

Recording Requested By:  
City of Pasadena

When Recorded Mail To:  
Eric Tashman  
SIDLEY AUSTIN LLP  
555 California Street, 20<sup>th</sup> Floor  
San Francisco, California 94104

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This document is recorded for the benefit of the City of Pasadena and recording is fee exempt under §27383 of the Government Code.

SUPPLEMENT NO. 3

dated as of April 1, 2008

to

AMENDED AND RESTATED LEASE

dated as of January 1, 2003

by and between the

CITY OF PASADENA,  
as Lessor

and the

PASADENA PUBLIC FINANCING AUTHORITY  
as Lessee

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SUPPLEMENT NO. 3 TO  
AMENDED AND RESTATED LEASE

This Supplement No. 3 to Amended and Restated Lease, dated as of April 1, 2008 (the "Supplement No. 3 to Lease") supplements the Amended and Restated Lease, dated as of January 1, 2003, as supplemented by the Supplement No. 1 to Amended and Restated Lease, dated as of March 1, 2004 and by the Supplement No. 2 to Amended and Restated Lease, dated as of September 1, 2006 (such Amended and Restated Lease, together with such Supplement No. 1 and Supplement No. 2 to Amended and Restated Lease, the "Prior Lease"), between the Pasadena Public Financing Authority (the "Authority") and the City of Pasadena (the "City").

WITNESSETH:

WHEREAS, the City has caused the execution and delivery of additional series of certificates designated as City of Pasadena Variable Rate Demand Refunding Certificates of Participation, Series 2008A, in the aggregate initial principal amount of \$\_\_\_\_\_ (the "2008A Certificates");

WHEREAS, the Amended and Restated Lease, dated as of January 1, 2003, by and between the Authority and the City was recorded on January 29, 2003 as Instrument No. 03-0271240;

WHEREAS, Supplement No. 1 to Amended and Restated Lease, dated as of March 1, 2004, was recorded on April 13, 2004 as Instrument No. 04-0883160;

WHEREAS, Supplement No. 2 to Amended and Restated Lease, dated as of September 1, 2006, was recorded on September 6, 2006 as Instrument No. 06-1983685;

WHEREAS, pursuant to Section 13 of the Prior Lease, the Prior Lease may be amended in certain circumstances;

WHEREAS, the Authority and the City now desire to amend the Prior Lease in accordance with Section 13 of the Prior Lease in order to provide for the advanced rent paid with respect to the 2008A Certificates;

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. All capitalized terms used in this Supplement No. 3 to Lease but not defined herein shall have the meanings ascribed thereto in the Prior Sublease..

2. Section 3 of the Prior Lease is hereby amended to read as follows.

SECTION 3. Rent. Upon execution and delivery of the 1993 Certificates, \$77,692,756.26 was deposited in the funds established with respect to the 1993 Certificates as advanced rent from the Corporation to the City in full consideration for the 1993 Lease over its term. Upon execution and delivery of the 1996 Certificates, \$14,047,222.77 was deposited in the funds established with respect to the 1996 Certificates as advanced rent from the Corporation to the City

in full consideration for the 1996 Lease over its term. Upon execution and delivery of the 2003 Certificates, the Authority paid to the City an advance rent of \$73,579,698.50 under this Lease. Upon execution and delivery of the 2004 Certificates, \$39,985,210.59 was deposited in the funds established with respect to the 2004 Certificates as advanced rent from the Authority to the City under this Lease. Upon execution and delivery of the 2006 Certificates, \$161,846,397.59 was deposited in the funds established with respect to the 2006 Certificates as advanced rent from the Authority to the City under this Lease. Upon execution and delivery of the 2008A Certificates, the Authority shall pay to the City an advance rent of \$\_\_\_\_\_, which together with the advance rent previously paid by the Corporation and the Authority to the City, shall be full consideration for this Lease over its term. The Authority hereby waives any right that it may have under the laws of the State of California to receive a rebate of such rent in full or in part in the event there is a substantial interference with the use and right of possession by the Authority of the Leased Property or portion thereof as a result of material damage, destruction or condemnation. All of the advance rent payments have been or shall be deposited with the Trustee under the Trust Agreement pursuant to the Trust Agreement and have been or shall be disbursed by the City or the Trustee in accordance with the Trust Agreement.

3. All other provisions of the Prior Lease shall remain in full force and effect.
4. This Supplement No. 3 to Lease shall become effective as of the date first stated above.

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Supplement No. 3 to Lease by their officers thereunto duly authorized as of the day and year first above written.

