

OFFICE OF THE CITY MANAGER

October 6, 2010

Honorable City Council
Pasadena, CA

RE: Draft Preliminary Official Statement

Dear Councilmembers:

Enclosed for your information, review, and comment is the draft Preliminary Official Statement, including Appendix A, for the Rose Bowl renovation project financing. The enclosed draft has been prepared by our disclosure counsel, Orrick Herrington & Sutcliffe LLP and has received extensive comment from City staff and other financing participants.

The form of Preliminary Official Statement will be considered as part of the bond authorization scheduled for your next meeting on Monday, October 11, and will be presented for your approval and adoption.

While the enclosed draft is subject to further revision prior to the sale of the bonds (currently scheduled for mid-November), all of the basic, material information relating to the bond sale is included in this draft. Future changes will be to update or clarify, as necessary, this basic information.

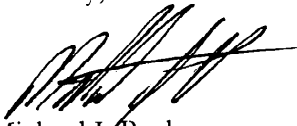
The Preliminary Official Statement and the Official Statement is used by the City and its underwriters to offer the bonds for public sale and is designed to fulfill the City's disclosure requirements under the federal securities laws. This means that it is designed to set forth facts about Pasadena, its financial condition, the Rose Bowl, and of the project to be funded so that an investor can decide whether or not to invest in the bonds being sold by the City.

Accordingly, all "material facts" (*i.e.*, facts that an investor would consider important in making his or her investment decision) must be included in the Official Statement. As a City councilmember, you will be asked to approve and to adopt this document. Therefore, it is your obligation to review the Preliminary Official Statement and the attachments.

Honorable City Council
October 6, 2010
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Following your review, if you believe there are any material facts affecting the bonds that either have not been included or are not correctly stated in the enclosed draft, please contact me or Andy Green.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. Beck". The signature is stylized with several loops and a long horizontal stroke at the end.

Michael J. Beck
City Manager

MJB:le

NEW ISSUE — FULL BOOK-ENTRY ONLY

**BOND RATING: Fitch: “ ”
S&P: “ ”
(See “**RATING**” herein).**

*[In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2010A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and interest on the 2010 Bonds is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the 2010A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is interest on the 2010A Bonds included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel observes that interest on the 2010B Bonds, the 2010C Bonds and the 2010D Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2010 Bonds. See “**TAX MATTERS**” herein.]*

[INSERT CITY’S ROSE BOWL LOGO]

**[\$[par amount]*
PASADENA PUBLIC FINANCING AUTHORITY
Lease Revenue Bonds
(Rose Bowl Renovation Project)**

**[\$[par amount]*
Series 2010A
(Tax- Exempt)**

**[\$[par amount]*
Series 2010B
(Taxable—Build America
Bonds)**

**[\$[par amount]*
Series 2010C
(Taxable)**

**[\$[par amount]*
Series 2010D
(Taxable—Recovery Zone
Economic Development
Bonds)**

Dated: Date of Delivery

Due: March 1, as shown on the inside cover

The Pasadena Public Financing Authority Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2010A (the “2010A Bonds”), the Pasadena Public Financing Authority Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2010B (Taxable—Build America Bonds) (the “2010B Bonds”), the Pasadena Public Financing Authority Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2010C (Taxable) (the “2010C Bonds”), and the Pasadena Public Financing Authority Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2010D (Taxable—Recovery Zone Economic Development Bonds) (the “2010D Bonds” and together with the 2010A Bonds, the 2010B Bonds and the 2010C Bonds, the “2010 Bonds”) will be issued in fully registered form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Beneficial owners of the 2010 Bonds will not receive physical certificates representing the 2010 Bonds purchased, but will receive a credit balance on the books of the nominees of such purchasers.

The 2010A Bonds maturing on March 1, 20__ are being issued as capital appreciation bonds (the “2010A Capital Appreciation Bonds”). The 2010A Capital Appreciation Bonds will not pay interest on a current, periodic basis, but will accrete in value to their maturity value payable only at maturity on March 1 in each of the years and in the amounts set forth on the inside front cover hereof. Ownership interests in the 2010A Capital Appreciation Bonds will be in denominations of \$5,000 of their final accreted value or any integral multiple thereof. Interest on the 2010 Bonds, except the 2010A Capital Appreciation Bonds (the “2010 Current Interest Bonds”) is payable semiannually on March 1 and September 1, commencing March 1, 2011 (the “Interest Payment Dates”). Ownership interests in the 2010 Current Interest Bonds, will be in denominations of \$5,000 and any integral multiple thereof. Principal and accreted value of, premium, if any, and interest on the 2010 Bonds will be paid by _____, as trustee (the “Trustee”) to DTC, which in turn will remit such principal and accreted value, premium, if any, and interest to its participants for subsequent disbursement to beneficial owners of the 2010 Bonds as described herein. See “**APPENDIX G—BOOK-ENTRY ONLY SYSTEM**” herein.

