Trustee is a party;

(o) Receipt by the Bank, on or prior to the Date of Issuance, of a certificate of the secretary or an assistant secretary of the Tender Agent certifying the offices held, names and true signatures of the officers of the Tender Agent authorized to sign the Related Documents to which the Tender Agent is a party;

(p) Receipt by the Bank of all amounts due to it on or before the Date of Issuance pursuant to Section 3.1;

(q) Receipt by the Bank of each document described in Section 2.18 of the Trust Agreement that is required to be delivered to Authority pursuant to said Section in connection with the execution and deliver of the Certificates, each of which shall be in form and substance satisfactory to the Bank and, in the case of any opinion, a letter addressed to the Bank from the counsel rendering such opinion stating that the Bank is entitled to rely upon such opinion as if such opinion were addressed to it;

(r) Receipt by the Bank of executed copies of each other agreement, document, instrument, certificate or opinion (other than the opinion of counsel to the underwriters delivered to the underwriters) required to be delivered by any Person pursuant to the Purchase Contract, each of which shall be in form and substance satisfactory to the Bank and, in the case of each such opinion, a letter addressed to the Bank from the counsel rendering such opinion stating that the Bank is entitled to rely upon such opinion as if such opinion were addressed to it; and

(s) Receipt by the Bank, on or prior to the Date of Issuance, of such other documents, instruments, approvals (and, if requested by the Bank, certified duplicates of executed copies thereof) or opinions as the Bank may reasonably request.

Section 2.3 Request to Extend LOC Period. At any time other than during the 180-day period prior to the then current Stated Expiration Date, the City may, by written notice to the Bank, request that the Stated Expiration Date be extended to a date no later than the second anniversary of the then current Stated Expiration Date. Following its receipt of such a request, the Bank, in its sole and absolute discretion shall notify the City and the Trustee of its decision with respect to such request within 60 days of such receipt, together with any conditions thereto (including, without limitation, change in pricing), it being understood and agreed that the failure of the Bank to notify the City of any decision within such 60-day period shall be deemed to be a rejection of such request and the Bank shall not incur any liability or responsibility whatsoever to any Person by reason of its failure so to notify the City or as a result of its rejection of such request. If the Bank, in its sole discretion, elects to extend the Stated Expiration Date then in effect, the Bank shall deliver to the City and the Trustee a notice of extension in the form of Exhibit [] to the Letter of Credit (each, a “Notice of Extension”) designating the date to which the Stated Expiration Date is being extended. Such extension of the Stated Expiration Date shall be effective, after receipt of such notice, on the Business Day following the date of delivery of such Notice of Extension, and thereafter all references in this Agreement to the Stated Expiration Date shall be deemed to be references to the date designated as such in the most recent Notice of Extension delivered to the Trustee. Any date to which the Stated Expiration Date has been extended in accordance with this Section 2.3 may be extended in like manner.

Section 2.4 Liquidity Advances; Term Loans.