CITY OF PASADENA

By: \_\_\_\_\_

Director of Finance

ATTEST:

\_\_\_\_\_  
Jane L. Rodriguez, CMC  
City Clerk

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Michelle Beal Bagneris  
City Attorney

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Sidley Austin LLP

PASADENA PUBLIC FINANCING  
AUTHORITY

By: \_\_\_\_\_

Treasurer

ATTEST:

\_\_\_\_\_  
Jane L. Rodriguez  
Secretary

EXHIBIT A  
LEASED PROPERTY

ACKNOWLEDGMENT

State of California  
County of Los Angeles

On \_\_\_\_\_, 2008 before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature\_\_\_\_\_

Recording Requested By:  
City of Pasadena

When Recorded Mail To:  
Eric Tashman  
SIDLEY AUSTIN LLP  
555 California Street, 20<sup>th</sup> Floor  
San Francisco, California 94104

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SUPPLEMENT NO. 3

dated as of April 1, 2008

to

AMENDED AND RESTATED SUBLEASE

dated as of January 1, 2003

by and between the

PASADENA PUBLIC FINANCING AUTHORITY,  
as Sublessor

and the

CITY OF PASADENA,  
as Sublessee

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SUPPLEMENT NO. 3 TO  
AMENDED AND RESTATED SUBLEASE

This Supplement No. 3 to Amended and Restated Sublease, dated as of April 1, 2008 (the "Supplement No. 3 to Sublease") supplements and amends the Amended and Restated Sublease, dated as of January 1, 2003, as supplemented by the Supplement No. 1 to Amended and Restated Sublease, dated as of March 1, 2004 and as supplemented by the Supplement No. 2 to Amended and Restated Sublease, dated as of September 1, 2006 (such Amended and Restated Sublease together with such Supplement No. 1 and Supplement No. 2 to Amended and Restated Sublease, the "Prior Sublease"), between the Pasadena Public Financing Authority (the "Authority") and the City of Pasadena (the "City").

WITNESSETH:

WHEREAS, the City has caused the execution and delivery of additional series of certificates designated as City of Pasadena Refunding Certificates of Participation, Series 2008A, in the aggregate initial principal amount of \$\_\_\_\_\_ (the "2008A Certificates") for the purpose of refunding the outstanding 2006B Certificates, funding capitalized interest for the 2008A Certificates, funding, if necessary, a deposit to a reserve fund and financing the costs of execution and delivery of the 2008A Certificates;

WHEREAS, the Amended and Restated Sublease, dated as of January 1, 2003, by and between the Authority and the City was recorded on January 29, 2003 as Instrument No. 03-0271241;

WHEREAS, Supplement No. 1 to Amended and Restated Sublease, dated as of March 1, 2004, by and between the Authority and the City was recorded on April 13, 2004 as Instrument No. 04-0883161;

WHEREAS, Supplement No. 2 to Amended and Restated Sublease, dated as of September 1, 2006, by and between the Authority and the City was recorded on September 6, 2006 as Instrument No. 04-0271248;

WHEREAS, pursuant to Section 11.05 of the Prior Sublease, the Prior Sublease may be amended in certain circumstances;

WHEREAS, the Authority and the City now desire to amend the Prior Sublease in accordance with Section 11.05 thereof in order to amend Exhibit B to provide for increased Base Rental Payments payable under the Sublease in connection with the execution and delivery of the 2008A Certificates;

WHEREAS, the City Council has found and determined that the annual fair rental value of the Leased Property is currently not less than \$35,000,000 and upon completion of the improvements to the Pasadena Convention Center will not be less than \$50,000,000, which amount exceeds the maximum Base Rental Payments (whether calculated as shown in Exhibit B hereto or by reference to the payment terms of the outstanding previously delivered Certificates and the 2008A Certificates) plus Additional Rental payable hereunder, and in making such determination, the City has given consideration to variety of factors, including, without



limitation, the replacement costs of existing improvements on the Leased Property, the value of the underlying real estate, other obligations of the parties under the Sublease, the uses and purposes which may be served by the improvements on the Leased Property and the benefits therefrom which will accrue to the City and the general public.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. All capitalized terms used in this Supplement No. 3 to Sublease but not defined herein shall have the meanings ascribed thereto in the Prior Sublease; however terms used in this Supplement No. 3 to Sublease which have been amended pursuant to the Third Supplemental Trust Agreement shall have the meanings ascribed thereto in the Third Supplemental Trust Agreement.