The 2010 Bonds are being issued to finance improvements to the Rose Bowl Stadium, to fund capitalized interest on a portion of the 2010 Bonds, to fund a Bond Reserve Fund and to pay the costs of issuance of the 2010 Bonds.

The 2010 Bonds are special, limited obligations of the Pasadena Public Financing Authority (the “Authority”) payable solely from Revenues, consisting primarily of Base Rental Payments (which include principal components, accreted value components and interest components) to be made by the City of Pasadena (the “City”) to the Authority pursuant to a Sublease, dated as of February 1, 2006, as amended by a First Amendment to Sublease, dated as of November 1, 2010 (the “Sublease”) pursuant to which the City will lease the Rose Bowl Stadium (the “Leased Property”) from the Authority. The City has covenanted in the Sublease to take such action as may be necessary to include Base Rental Payments and Additional Payments due under the Sublease in its annual budgets, and to make necessary annual appropriations therefor. See “**SECURITY AND SOURCES OF PAYMENT FOR THE 2010 BONDS**” herein. The Base Rental Payments are subject to abatement as described herein. See “**RISK FACTORS**” herein.

THE 2010 BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY). THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL AND ACCRETED VALUE OF THE 2010 BONDS, AND THE INTEREST THEREON, ONLY FROM THE REVENUES DESCRIBED ABOVE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE 2010 BONDS. THE ISSUANCE OF THE 2010 BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY) TO LEVY OR PLEDGE ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

The 2010 Current Interest Bonds are subject to redemption prior to maturity as described herein. See “**THE 2010 BONDS—Redemption**” herein. The 2010A Capital Appreciation Bonds are not subject to redemption prior to maturity.

Maturity Schedule located on inside front cover

THIS COVER PAGE CONTAINS INFORMATION FOR REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The 2010 Bonds will be offered when, as and if issued, subject to the approval of validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Certain legal matters will be passed upon for the Authority and the City by the City Attorney of the City of Pasadena. Orrick, Herrington & Sutcliffe LLP will serve as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by Kutak Rock LLP, Counsel to the Underwriters. It is expected that the 2010 Bonds will be delivered through the facilities of DTC on or about November __, 2010, in New York, New York, against payment therefor.

**BMO Capital Markets
Stone & Youngberg**

Dated: November __, 2010

Preliminary, subject to change.

MATURITY SCHEDULES

\$ _____*
PASADENA PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS (ROSE BOWL RENOVATION PROJECT)
SERIES 2010A (TAX-EXEMPT)

\$ _____ 2010A Current Interest Bonds

| Maturity Date (March 1) | Principal Amount | Interest Rate | Price or Yield | CUSIP† |
|----------------------------|---------------------|------------------|-------------------|--------|
|----------------------------|---------------------|------------------|-------------------|--------|

\$ _____ % Term 2010A Bonds due March 1, 20__ – Yield: _____ % CUSIP†: _____

\$ _____ 2010A Capital Appreciation Bonds

| Maturity Date (March 1) | Principal (Denominational) Amount | Accretion Rate | Yield to Maturity | Maturity Value | CUSIP† |
|----------------------------|---|----------------|----------------------|----------------|--------|
|----------------------------|---|----------------|----------------------|----------------|--------|

\$ _____*
PASADENA PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS (ROSE BOWL RENOVATION PROJECT)
SERIES 2010B (TAXABLE—BUILD AMERICA BONDS)

\$ _____ % Term 2010B Bonds due March 1, 20__ – Price: _____ % CUSIP†: _____

\$ _____ % Term 2010B Bonds due March 1, 20__ – Price: _____ % CUSIP†: _____

\$ _____*
PASADENA PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS (ROSE BOWL RENOVATION PROJECT)
SERIES 2010C (TAXABLE)

\$ _____ % Term 2010C Bonds due March 1, 20__ – Price: _____ % CUSIP†: _____

\$ _____ % Term 2010C Bonds due March 1, 20__ – Price: _____ % CUSIP†: _____

\$ _____*
PASADENA PUBLIC FINANCING AUTHORITY
LEASE REVENUE BONDS (ROSE BOWL RENOVATION PROJECT)
SERIES 2010D (TAXABLE – RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)

\$ _____ % Term 2010D Bonds due March 1, 20__ – Price: _____ % CUSIP†: _____

\$ _____ % Term 2010D Bonds due March 1, 20__ – Price: _____ % CUSIP†: _____

* Preliminary, subject to change.

† Copyright, American Bankers Association. CUSIP data herein is provided by Standard and Poor's, CUSIP Service Bureau, a division of The McGraw Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience of reference only. None of the Authority, the City or the Underwriters takes any responsibility for the accuracy of such numbers.