(a) Unless the commitment of the Bank to make Liquidity Advances hereunder shall have terminated in accordance with Section 8.2(b)(i), if the Bank shall honor payment of a Liquidity Drawing and such payment is not reimbursed by 1:00 p.m. (Los Angeles time) on the day such payment is made and the conditions of Section 2.4(c) are satisfied on such day, such payment shall constitute, and the Bank shall be deemed to have extended, a Liquidity Advance to the City on such day and in the amount of such Liquidity Drawing (each such Liquidity Advance, a “Liquidity Advance” and, collectively, the “Liquidity Advances”), which Liquidity Advance shall be payable solely from Base Rental Payments and Deposit Amounts. Subject to Section 8.2(b)(ii) and Section 2.4(d), each Liquidity Advance made by the Bank to the City shall mature and the outstanding principal amount of such Liquidity Advance shall be due and payable on the first to occur of (the “Liquidity Advance Maturity Date”) (i) the date on which any Certificates purchased with funds disbursed under the Letter of Credit in connection with such Liquidity Drawing are redeemed, prepaid or cancelled pursuant to the Trust Agreement; (ii) the date on which any Certificates purchased with funds disbursed under the Letter of Credit are remarketed pursuant to the Trust Agreement; (iii) the date on which the Letter of Credit is replaced by a substitute letter of credit pursuant to the terms of the Trust Agreement; (iv) the Termination Date; and (v) the ninetieth (90th) day following the date of the Liquidity Drawing that gave rise to such Liquidity Advance. Interest shall accrue on each Liquidity Advance from the date of incurrence thereof to and including the date such Liquidity Advance is paid in full. Subject to Section 3.4(a), interest shall accrue during the period from the date a Liquidity Advance is made to and including the Liquidity Advance Maturity Date for such Liquidity Advance at a rate per annum equal to the Liquidity Rate. Accrued interest on each Liquidity Advance shall be payable in arrears on the first Business Day of each calendar month, the Liquidity Advance Maturity Date for such Liquidity Advance and, thereafter, on demand. In the event that the principal of, and interest on, any outstanding Liquidity Advance is not paid

when due, the City shall pay interest on the principal amount of such Liquidity Advance and the amount of the unpaid interest, if any, on demand, at the Default Rate.

(b) Unless (i) the commitment of the Bank to make term loans hereunder has terminated in accordance with Section 8.2(b)(i) or (ii) the City has given the Bank at least one Business Day's prior notice that it intends to pay a Liquidity Advance in full on the Liquidity Advance Maturity Date therefor, if the conditions of Section 2.4(c) are satisfied on the Liquidity Advance Maturity Date for a Liquidity Advance, the unpaid principal amount of such Liquidity Advance shall be converted into, and the Bank shall be deemed to have extended to the City, a term loan (each, a "Liquidity Term Loan"), which Liquidity Term Loan shall be payable solely from Base Rental Payments and Deposit Amounts. Unless (x) the commitment of the Bank to make term loans hereunder has terminated in accordance with Section 8.2(b)(i) or (y) the City has given the Bank at least one Business Day's prior notice that it intends to reimburse in full the amount of the Termination Drawing on the date the Bank honors payment thereof, if the conditions of Section 2.4(c) are satisfied at the time at which the Bank honors payment of the Termination Drawing, the City's obligation to reimburse the Bank in the amount of such Drawing shall be deemed satisfied and the Bank shall be deemed to have extended a term loan to the City in the amount of such Drawing at the time the Bank honors payment of such Drawing (such term loan, the "LOC Termination Term Loan"; the LOC Termination Term Loan and each Liquidity Term Loan are hereinafter referred to individually as a "Term Loan" and collectively as the "Term Loans"), which LOC Termination Term Loan shall be payable solely from Base Rental Payments and Deposit Amounts. Subject to Section 8.2(b)(ii) and Section 2.4(d), payment of the principal of each Term Loan shall be made in ten (10) equal semiannual installments, commencing on the six month anniversary of the date on which such Term Loan was extended and continuing on each six month anniversary thereafter or, if any six month anniversary is not a Business Day, the next succeeding Business Day. Each date on which the principal amount of any Term Loan is due is hereinafter referred to as a "Term Loan Payment Date". Interest shall accrue on each Term Loan from the date of incurrence thereof to and including the date such Term Loan is paid in full. Subject to Section 3.4(a), interest shall accrue on each Term Loan from the date a Term Loan is made to and including the last Term Loan Payment Date for such Term Loan at a rate per annum equal to the Term Loan Rate. Accrued interest on each Term Loan shall be payable in arrears on each Term Loan Payment Date, on each date of prepayment and, following the last Term Loan Payment Date, on demand. In the event that the principal of, and interest on, any outstanding Term Loan is not paid when due, the City shall pay interest on the principal amount of such Term Loan and the amount of the unpaid interest, if any, on demand, at the Default Rate.