2. Pursuant to Section 11.05 of the Prior Sublease, Section 5.01 of the Prior Sublease is hereby amended in its entirety to read as set forth below:

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

(a) Base Rental. The City shall pay to the Authority rental hereunder as Base Rental Payments with respect to the Leased Property at the times and in the amounts sufficient to pay the principal (or prepayment price) and interest due with respect (calculated in accordance with the terms of the Trust Agreement) to the Certificates as the same becomes due and payable and the principal and interest due with respect to extensions of credit made by any Credit Provider or Liquidity Provider that extends credit to or on account of the City, the Authority and/or the Trustee to pay the principal (or prepayment price) and interest with respect to the Certificate or the purchase price of Certificates, in each case as the same becomes due, and calculated in accordance with the terms of the reimbursement agreement, standby certificate purchase agreement or other agreement pursuant to which such extensions of credit are made (each such agreement, a "Reimbursement Agreement"). In furtherance, but not in limitation, of the foregoing, the City shall pay the amounts set forth in the Base Rental Payment Schedule attached hereto as Exhibit B and made a part hereof (as the same may be revised from time to time to reflect the payments to be made, or amounts to be received, under any Swap Agreement), a portion of which Base Rental Payments shall be applied to the payment of interest with respect to the Certificates and to amounts due under each related Swap Agreement.

Notwithstanding the foregoing, with respect to 2003 Certificates, the amounts shown under Swap Agreement Fixed Amount on Exhibit B will be paid monthly on the Business Day prior to the first Business Day of each month, commencing January 31, 2003. Such amounts shown shall be subject to adjustment at any time when the Floating Rate under the related Swap Agreement is not equal to the interest rate borne by the 2003 Certificates and at any time such Swap Agreement is not in effect. In the event such Floating Rate is not equal to the interest rate borne by the 2003 Certificates, the amount payable in lieu of the amounts shown under Swap Agreement Fixed Amount on Exhibit B will be equal to the interest represented by the 2003 Certificates plus the Swap

Agreement Fixed Amount under the related Swap Agreement less the Floating Amount under such Swap Agreement. In the event such Swap Agreement is not in effect, the amount payable in lieu of the amounts shown under Swap Agreement Fixed Amount on Exhibit B will be equal to the actual interest represented by the 2003 Certificates. Amounts due to the Liquidity Provider and Remarketing Agent with respect to the 2003 Certificates are based on the agreements in place on the date of execution and delivery of the 2003 Certificates and may change pursuant to amendments or other agreements with the related Liquidity Provider or related Remarketing Agent, as the case may be.

Notwithstanding the foregoing, with respect to the 2008A Certificates, the amounts shown under Swap Agreement Fixed Amount on Exhibit B will be paid monthly on the Business Day prior to the first Business Day of each month, commencing [May 1, 2008.] Such amounts shown shall be subject to adjustment to the extent the Floating Rate under the related Swap Agreement is not equal to the interest rate represented by the 2008A Certificates and at any time such Swap Agreement is not in effect. To the extent such Floating Rate is not equal to the interest rate borne by the 2008A Certificates, the amount payable in lieu of the amounts shown under Swap Agreement Fixed Amount on Exhibit B will be equal to the interest represented by the 2008A Certificates plus the Swap Agreement Fixed Amount under the related Swap Agreement less the Floating Amount under such Swap Agreement. In the event such Swap Agreement is not in effect, the amount payable in lieu of the amounts shown under Swap Agreement Fixed Amount on Exhibit B will be equal to the actual interest represented by the 2008A Certificates. Amounts due to the Credit Provider with respect to the 2008A Certificates under the Reimbursement Agreement for the 2008A Certificates (other than principal and interest due with respect to extensions of credit made by the Credit Provider and Liquidity Provider for the 2008A Certificates to or on account of the City, the Authority and/or the Trustee to pay the principal (or prepayment price) and interest with respect to the 2008A Certificates or the purchase price of 2008A Certificates) and Remarketing Agent with respect to the 2008A Certificates are based on the agreements in place on the date of execution and delivery of the 2008A Certificates and may change pursuant to amendments or other agreements with the related Credit Provider or related Remarketing Agent, as the case may be. For convenience purposes such amounts that are known and can be calculated as of the date hereof are shown on Exhibit B, although such amounts are payable as Additional Rental.

The interest or Accreted Interest components of the Base Rental Payments shall be paid by the City as and shall constitute, to the extent consistent with the first sentence of this subsection (a), interest paid on the principal components of the Base Rental Payments to be paid by the City hereunder. Each Base Rental Payment shall be paid by wire transfer not later than one Business Day preceding its due date.