**CITY OF PASADENA
and
PASADENA PUBLIC FINANCING AUTHORITY
CITY COUNCIL/AUTHORITY BOARD OF DIRECTORS**

Bill Bogaard, *Mayor/Chairman*
Victor M. Gordo, Esq., *Vice-Mayor/Vice Chairman*
Jacque Robinson, *Councilmember/Board Member*
Margaret McAustin, *Councilmember/Board Member*
Chris Holden, *Councilmember/Board Member*
Steve Haderlein, *Councilmember/Board Member*
Steven G. Madison, *Councilmember/Board Member*
Terry Tornek, *Councilmember/Board Member*

CITY STAFF

Michael J. Beck, *City Manager*
Andrew Green, *Director of Finance*
Vicken Erganian, *Treasurer and Deputy Director of Finance*
Mark Jomsky, *City Clerk*

CITY ATTORNEY

Michele Beal Bagneris

**ROSE BOWL OPERATING COMPANY (RBOC)
BOARD OF DIRECTORS**

Kelly Lewis, *District 1*
Dennis Murphy, *District 2*
Paul Little, *District 3*
Greg Jones, *District 4*
Fred Lowe, *District 5*
Fred Claire, *District 6*
Paul Arevalo, *District 7*
Bill Cormier, *UCLA*
Edward Garlock, *Mayor's Representative*
Michael Beck, *City Manager's Representative*
Victor Gordo, *City Council Representative*
Richard Chinen, *Tournament of Roses Representative*
Richard Schammel, *Pasadena Center Operating Company*

RBOC STAFF

Darryl Dunn, *General Manager*

BOND AND DISCLOSURE COUNSEL

Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

TRUSTEE

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the City, the Authority or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2010 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 2010 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. References to internet websites shown in this Official Statement are shown for reference and convenience only; the information contained within the websites is not incorporated herein by reference and does not constitute a part of this Official Statement.

The information contained in this Official Statement has been furnished by the City, the Authority and other sources which are deemed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Underwriters. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement, nor any sale hereunder, shall under any circumstances create an implication that there has been no change in the affairs of the City, the Authority or any other matter described herein since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget," or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Neither the Authority nor the City plans to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2010 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The 2010 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in the Act. The 2010 Bonds have not been registered or qualified under the securities laws of any state.

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OFFICIAL STATEMENT

\$[par amount]*
PASADENA PUBLIC FINANCING AUTHORITY
Lease Revenue Bonds
(Rose Bowl Renovation Project)

\$[par amount]*
Series 2010A
(Tax- Exempt)

\$[par amount]*
Series 2010B
(Taxable—Build America
Bonds)

\$[par amount]*
Series 2010C
(Taxable)

\$[par amount]*
Series 2010D
(Taxable—Recovery Zone
Economic Development
Bonds)

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the 2010 Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in “APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS,” and if not therein, then in the Indenture, the Lease or the Sublease.

General

The purpose of this Official Statement, which includes the cover page, inside cover, table of contents and appendices hereto is to provide certain information concerning the issuance, sale and delivery by the Pasadena Public Financing Authority (the “Authority”) of its \$_____ aggregate principal amount of Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2010A (the “2010A Bonds”), consisting of \$_____ aggregate principal amount of current interest bonds (the “2010A Current Interest Bonds”) and \$_____ aggregate principal (denominational) amount of capital appreciation bonds (the “2010A Capital Appreciation Bonds”), the \$_____ aggregate principal amount of Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2010B (Taxable—Build America Bonds) (the “2010B Bonds”), \$_____ aggregate principal amount of Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2010C (Taxable) (the “2010C Bonds”), and \$_____ aggregate principal amount of Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2010D (Taxable – Recovery Zone Economic Development Bonds) (the “2010D Bonds” and together with the 2010B Bonds and the 2010C Bonds, the “2010 Taxable Bonds” and together with the 2010A Bonds, the 2010B Bonds and the 2010C Bonds, the “2010 Bonds”). All of the 2010 Bonds except for the 2010A Capital Appreciation Bonds will be issued as current interest bonds (the “2010 Current Interest Bonds”).

The Authority

The Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated April 24, 2000, by and between the City of Pasadena (the “City”) and the Pasadena Community Development Commission (the “Agency”), and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Act”).

Purpose of the 2010 Bonds

The 2010 Bonds are being issued to finance improvements to the Rose Bowl Stadium located within the City, to fund capitalized interest on a portion of the 2010 Bonds, to fund a Bond Reserve Fund and to pay the costs of issuance of the 2010 Bonds. See “PLAN OF FINANCE—The Project.”

* Preliminary, subject to change.

Authority for Issuance

The 2010 Bonds are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"), and an Indenture, dated as of November 1, 2010 (the "Indenture"), by and between the Authority and _____, _____, California, as trustee (the "Trustee").