(c) (i) An unreimbursed Liquidity Drawing shall be deemed paid and become a Liquidity Advance on the day such Liquidity Drawing is made; (ii) an unpaid Liquidity Advance shall be deemed paid and become a Liquidity Term Loan on the Liquidity Advance Maturity Date for such Liquidity Advance and (iii) if the Termination Drawing is honored and not reimbursed, the Termination Drawing shall be deemed paid and become the Expiration Term Loan on the day such Termination Drawing is made, in each case if the following statements shall be true and correct on such day: (A) the representations and warranties contained in Article V are correct on and as of the date of such Liquidity Advance as though made on and as of such date and (B) no event has occurred and is continuing, or would result from the making (or deemed making) of such Liquidity Advance, Liquidity Term Loan or Expiration Term Loan, as

the case may be, which constitutes an Event of Default or a Default. Unless the City shall have previously advised the Bank in writing that one or more of the above statements are no longer true, the City shall be deemed to have represented and warranted on the date of each Liquidity Advance, each Liquidity Term Loan and the Expiration Term Loan, as the case may be, that the above statements are true and correct.

(d) Following the making or deemed making of a Liquidity Advance or a Term Loan and for so long thereafter as any such Liquidity Advance and/or Term Loan shall remain unpaid (such period, the “Term-Out Period”), the City and the Authority shall increase the amount of the Base Rental Payments payable under the Sublease during the Term-Out Period so that the Rental Payments for a period equal the lesser of (i) the maximum fair rental value of the Leased Property for such Period and (ii) the Obligations due in such period together with all other amounts in respect of Certificates that are required to be paid in such period pursuant to the Trust Agreement and any other agreement. The City and the Authority agree, at the Bank’s sole written request, to redetermine or cause to be redetermined, the fair rental value of the Leased Property at any time and from time to time during the Term-Out Period. Such redetermination shall be by any method that the Bank may reasonably request, including an appraisal conducted by a certified MAI appraiser and shall be at the sole expense of the City. Absent a written request of the Bank to redetermine the fair rental value of the Leased Property during the Term-Out Period, neither the City nor the Authority shall redetermine the fair rental value of the Leased Property during the Term-Out Period without the Bank’s prior written consent; provided, however, that nothing contained in this Section 2.4(d) shall prevent the City or the Authority from redetermining the fair rental value of the Leased Property in connection with the execution, delivery and issuance of Additional Certificates or for determining the insured value of the Leased Property. If the aggregate amount of all obligations secured by Base Rental Payments (including, without limitation, the principal amount of Liquidity Advances and Term Loans, together with accrued and unpaid interest thereon) due in any period shall exceed the maximum fair rental value of the Leased Property during such period, then the Base Rental Payments for such period shall equal, but shall not exceed, the maximum fair rental value for such period. Excess unpaid amounts are hereinafter referred to as “Unpaid Amounts”. Unpaid Amounts shall be deferred until such time as the maximum fair rental value of the Leased Property for a period exceeds the aggregate amount of all obligations secured by Base Rental Payments due in such period, whereupon excess Base Rental Payments shall be applied to reduce all Unpaid Amounts. The City and the Authority agree to extend the term of the Sublease in accordance with the terms thereof if, on the stated expiration thereof, Unpaid Amounts remain owing to any Person, including the Bank.

Section 2.5 Prepayments.

(a) The City may, on any Business Day, upon at least two Business Days’ notice to the Bank, prepay the outstanding amount of any Liquidity Advance or Term Loan, in whole or in part in amounts aggregating \$100,000 or any multiple of \$100,000 in excess thereof, with accrued interest to the date of such prepayment on the amount prepaid. In the event the City partially prepays a Term Loan, such prepayment shall be applied to remaining principal payments in reverse chronological order.