To the extent the City is obligated to make a Settlement Amount (as such term is defined in the related Swap Agreement) payment to a Qualified Swap Provider upon the designation or the deemed occurrence of an Early Termination Date (as defined in the applicable Swap Agreement), the City's Base Rental Payments shall be increased to provide sufficient amounts to pay such Settlement Amount to the Qualified Swap Provider in accordance with such Swap Agreement; provided that such increased Base

Rental Payments in any year shall not exceed the maximum annual fair rental value of the Leased Property in such year. To the extent the City is obligated to make payments on Liquidity Provider Certificates (as such term is defined in the Trust Agreement for the 2008A Certificates) with respect to the 2008A Certificates (including reimbursement of extensions of credit made by the Credit Provider and Liquidity Provider for the 2008A Certificates to or on account of the City, the Authority and/or the Trustee to pay the principal (or prepayment price) and interest with respect to the 2008A Certificates or the purchase price of 2008A Certificates), the City's Base Rental Payments shall be increased to provide sufficient amounts to make payments on such Liquidity Provider Certificates to the Liquidity Provider and such extensions of credit to the Credit Provider and/or Liquidity Provider provided that such increased Base Rental Payments in any year shall not exceed the maximum annual fair rental value of the Leased Property in such year. In the event such increased Base Rental Payments determined upon the designation or the deemed occurrence of an Early Termination Date or payments on the Liquidity Provider Certificates or extensions of credit made by the Credit Provider and/or Liquidity Provider would exceed the maximum annual fair rental value of the Leased Property in the year when it would be otherwise due and payable, (a) the amount of such Base Rental Payments in such year shall be reduced to the maximum annual fair rental value of the Leased Property in such year and (b) the balance thereof (the "Deferred Base Rental Obligation"), together with interest accrued thereon as set forth below, shall be paid in one or more annual installments on the first Business Day of the City's next succeeding fiscal years until paid in full, with the amount of the installment payable in any such year, including accrued interest, to be equal to the lesser of (i) the unpaid balance of the Deferred Base Rental Obligation, plus accrued interest, and (ii) the amount which, when included in the Base Rental obligation otherwise payable by the City under the Sublease in such year, will result in such increased Base Rental Payments being equal to the maximum annual fair rental value of the Leased Property in such year. For purposes of the foregoing, interest on the Deferred Base Rental Obligation shall accrue as set forth in Section 6(h) of the initial Swap Agreement executed and delivered in connection with the 2003 Certificates, shall accrue as set forth in Section 6(g) of the Swap Agreement relating to the 2008A Certificates, and with respect to any other Qualified Swap, as set forth in any similar provision in such other Qualified Swap and for purposes of payments on Liquidity Provider Certificates relating to the 2008A Certificates shall accrue as set forth in Section 2.4 of the Reimbursement Agreement executed and delivered in connection with the 2008A Certificates.

So long as a Swap Agreement is effective with respect to a Series of Certificates, the City will pay amounts based on the fixed rate payable by the City under the Swap Agreement to the Qualified Swap Provider and the Qualified Swap Provider will pay amounts based on the variable rate payable by the Qualified Swap Provider under the Swap Agreement (which in the case of the initial Swap Agreement executed and delivered in connection with the 2003 Certificates is calculated based upon the variable rate payable by the City under interest component payable with respect to such 2003 Certificates) and the City's Base Rental Payment obligation with respect to such Series of Certificates shall be calculated as a fixed payment (the City's fixed Base Rental Payments, including amounts required to be paid to any Remarketing Agent, Liquidity Provider, Auction Agent or Broker-Dealer, as are set forth in Exhibit B attached hereto)

except as adjusted because either (i) such Swap Agreement is no longer in effect or (ii) the variable rate payment of the Qualified Swap Provider under the Qualified Swap does not equal the interest rate represented by the related Series of the Certificates.

If, on any Interest Payment Date, the City is obligated with respect to a Series of Certificates, because a related Swap Agreement is no longer in effect or because the variable rate payment of the Qualified Swap Provider under the Qualified Swap does not equal the interest rate represented by the related Series of the Certificates, to make a variable rate Base Rental Payment that exceeds the amount budgeted and appropriated in such Fiscal Year (because it had budgeted and appropriated its Base Rental Payments assuming its obligation would be fixed), the City will budget and appropriate such excess amount, by amendment to the budget in effect for such Fiscal Year and will pay such excess amounts from the first available moneys.

Amounts received by or for the account of the City under any Swap Agreement shall constitute Base Rental Payments and shall be paid to the Trustee for deposit into the Base Rental Payment Fund established with respect to the Series of Certificates to which such Swap Agreement relates to meet the requirements thereof.