Sources of Payment for the 2010 Bonds

In general, the City is required under the Sublease, executed and entered into as of February 1, 2006, as amended by the First Amended to Sublease, executed and entered into as of November 1, 2010 (collectively, the "Sublease") by and between the Authority and the City, to pay semiannual lease payments (the "Base Rental Payments") for the use and occupancy of the Leased Property, which amounts are designed to be sufficient in both time and amount to pay, when due, the principal or accreted value of, redemption premium (if any) and interest on the 2010 Bonds. In the Sublease, the City has covenanted that it will take such action as may be necessary to include all Base Rental Payments in its annual budgets and to make the necessary annual appropriations therefor. The obligation of the City to make Base Rental Payments, however, is subject to abatement in the event of material damage or destruction of the Leased Property or the taking of the Leased Property in whole or in part. The obligation of the City to pay Base Rental Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to make Base Rental Payments does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

While the City is obligated to pay Base Rental Payments from any of its lawfully available funds, it is the expectation of the City that the Base Rental Payments will be paid substantially from operating revenues derived from the Rose Bowl Stadium. See "**PLAN OF FINANCE.**"

Bonds Constitute Limited Obligations; Lease Not Debt

The 2010 Bonds are limited obligations of the Authority payable solely from Revenues, consisting primarily of Base Rental Payments to be made by the City, and amounts on deposit in certain funds and accounts held under the Indenture. The 2010 Bonds do not constitute a debt or liability of the State of California or of any political subdivision thereof (including any member of the Authority). The Authority shall be obligated to pay the principal or accreted value of the 2010 Bonds, and the interest thereon, only from the Revenues described above, and neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof (including any member of the Authority) is pledged to the payment of the principal or accreted value of or the interest on the 2010 Bonds. The issuance of the 2010 Bonds shall not directly, indirectly or contingently obligate the State of California or any political subdivision thereof (including any member of the Authority) to levy or pledge any form of taxation. The Authority has no taxing power.

Abatement

The obligation of the City under the Sublease to make Base Rental Payments is in consideration for the beneficial use and possession of the Leased Property. The obligation of the City to make Base Rental Payments (other than to the extent that funds are available in the Revenue Fund, the Bond Reserve Fund or from the proceeds of rental interruption insurance, if available) may be abated in whole or in part if the City does not have full use and possession of the Leased Property. See "**RISK FACTORS—Abatement.**"

The City

The City of Pasadena was incorporated in 1886 and became a freeholder charter city in 1901. The City covers nearly 23 square miles and is located in the County of Los Angeles in the northwestern portion of the San Gabriel Valley. The City is bounded on the west by the cities of Los Angeles, La Cañada and Glendale, on the south by the cities of South Pasadena and San Marino, on the east by the cities of Arcadia and Sierra Madre and on the north by the unincorporated community of Altadena and the San Gabriel Mountains. See "**THE CITY,**"

“APPENDIX A—CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION” and **“APPENDIX B—CITY OF PASADENA CALIFORNIA AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009”** herein.

Description of the 2010 Bonds

The 2010A Capital Appreciation Bonds will be issued as fully-registered bonds without coupons in denominations of \$5,000 of the final maturity value each, or any integral multiple thereof. The 2010 Current Interest Bonds will be issued as fully-registered current interest bonds without coupons in denominations of \$5,000 each, or any integral multiple thereof. The 2010 Bonds will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the 2010 Bonds. See **“APPENDIX G—BOOK-ENTRY ONLY SYSTEM”** herein. The approximate accreted value of the 2010A Capital Appreciation Bonds is set forth in the Accreted Value Table attached hereto as Appendix H. Interest on the 2010 Current Interest Bonds is payable semiannually each March 1 and September 1, commencing March 1, 2011. Principal or accreted value of the 2010 Bonds is payable on March 1 in each year as set forth on the inside cover page hereof.

Tax Matters

[In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2010A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and interest on the 2010 Bonds is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the 2010A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is interest on the 2010A Bonds included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel observes that interest on the 2010 Taxable Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2010 Bonds. See **“TAX MATTERS”** herein.]

Continuing Disclosure

The City has covenanted for the benefit of the holders and beneficial owners of the 2010 Bonds to annually provide certain financial information and operating data relating to the City (the “Annual Report”) and to provide notices of the occurrence of certain enumerated events, if material. See **“CONTINUING DISCLOSURE”** and **“APPENDIX E—FORM OF CONTINUING DISCLOSURE CERTIFICATE”** herein.

Summaries Not Definitive

Brief descriptions of the 2010 Bonds, the security and sources of payment for the 2010 Bonds, the Authority, the City and the Leased Property are included in this Official Statement together with summaries of the Indenture, the Lease and the Sublease. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture, the Lease and the Sublease are qualified in their entirety by reference to such documents, and references herein to the 2010 Bonds are qualified in their entirety by reference to the forms thereof, copies of all of which are available for inspection at the principal corporate trust office of the Trustee.

Other Information

Copies of documents referred to herein and information concerning the 2010 Bonds are available from the Director of Finance, City of Pasadena, 100 North Garfield Avenue, Room 353, Pasadena, California 91101-7215; telephone (626) 744-4350. The City may impose a charge for copying, mailing and handling.