(a) Upon the remarketing of Liquidity Provider Certificates, the City shall cause the Tender Agent to deliver to the Bank all proceeds thereof. If the Bank receives proceeds from the remarketing of Liquidity Provider Certificates accompanied by a certificate completed and signed by the Trustee in the form of Annex H to the Letter of Credit, the Bank shall (i) apply such proceeds (with interest being paid before principal) to the payment of the principal of, and interest on, the Liquidity Advance or Liquidity Term Loan resulting from the Liquidity Drawing the proceeds of which were used to purchase such Liquidity Provider Certificates and (ii) reinstate the Letter of Credit in accordance with its terms.

Section 2.6 Reimbursement of Drawings. Except as otherwise provided in Section 2.4, the City shall pay the Bank as reimbursement for each 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.

Section 2.7 Evidence of Debt. The Bank shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the City resulting from each Drawing made from time to time under the Letter of Credit, the making of Liquidity Advances, the making of Term Loans and the amounts of principal and interest payable and paid from time to time hereunder. Such account or accounts shall be made available to the City during regular business hours upon the reasonable request of the City to the Bank. In any legal action or proceeding in respect of this Agreement, the entries made in such account or accounts shall be conclusive evidence (absent manifest error) of the existence and amounts of the obligations of the City therein recorded.

Section 2.8 Security. Subject to the application of Rental Payments and amounts on deposit in the applicable Base Rental Payment funds and accounts established pursuant to the Trust Agreement ("Deposit Amounts") as permitted in the Trust Agreement, to secure the timely payment of all Obligations (other than the payment of the principal of, interest on and redemption price of Liquidity Provider Certificates) and to secure the performance and observance of all of the covenants, agreements and conditions contained in this Agreement and the Related Documents to which the Bank or any Affiliate thereof is a party, the City hereby irrevocably grants a lien on and a security interest in, and pledges, the Base Rental Payments and the Deposit Amounts to the Bank (for the benefit of the Bank and any Affiliate of the Bank to whom any Obligation (other than the payment of the principal of, interest on and redemption price of Liquidity Provider Certificates) is at any time owed), which lien on, security interest in and pledge of the Base Rental Payments and Deposit Amounts is on a parity with the pledge of Base Rental Payments and Deposit Amounts set forth in the Trust Agreement. This lien on and security interest in and pledge of the Base Rental Payments and Deposit Amounts shall constitute a valid pledge of and charge and lien upon the Base Rental Payments, shall immediately attach and be effective, binding, and enforceable against the City, its successors, purchasers of any of the Base Rental Payments and Deposit Amounts, creditors, and all others asserting rights therein to the extent set forth in, and in accordance with, the Trust Agreement, irrespective of whether those parties have notice of the lien on, security interest in and pledge of the Base Rental Payments and Deposit Amounts and without the need for any physical delivery, recordation, filing or further act.

Section 2.9 Limited Recourse Obligations. The Obligations (other than the payment of the principal of, interest on and redemption price of Liquidity Provider Certificates) shall not be payable from any income, receipts or revenues of the City other than Rental Payments and Deposit Amounts, nor shall the Obligations (other than the payment of the principal of, interest on and redemption price of Liquidity Provider Certificates) constitute a legal or equitable pledge, charge, lien, or encumbrance upon any of the property or upon any of the income, receipts, or revenues of the City, except the Rental Payments and Deposit Amounts. The payment of the principal of, interest on and redemption price of Liquidity Provider Certificates shall not be payable from any income, receipts or revenues of the City other than Rental Payments and Deposit Amounts, nor shall the payment of the principal of, interest on and redemption price of Liquidity Provider Certificates constitute a legal or equitable pledge, charge, lien, or encumbrance upon any of the property or upon any of the income, receipts, or revenues of the City, except Rental Payments and Deposit Amounts.