(b) Additional Rental. The City shall also pay, as rental hereunder in addition to the Base Rental Payments, to the Authority, the Trustee, any Liquidity Provider for any Certificates and/or any Credit Provider for any Certificates, as hereinafter provided, such amounts ("Additional Rental") in each year as shall be required for the payment of all costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of this Sublease or the assignment hereof, the Trust Agreement or its respective interests in the Leased Property and the lease of the Leased Property by the Authority to the City hereunder, including but not limited to all fees, costs and expenses and all administrative costs of the Authority relating to the Leased Property including, without limiting the generality of the foregoing, salaries and wages of employees, overhead, insurance premiums, taxes and assessments (if any), expenses, compensation and indemnification of the Trustee (to the extent not paid or otherwise provided for out of the proceeds of the sale of any Certificates), fees of auditors, accountants, attorneys or engineers, insurance premiums, fees and expenses of broker dealers, auction agents, Liquidity Providers and/or Credit Providers (including fees, expenses, increased costs, gross-up payments and indemnification payments of banks providing letters of credit, line of credit and/or standby bond purchase agreements), remarketing fees and other fees and expenses attendant to variable rate Certificates, 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.

The foregoing Additional Rental shall be billed to the City by the Authority, the Trustee, any Liquidity Provider for any Certificates and/or any Credit Provider for any Certificates from time to time, together with a statement certifying that the amount billed has been incurred or paid by the Authority, the Trustee, the Trustee on behalf of the Authority, any Liquidity Provider for any Certificates and/or any Credit Provider for any Certificates for one or more of the items above described, or that such amount is then so

payable for such items. Amounts so billed shall be paid by the City not later than the latest time as such amounts may be paid without penalty or, if no penalty is associated with a late payment of such amounts, within 30 days after receipt of a bill by the City for such amounts.

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

(c) Consideration.

(i) Such payments of Base Rental Payments and Additional Rental for each Lease Year or portion thereof during the term of this Sublease shall constitute the total rental for such Lease Year or portion thereof and shall be paid or payable by the City for and in consideration of the right of the use and possession of, and the continued quiet use and enjoyment of, the Leased Property. On each Closing Date, the City shall deliver a certificate to the Authority and the Trustee which shall set forth the annual fair rental value of the Leased Property. The parties hereto have agreed and determined that the annual fair rental value of the Leased Property, as of the date of this Supplement No. 3 to the Sublease, is currently not less than \$35,000,000 and upon completion of the improvements to the Pasadena Convention Center will not be less than \$50,000,000 (which exceeds the annual Base Rental Payments as shown on Exhibit B), plus Additional Rental payable hereunder in any Lease Year. In making such determinations of annual fair rental value, consideration has been given to a variety of factors, including the replacement costs of the existing improvements on the Leased Property, the value of the underlying real estate, other obligations of the parties under this Sublease, the uses and purposes which may be served by the improvements on the Leased Property and the benefits therefrom which will accrue to the City and the general public.

(ii) The parties hereto hereby acknowledge that the parties hereto may amend this Sublease from time to time to increase the Base Rental Payments payable hereunder so that Additional Certificates may be executed and delivered pursuant to Section 5.07 hereof and Sections 2.17 and 2.18 of the Trust Agreement. The proceeds of such Additional Certificates shall be used for any lawful purpose. Notwithstanding anything to the contrary herein contained, this Sublease may not be amended in a manner such that the sum of Base Rental Payments, including Base Rental Payments payable pursuant to such amendment, and Additional Rental with respect to Outstanding Certificates and Additional Certificates to be executed and delivered in any Lease Year is in excess of the annual fair rental value of the Leased Property and other land and improvements leased to the City hereunder after giving effect to the application of proceeds of any Additional Certificates executed and delivered in connection therewith.

(d) Payment; Credit. Each installment of Base Rental Payments payable hereunder shall be paid in lawful money of the United States of America from any legally available funds of the City to or upon the order of the Authority at the principal corporate trust office of the Trustee in Los Angeles, California, or such other place as the Authority shall designate. Any such installment of rental accruing hereunder which shall not be paid when due shall remain due and payable until received by the Trustee, except as provided in Section 5.04 hereof, and to the extent permitted by law shall bear interest at the rate of ten percent per annum from the date when the same is due hereunder until the same shall be paid. Notwithstanding any dispute between the City and the Authority, the City shall make all Base Rental Payments and Additional Rent when due, without deduction or offset of any kind (and without giving effect to any netting of payments under a Swap Agreement as set forth in Section 5.01(a)), and shall not withhold any Base Rental Payments and Additional Rent pending the final resolution of any such dispute. In the event of a determination that the City was not liable for said Base Rental Payments and Additional Rent or any portion thereof, said payments or excess of payments, as the case may be, shall, at the option of the City, be credited against subsequent rental payments due hereunder or be refunded at the time of such determination. Amounts required to be deposited by the City with the Trustee pursuant to this Section 5.01(d) on any date shall be reduced to the extent of amounts on deposit on such date in any Base Rental Payment Fund, any Interest Fund or any Principal Fund.