THE ROSE BOWL

[this section is subject to additional revisions as details concerning the Project and funding sources are finalized]

Background. A 1922 National Historic Landmark, the Rose Bowl is among the most famous football stadiums in the country, and has been an icon of Pasadena since the first Tournament of Roses game was played there on January 1, 1923. Over the course of the Rose Bowl's history, it has hosted many well-known sporting events, including five Super Bowls, two Olympics, two World Cup Soccer Final Matches (one men's and one women's) and many international soccer matches and concerts. Notably, the Rose Bowl hosts the annual Rose Bowl Game and is the home of UCLA Bruin Football since 1982.

The Rose Bowl Renovation Project. The 2010 Bonds will be used primarily to finance a substantial portion of the costs of a renovation project for the Rose Bowl Stadium that is expected to be implemented over the next three years (the "Project") through a phased construction process. The party contracting on behalf of the City for the Project will be the Rose Bowl Operating Company, a special purpose nonprofit corporation established by the City to oversee operation and management of the Rose Bowl ("RBOC").

The Project focuses on addressing specific fan experience and operational concerns with the current facility, rather than a total overhaul of the existing infrastructure and amenities. The approach results in a more manageable financial commitment and in simpler physical changes to the historic stadium. Renovations of the existing Rose Bowl Stadium are proposed to continue to allow use by the UCLA Bruins football team, the Rose Bowl Game, Bowl Championship Series ("BCS") games, and soccer matches, as well as to bring certain building systems up to current City Building Code requirements and improve public safety.

Emergency exiting improvements and concrete deck repairs to the Rose Bowl are also project priorities. The Project could reduce the Rose Bowl's existing capacity of 92,300 to approximately 89,000 seats to accommodate necessary exiting improvements and upgrades. Much of the seating lost will be offset by increased premium seating, which is planned to increase from approximately 600 to approximately 2,400. Upon completion of the Project, seating in the Rose Bowl would include general stadium seating and premium seating (club, loge box and luxury suite seating). Different levels of amenities would be provided for each type of seating. The Project boundary includes generally the area inside the slightly expanded perimeter fence line.

The City has established the following five primary objectives for the Project:

- Improve public safety;
- Enhance fan experience;
- Maintain National Historic Landmark status;
- Develop revenue sources to fund long-term improvements; and
- Enhance facility operations.

To address these primary objectives, the Project includes the following major improvements to the Rose Bowl.

Exiting Improvements. There have been several studies to consider the access to and egress from the seating bowl in order to improve both public safety and fan convenience. As a result, the Project will include: (1) the addition of intermediate vertical aisle ways at each section at both end zones to allow fans to move to points of lesser congestion, and decrease the average exiting time; (2) enlargements to the existing 12 tunnels in order to better serve the fans in those areas; and (3) a dedicated public cross aisle leading to 4 existing exits at the corners of the field so that fans may use the field level for exiting.

Entry Gates. The 8 entrances gates have been designed to complement the 1930's Myron Hunt modifications to the Rose Bowl stadium. The new gate structures will be simple pilasters with blade cross-bar allowing for entrance identity along with sponsorship opportunities.

Concourse (Concessions/Restrooms/Utility Upgrades). The proposed concourse design reflects a goal to retain as much of the existing infrastructure as possible. Existing concession stands and restrooms will be expanded and/or modified to provide a more unified aesthetic and to increase operational efficiency. The proposed plan doubles the number of points of sale and increases the number of fans served at each one. Because the functionality of the existing infrastructure is impaired by a single transaction system with queuing across the concourse, the Project provides newly formed food and beverage quadrants configured to reduce queuing on the concourse and allow for a much higher sales volume capacity per concession stand. The existing restrooms will be retained and used in place, with the modification to re-establish the simple roof structures and altered queuing lines to run parallel with the concourse. The facility will also be improved with the addition of a new redundant 17KV electrical service and distribution loop along with improved storm drainage and low voltage distribution loop. These upgrades will allow for more flexible, reliable, and efficient facility systems during events.

Scoreboards. The historic scoreboards at the south ends of the stadium have been compromised over the years with the addition of advertising panels and asymmetrical video and matrix displays. Continuing with the theme of preservation, the Project proposes a restoration of the south scoreboard to its 1940's configuration. The south end scoreboard will be stripped of its large scoreboard and eastern ad panel. In addition, two (one new and one existing) LED advertising panels will be provided at the south rim. On the north end, a new LED video display will be installed to provide better imagery, informational content, and advertising layouts. In addition, six (four new and two existing) LED advertising panels will be provided at the north rim. These improvements are consistent with the preservation of the sightlines to San Gabriel Mountains from both inside and outside the stadium, which is a critical design consideration for the Project.

Premium Seating Expansion / Press Box. The Project proposes an expansion of the existing Press Box building in order to provide opportunities for enhanced premium seating revenue. The Project leaves the central core area (vertical circulation elements and toilet and support areas) of the existing structure, but rebuilds the two narrow wings above the D level. This strategy allows for greater manipulation of floor to floor heights, expanded seating section profiles, and increased capacities.