Section 2.10 Liquidity Provider Certificates. Certificates purchased by the Bank with the proceeds of a Liquidity Drawing or the Termination Drawing shall constitute Liquidity Provider Certificates and shall, from the date of such purchase and while they are Liquidity Provider Certificates, bear interest at the rate and have other characteristics of Certificates set forth in the Trust Agreement. Upon purchasing Liquidity Provider Certificates, the Bank shall be entitled to and, where necessary, shall be deemed assigned all rights and privileges accorded Owners, except to the extent such rights and privileges conflict with this Agreement, in which case the terms of this Agreement shall prevail and govern. Upon purchasing Liquidity Provider Certificates, the Bank shall be recognized by the City, the Tender Agent and the Trustee as the true and lawful owner of such Liquidity Provider Certificates, free from any claims, liens, security interests, equitable interests and other interests of the City, except as such interests might exist under the terms of the Liquidity Provider Certificates with respect to all Owners. Liquidity Provider Certificates purchased by the Bank shall be held by the Tender Agent, as custodian, pursuant to the terms of the Custodian Agreement.

ARTICLE III PAYMENT TERMS

Section 3.1 Bank Rights to Payments. The City shall pay, or cause to be paid, to the Bank, the following amounts at the following times:

(a) A fee of \$250 in respect of each drawing made under the Letter of Credit and honored by the Bank, which fee shall be earned on the date such drawing is honored by the Bank and paid in arrears on the first Business Day of April, July, October and January of each calendar year (each, a "Payment Date") that occurs after the date such drawing is honored by the Bank;

(b) Upon each transfer of the Letter of Credit in accordance with its terms, a transfer commission equal to \$2,500. A transfer shall be deemed to have occurred whenever the Trustee is replaced, substituted or changed as a result of sale, assignment, merger, consolidation, reorganization or an act of law. A transfer shall not be deemed to have occurred solely as a result of a change in the legal name of the Trustee;

(c) On demand, any and all costs and expenses incurred by the Bank (including attorneys' fees) in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement, the Related Documents and any other documents delivered hereunder, whether or not suit is filed and whether or not an Event of Default exists (including all such costs and expenses incurred during any "workout" or restructuring in respect of the Obligations and during any legal proceeding, including any proceeding under any debtor relief law); and

(d) At the time any amendment, waiver, supplement or restatement of, or consent sought in respect of, this Agreement, the Related Documents and any other documents delivered hereunder is sought, a fee of \$2,500 plus attorneys' fees and expenses, which fee shall be earned and payable whether or not any such amendment, waiver, supplement or restatement is executed or consent granted;

(e) On demand, the out-of-pocket expenses of the Bank incurred in connection with the negotiation, preparation and execution of this Agreement, the Letter of Credit, and the Related Documents, which expenses shall not exceed \$1,500; and

(f) On demand, the fees and out-of-pocket expenses of White & Case LLP, counsel to the Bank, incurred in connection with the negotiation, preparation and execution of this Agreement, the Letter of Credit, and the Related Documents, which fees shall not exceed \$40,000.

All amounts paid pursuant to this Section 3.1 shall be non-refundable and shall be paid in immediately available funds.

Section 3.2 Commitment Fee; Termination Fee.

The City shall pay to the Bank a commitment fee (the "Commitment Fee") at the applicable rate per annum set forth in the grid below (the "Commitment Fee Rate") on the average daily amount of the Adjusted Letter of Credit Amount during each period in respect of which payment is to be made:

| LEVEL | S&P RATING | FITCH RATING | COMMITMENT FEE RATE |
|----------|-------------|--------------|---------------------|
| Level 1: | AA or above | AA or above | 0.400% |
| Level 2: | AA- | AA- | 0.425% |
| Level 3: | A+ | A+ | 0.475% |
| Level 4: | A | A | 0.625% |
| Level 5: | A- | A- | 0.775% |
| Level 6: | BBB+ | BBB+ | 0.925% |
| Level 7: | BBB | BBB | 1.075% |
| Level 8: | BBB- | BBB- | 1.225% |
| Level 9: | Below BBB- | Below BBB- | 1.375% |