3. Pursuant to Section 11.05 of the Prior Sublease, Section 6.05 of the Prior Sublease is hereby amended in its entirety to read as set forth below:

SECTION 6.05 Title Insurance. If required under Section 2.18(f) of the Trust Agreement, the City covenants and agrees to deliver or cause to be delivered to the Trustee on each Closing Date a CLTA leasehold owner's policy or policies, or a commitment for such policy or policies, with respect to the Leased Property with liability in the amounts and delivered on such date as required under such Section 2.18(f) of the Trust Agreement. Such policy or policies, when issued, shall name the Trustee as the insured and shall insure the leasehold estate of the City in the Leased Property subject only to such exceptions as do not materially affect the City's right to the use and occupancy of the Leased Property.

4. Pursuant to Section 11.05 of the Prior Sublease, Exhibit B of the Prior Sublease is hereby amended in its entirety to read as set forth in Exhibit B hereto.
5. All other provisions of the Prior Sublease shall remain in full force and effect.
6. This Supplement No. 3 to Sublease shall become effective as of the date first stated above.

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Supplement No. 3 to Sublease by their officers thereunto duly authorized as of the day and year first above written.

CITY OF PASADENA

By: \_\_\_\_\_

Director of Finance

ATTEST:

\_\_\_\_\_  
Jane L. Rodriguez  
Secretary

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Michelle Beal Bagneris  
City Attorney

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Sidley Austin LLP

PASADENA PUBLIC FINANCING  
AUTHORITY

By: \_\_\_\_\_  
Treasurer

ATTEST:

\_\_\_\_\_  
Jane L. Rodriguez  
Secretary



## ACKNOWLEDGMENT

State of California  
County of Los Angeles

On \_\_\_\_\_, 2008 before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

## TRUSTEE APPROVAL

BY EXECUTION HEREOF, The Bank of New York Trust Company, N.A. as Trustee for the outstanding 1993 Certificates, 2003 Certificates, 2004 Certificates, the 2006A Certificates, and the 2008A Certificates pursuant to Section 11.05 of the Prior Sublease, hereby approves the foregoing amendments to the Prior Sublease contained in this Supplement No. 3 to Sublease as of the date above first written.

THE BANK OF NEW YORK  
TRUST COMPANY, N.A.

By: \_\_\_\_\_  
Authorized Officer

CONSENT

BY EXECUTION HEREOF, Ambac Assurance Corporation, as Insurer of the outstanding 1993 Certificates, 2003 Certificates, 2004 Certificates and the 2006A Certificates, hereby consents to the foregoing amendments to the Prior Sublease contained in this Supplement No. 3 to Sublease as of the date above first written.

AMBAC ASSURANCE CORPORATION

By: \_\_\_\_\_  
Title:

ACKNOWLEDGMENT

State of California  
County of Los Angeles

On \_\_\_\_\_, 2008 before me, \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in their authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

**EXHIBIT B**  
**BASE RENTAL PAYMENT SCHEDULE FOR OUTSTANDING CERTIFICATES OF**  
**PARTICIPATION**

**1993 Certificates**

<b>Base Rental Payment Date</b>	<b>Principal Component (due February 1)</b>	<b>Interest Component (due February 1 and August 1)</b>	<b>Total Base Rental Payment</b>
February 1, 2004	--	\$ 664,871.25	\$ 664,871.25
August 1, 2004	--	664,871.25	664,871.25
February 1, 2005	--	664,871.25	664,871.25
August 1, 2005	--	664,871.25	664,871.25
February 1, 2006	--	664,871.25	664,871.25
August 1, 2006	--	664,871.25	664,871.25
February 1, 2007	--	664,871.25	664,871.25
August 1, 2007	--	664,871.25	664,871.25
February 1, 2008	--	664,871.25	664,871.25
August 1, 2008	--	664,871.25	664,871.25
February 1, 2009	--	664,871.25	664,871.25
August 1, 2009	--	664,871.25	664,871.25
February 1, 2010	\$ 4,455,000.00	664,871.25	5,119,871.25
August 1, 2010	--	545,700.00	545,700.00
February 1, 2011	4,700,000.00	545,700.00	5,245,700.00
August 1, 2011	--	419,975.00	419,975.00
February 1, 2012	4,960,000.00	419,975.00	5,379,975.00
August 1, 2012	--	287,295.00	287,295.00
February 1, 2013	5,225,000.00	287,295.00	5,512,295.00
August 1, 2013	--	147,526.25	147,526.25
February 1, 2014	5,515,000.00	147,526.25	5,662,526.25
<b>Total</b>	<b>\$24,855,000.00</b>	<b>\$11,444,318.75</b>	<b>\$36,299,318.75</b>