The expanded premium seating structure will be expanded from a total of approximately 1,000 occupants to a new occupancy of approximately 3,000, including approximately 2,400 premium seats. The new structure will be serviced by two new banks of escalators allowing the 3,000 people to enter and exit the building in less than 30 minutes if only the escalators are used. If patrons opt to utilize one of the four exit stairs within the new structure, this time will significantly be reduced.

Project Implementation. The Project is anticipated to be implemented in three phases over three consecutive years, beginning January, 2011 through [August, 2013] [January, 2014]. Although subject to change, in brief outline the phased work is currently planned to proceed as follows: Phase I—press box foundations, site work on concourse improvements, a new 17KV electricity service and utility backbone, a new north video board, reconstruction of the historic scoreboard, addition of advertising panels, tunnel widening and field wall restoration; Phase II—south wing of the press box construction, restroom and concession buildings, entry gate upgrades and a field level exit path; Phase III—remaining north wing of the press box and concession improvements, additional entry gate upgrades, field wall restoration and additional advertising panels.

Bernards Barton Malow is acting as the Construction Manager for the Project and RBOC has contracted with D'Agostino Izzo Quirk Architects, Inc. for architectural design services. On September 16, 2010, RBOC solicited construction bids for Phase I work and bids are scheduled to be received on October 19, 2010. The Phase I work will commence in January, 2011 utilizing multi-prime construction contracts between RBOC and Prime Contractors. [Subsequent phases of the Project will be contracted for in the future and may use similar or different types of construction contracts.] *[update after bids received]*

All licenses, permits and approvals required to commence construction of the Phase I improvements are in progress and will be completed prior to commencement of construction. RBOC expects to receive any other required licenses, permits and approvals prior to commencement of subsequent phases of the Project. Substantial completion of all three phases of the Project is currently scheduled by [August,] [the end of] 2013 – in time for the anticipated 100th Rose Bowl Game on January 1, 2014.

Preliminary Project Budget and Funding Sources. The preliminary budget for the Project is approximately \$151.6 million and is comprised of the following components:

| Project Component | Approximate Cost |
|---|-------------------------|
| Press Box (including club and suites seating) | \$ 70,820,000 |
| Ingress/Egress (expanded tunnels and aisles) | 21,618,000 |
| Scoreboards | 18,340,000 |
| Concessions | 12,063,000 |
| Infrastructure | 10,704,000 |
| Concourses | 10,253,000 |
| Restrooms | 3,713,000 |
| Public Entry Gates | 1,836,000 |
| Field Level Exiting | 1,429,000 |
| Stadium Seating/Concrete Repair | 799,000 |
| TOTAL | \$151,575,000 |

The City has attempted to provide a realistic construction estimate for the Project by utilizing current construction market data. The construction cost estimate includes a 10% construction contingency plus an annual 2% escalation assumption. The City has received information that in the current construction and economic climate competitive bids have been recently coming in approximately 10% under Project estimates; however, Project budgeting does not incorporate this condition. *[update after October constructions bids received]*

Funding sources for the Project include approximately \$130 million of proceeds of the 2010 Bonds and other potential sources of approximately \$23 million that are not completely finalized. These additional funding sources are expected to include approximately \$2.8 million from the City derived from City funds designated for public arts projects and the allocable share of the City’s construction tax for the Project; a capital contribution of approximately \$5.7 million from the Tournament of Roses derived from its payment from the BCS and a capital maintenance user fee imposed prior to substantial completion of the Project, a capital contribution of approximately \$3.5 million from RBOC derived from its retained earnings plus its payment from the BCS. In addition, other possible funding sources include advances from concessionaires operating within the renovated Rose Bowl [and a fundraising campaign seeking charitable gifts to a newly formed nonprofit corporation, known as the Rose Bowl Legacy Connection, which has a fundraising goal to support the Rose Bowl of more than \$10 million. In the event that there are not sufficient funding sources to complete all elements of the Project, the City may re-design, postpone or eliminate portions of the Project in order to maintain Project costs within available funding sources.

Rose Bowl Operations. In 1995, the City entered into a Management and Operating Agreement (the “Management and Operating Agreement”) with the RBOC. Under the Management and Operating Agreement, the RBOC is responsible for the management, operation and maintenance of the Rose Bowl and certain other portions of the surrounding area.

[Pursuant to an agreement between RBOC and the Tournament of Roses Association, a California nonprofit corporation independent of the City (“TOR”), the Rose Bowl Game is hosted by TOR each year. Currently, the Rose Bowl is the host for the national championship game for college football’s Bowl Championship Series every fourth year. RBOC and TOR have executed an amended and restated agreement for TOR’s use of the Rose Bowl in connection with the issuance of the 2010 Bonds and the commencement of construction of the Project. The amended and restated agreement has a 33-year term and provides for the use of the Rose Bowl for the Rose Bowl Game which is usually played by the winners of the PAC 10 and Big 10 Conferences annually on January 1. Under the agreement, TOR has exclusive use between approximately December 21st through the game day of the Rose Bowl Game unless it is mutually agreed that other uses may occur. The areas of use include the field, press box, premium, lounge, and field seating, parking in certain lots, certain areas outside of the Rose Bowl fencing, scoreboards, video boards, signage and restrooms. In consideration of this use TOR agrees to pay a licensing fee, a parking surcharge, a capital maintenance fee, an admissions tax and shares revenues with the RBOC received from signage advertising, sales of lounge memberships, and emblematic merchandise sales. As a part of this amended and restated agreement, TOR will have certain rights with respect to advertising and will receive 25% of surplus net

revenues generated from the sale or receipt of specific items after certain expenses and payment of debt service requirements.] *[update as needed to reflect key terms of final amended and restated agreement]*

[Pursuant to an agreement between RBOC and the Regents of the University of California, acting through the University of California, Los Angeles (“UCLA”), intercollegiate home football games for the UCLA Bruins are held at the Rose Bowl approximately [six] times each year. UCLA and RBOC have executed an amended and restated agreement for UCLA’s use of the Rose Bowl in connection with the issuance of the 2010 Bonds and the commencement of construction of the Project. The amended and restated agreement between the City and UCLA has a 33 year term and provides for use of the Rose Bowl for UCLA intercollegiate football home games between August 15th and December 10th each year. The use areas include the field, press box, premium, lounge, and field seating, parking in certain lots, certain areas outside of the Rose Bowl fencing, scoreboards, video boards, signage and restrooms. In consideration of this use, UCLA agrees to pay a licensing fee, a parking surcharge and shares revenues with the RBOC received from advertising (until substantial completion of the Project estimated to be prior to January 1, 2014), sales of lounge memberships. In addition, under the agreement RBOC will retain all concession revenues and parking revenues. As a part of this agreement UCLA will have certain rights with respect to advertising and will receive 25% of surplus net revenues generated from the sale or receipt of specific items after certain expenses and payment of debt service requirements.] *[update as needed to reflect key terms of final amended and restated agreement]*

For a description of the revenues received by the City from operations at the Rose Bowl, see “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Operating Revenues from the Rose Bowl.**”

PLAN OF FINANCE

The proceeds of the 2010 Bonds will be used to: (a) finance the Project; (b) fund capitalized interest on a portion of the 2010 Bonds; (c) fund any required debt service reserve fund for the Bonds; and (d) pay certain costs of issuance of the Bonds, including initial costs of any credit enhancement.

Base Rental Payments

As described in “**SECURITY AND SOURCE OF PAYMENT FOR THE BONDS,**” the City is obligated under the terms of the Sublease to make Base Rental Payments in an amount equal to the debt service on the 2010 Bonds so long as the City has beneficial use and occupancy of the Leased Property. While the City expects to receive operating revenues from the Rose Bowl in an amount equal to the Base Rental Payments, the City’s obligation to pay Base Rental Payments is not limited to such revenues but is payable from any lawfully available source of City funds. See “**APPENDIX A - THE CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION.**”

Rose Bowl Operating Revenues

Although not pledged as security for the 2010 Bonds, the City expects to receive certain net operating revenues from the Rose Bowl operations. See “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.**”

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the 2010 Bonds are as follows:

| | |
|---------------------------------|----|
| Sources of Funds | |
| Principal Amount of Bonds | \$ |
| Original Issue Premium/Discount | |
| Total Sources | \$ |
| Uses of Funds | |
| Project Fund | \$ |
| Bond Reserve Fund | |
| Capitalized Interest | |
| Costs of Issuance Fund | |
| Underwriters' Discount | |
| Total Uses | \$ |

THE 2010 BONDS

General

The 2010 Bonds will be dated their date of delivery and will be issued in fully registered form, without coupons. The 2010A Capital Appreciation Bonds will be issued as fully-registered bonds without coupons in denominations of \$5,000 of their final accreted value each, or any integral multiple thereof. The 2010 Current Interest Bonds will be issued as fully-registered current interest bonds without coupons in denominations of \$5,000 or any integral multiple thereof.

The 2010 Bonds will be initially registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, New York, New York ("DTC"), which has been appointed depository for the 2010 Bonds, and registered ownership may not thereafter be transferred except as provided in the Indenture. See "**APPENDIX G—BOOK-ENTRY ONLY SYSTEM**" herein.