## 2003 Certificates

Base Rental Payment Yearly Period Ending	Principal Component (Due February 1)	Interest Component*		
		Swap Agreement Fixed Amount	Liquidity Fee	Remarketing Fee
2/1/2003	--	\$ 16,889.71	\$ 1,036.65	\$ 327.96
2/1/2004	--	3,040,148.00	186,597.73	59,032.00
2/1/2005	--	3,040,148.00	186,597.73	59,032.00
2/1/2006	--	3,040,148.00	186,597.73	59,032.00
2/1/2007	--	3,040,148.00	186,597.73	59,032.00
2/1/2008	\$ 1,495,000.00	3,040,148.00	186,597.73	59,032.00
2/1/2009	1,635,000.00	2,978,554.00	182,817.22	57,836.00
2/1/2010	1,705,000.00	2,911,192.00	178,682.68	56,528.00
2/1/2011	1,780,000.00	2,840,946.00	174,371.14	55,164.00
2/1/2012	1,860,000.00	2,767,610.00	169,869.93	53,740.00
2/1/2013	1,945,000.00	2,690,978.00	165,166.42	52,252.00
2/1/2014	2,030,000.00	2,610,844.00	160,247.97	50,696.00
2/1/2015	2,120,000.00	2,527,208.00	155,114.58	49,072.00
2/1/2016	2,215,000.00	2,439,864.00	149,753.59	47,376.00
2/1/2017	2,315,000.00	2,348,606.00	144,152.37	45,604.00
2/1/2018	2,415,000.00	2,253,228.00	138,298.27	43,752.00
2/1/2019	2,525,000.00	2,153,730.00	132,191.30	41,820.00
2/1/2020	2,635,000.00	2,049,700.00	125,806.16	39,800.00
2/1/2021	2,755,000.00	1,941,138.00	119,142.86	37,692.00
2/1/2022	2,875,000.00	1,827,632.00	112,176.11	35,488.00
2/1/2023	3,005,000.00	1,709,182.00	104,905.90	33,188.00
2/1/2024	3,140,000.00	1,585,376.00	97,306.96	30,784.00
2/1/2025	3,280,000.00	1,456,008.00	89,366.63	28,272.00
2/1/2026	3,425,000.00	1,320,872.00	81,072.27	25,648.00
2/1/2027	3,575,000.00	1,179,762.00	72,411.25	22,908.00
2/1/2028	3,735,000.00	1,032,472.00	63,370.90	20,048.00
2/1/2029	3,900,000.00	878,590.00	53,925.96	17,060.00
2/1/2030	4,075,000.00	717,910.00	44,063.77	13,940.00
2/1/2031	4,260,000.00	550,020.00	33,759.04	10,680.00
2/1/2032	4,445,000.00	374,508.00	22,986.49	7,272.00
2/1/2033	4,645,000.00	191,374.00	11,746.12	3,716.00
<b>TOTAL</b>	<b>\$73,790,000.00</b>	<b>\$60,554,933.71</b>	<b>\$3,716,731.20</b>	<b>\$1,175,823.96</b>

\* Amounts are estimates only. The amounts shown under Swap Agreement Fixed Amount reflects the Fixed Rate and Notional Amount under the Swap Agreement. In the event that pursuant to the Swap Agreement the Floating Amount is no longer determined by reference to the interest rate on the 2003 Certificates, or in the event the Swap Agreement is no longer in effect, the amounts shown under Swap Agreement Fixed Amount will be adjusted as set forth in Section 5.01(a) hereof. Amounts due to the Liquidity Provider and Remarketing Agent with respect to the 2003 Certificates are based on the agreements in place on the date of execution and delivery of the 2003 Certificates and may change pursuant to amendments or other agreements with the related Liquidity Provider or related Remarketing Agent, as the case may be. Subject to the limitations set forth in this Sublease, and for purposes other than for federal or state income tax purposes, the actual amounts payable to the related Swap Provider, Liquidity Provider, Remarketing Agent and to the Trustee, as assignee of the Authority's rights under the Sublease, shall constitute the actual interest component of the Base Rental Payments.

### 2004A Certificates

Base Rental Payment Date (February 1)	Principal Component (due February 1)
2006	\$ 250,000
2007	825,000
2008	825,000
2009	875,000
2010	875,000
2011	900,000
2012	925,000
2013	950,000
2014	975,000
2015	1,050,000
2016	1,125,000
2017	125,000
2018	150,000
2019	400,000
TOTAL	<u>\$10,250,000</u>

Interest Component of Base Rental Payments. The interest component of the Base Rental Payments with respect to the 2004A Certificates due hereunder shall be equal to the interest represented by the 2004A Certificates, up to the Maximum Interest Rate, as the interest rate payable with respect to the 2004A Certificates is designated from time to time by the Trustee pursuant to the Trust Agreement.

### 2004B Certificates

<u>Base Rental Payment Date (February 1)</u>	<u>Principal Component (due February 1)</u>
2005	\$ 2,825,000
2006	2,300,000
2007	2,100,000
2008	2,200,000
2009	2,225,000
2010	--
2011	--
2012	--
2013	--
2014	--
2015	5,800,000
2016	3,175,000
2017	3,150,000
2018	3,225,000
2019	3,075,000
TOTAL	<u>\$30,075,000</u>

Interest Component of Base Rental Payments. The interest component of the Base Rental Payments with respect to the 2004B Certificates due hereunder shall be equal to the interest represented by the 2004B Certificates, up to the Maximum Interest Rate, as the interest rate payable with respect to the 2004B Certificates is designated from time to time by the Trustee pursuant to the Trust Agreement.



**2006A Certificates**

<b>Base Rental Payments Date (February 1)</b>	<b>Principal Component (Due February 1)</b>	<b>Accreted Interest Component (Due February 1)</b>	<b>Total Base Rental Payment</b>
2010	\$ 364,531.85	\$ 50,468.15	\$ 415,000
2011	673,800.00	126,200.00	800,000
2012	883,227.00	211,773.00	1,095,000
2013	1,054,066.65	310,933.35	1,365,000
2014	1,886,259.20	673,740.80	2,560,000
2015	2,003,464.50	846,535.50	2,850,000
2016	2,310,968.60	1,149,031.40	3,460,000
2017	2,420,493.00	1,389,507.00	3,810,000
2018	2,483,703.75	1,641,296.25	4,125,000
2019	2,509,308.25	1,895,691.75	4,405,000
2020	2,590,470.00	2,224,530.00	4,815,000
2021	2,624,310.15	2,520,689.85	5,145,000
2022	2,652,383.70	2,837,616.30	5,490,000
2023	2,682,985.50	3,167,014.50	5,850,000
	<u>\$27,139,972.15</u>	<u>\$19,045,027.85</u>	<u>\$46,185,000</u>

## 2008A Certificates

Base Rental Payment Yearly Period ending	Principal Component (Due February 1)	Interest Component*		
		Swap Agreement Fixed Amount	Credit Provider Commitment Fee	Remarketing Fee
2008	-			
2009	-			
2010	-			
2011	-			
2012	-			
2013	-			
2014	-			
2015	-			
2016	-			
2017	-			
2018	-			
2019	-			
2020	-			
2021	-			
2022	-			
2023	-			
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
	\$	\$	\$	\$

\* Amounts are estimates only. The amounts shown under Swap Agreement Fixed Amount reflects the Fixed Rate and Notional Amount under the Swap Agreement. To the extent that the Floating Amount under the Swap Agreement is not equal to the interest rate on the 2008A Certificates, or in the event the Swap Agreement is no longer in effect, the amounts shown under Swap Agreement Fixed Amount will be adjusted as set forth in Section 5.01(a) hereof. Amounts due to the Credit Provider and Remarketing Agent with respect to the 2008A Certificates are based on the agreements in place on the date of execution and delivery of the 2008A Certificates and may change pursuant to amendments or other agreements with the related Credit Provider or related Remarketing Agent, as the case may be. Subject to the limitations set forth in this Sublease, and for purposes other than for federal or state income tax purposes, the actual amounts payable to the related Swap Provider, Credit Provider, Remarketing Agent and to the Trustee, as assignee of the Authority's rights under the Sublease, shall constitute the actual interest component of the Base Rental Payments.