Principal and accreted value of and premium, if any, on the 2010 Bonds will be paid by the Trustee at maturity or redemption to DTC, which in turn will remit such principal and accreted value of and premium, if any, to its participants for subsequent disbursement to beneficial owners of the 2010 Bonds as described herein. See "**APPENDIX G—BOOK-ENTRY ONLY SYSTEM**" herein. The approximate accreted value of the 2010A Capital Appreciation Bonds is set forth in the Accreted Value Table attached hereto as Appendix H. Interest on the 2010 Current Interest Bonds will be payable semiannually on March 1 and September 1, commencing March 1, 2011, to DTC in the same manner as described in the preceding sentence. Interest and accreted value on the 2010 Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

Designation of 2010B Bonds as "Build America Bonds" and 2010D Bonds as "Recovery Zone Economic Development Bonds"

The Authority currently expects to issue the 2010B Bonds as "Build America Bonds" and the 2010D Bonds as "Recovery Zone Economic Development Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 signed into law on February 17, 2009 (the "Recovery Act"). Pursuant to the Recovery Act, the Authority expects to receive a cash subsidy payment from the United States Treasury equal to 35% of the interest payable by the Authority on the 2010B Bonds and 45% of the interest payable by the Authority on the 2010D Bonds on or about each interest payment date. The cash payment does not constitute a full faith and credit guarantee of the United States Government, but is required to be paid by the Treasury under the Recovery Act. Any cash subsidy payments received by the Authority do not constitute Revenues and are not pledged under the Indenture to secure the 2010 Bonds.

Redemption

All 2010 Bonds

Special Mandatory Redemption for All 2010 Bonds. The 2010 Bonds are subject to redemption on any date prior to their respective stated maturities, as a whole or in part by lot, from payments made by the City from funds received by the City due to a taking of the Leased Property or portions thereof under the power of eminent domain, from the net proceeds of insurance received for material damage to or destruction of the Leased Property or portions thereof under the circumstances and upon the conditions and terms prescribed in the Indenture and Sublease, or from the proceeds of title insurance in the event of defective title to the Leased Property as provided for in the Sublease, at a redemption price equal to the sum of the principal amount thereof, without premium, plus accrued interest thereon to the redemption date. *[query whether this will be acceptable for BABs]*

2010A Bonds

(A) 2010A Current Interest Bonds—Optional Redemption. The 2010A Current Interest Bonds maturing on or before March 1, 20__ are not subject to redemption prior to their respective stated maturities. The 2010A Current Interest Bonds maturing on or after March 1, 20__ are subject to redemption prior to their respective stated maturities, at the option of the Authority from lawfully available funds as a whole or in part (in such order of maturities as shall be designated by the Authority and by lot within a maturity) on any date on or after March 1, 20__ at the redemption price of 100% of the principal amount of the 2010A Current Interest Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

(B) 2010A Capital Appreciation Bonds—No Optional Redemption. The 2010A Capital Appreciation Bonds shall not be subject to optional redemption prior to maturity.

(C) 2010A Bonds—Sinking Account Redemption. The 2010A Bonds maturing on March 1, 20__ are subject to redemption prior to maturity in part, by lot, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, from mandatory sinking account payments in the following amounts, commencing on March 1, 20__ according to the following schedule:

**Schedule of Mandatory Sinking Account Payments
2010A Bonds Maturing March 1, 20__**

| Redemption Date | Principal |
|-------------------------|----------------------|
| <u>(March 1)</u> | <u>Amount</u> |

*

* Maturity

The 2010A Bonds maturing on March 1, 20__ are subject to redemption prior to maturity in part, by lot, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, from mandatory sinking account payments in the following amounts, commencing on March 1, 20__ according to the following schedule:

**Schedule of Mandatory Sinking Account Payments
2010A Bonds Maturing March 1, 20__**

**Redemption Date
(March 1)**

**Principal
Amount**

*

* Maturity

2010B Bonds

At the time of the initial pricing of the 2010B Bonds, the Authority will determine whether to sell all or a portion of the 2010B Bonds subject to make whole optional redemption and/or to sell all or a portion of the 2010B Bonds subject to optional redemption at par. Following is a description of the provisions of a make whole optional redemption and an optional redemption at par.

(A) **2010B Bonds—Make Whole Optional Redemption.** The 2010B Bonds are subject to redemption prior to their respective stated maturities at the option of the Authority, in whole or in part and if in part, with maturities to be designated by the Authority, on any date at a redemption price equal to the greater of:

(1) the issue price set forth on the inside cover page hereof (but not less than 100%) of such principal amount of the 2010B Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such 2010B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2010B Bonds are to be redeemed, discounted to the date on which such 2010B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus __ basis points,

plus, in each case, accrued interest on such 2010B Bonds to be redeemed to the redemption date.

“Treasury Rate” means, with respect to any redemption date for a particular 2010B Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the 2010B Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

(B) **2010B Bonds—Optional Redemption at Par.** The 2010B Bonds maturing on or after March 1, 20__ are subject to redemption prior to their respective stated maturities, at the option of the Authority from lawfully available funds as a whole or in part (in such order of maturity as shall be designated by the Authority and pro rata within a maturity) on any date on or after March 1, 20__ at a redemption price equal to 100% of the principal amount of the 2010B Bonds called for redemption together with interest accrued thereon to the date fixed for redemption.

(C) **2010B Bonds—Extraordinary Optional Redemption.** The 2010B Bonds are subject to redemption prior to their respective stated maturities at the option of the Authority, in whole or in part on any date

upon the occurrence of an Extraordinary Event, with maturities to be designated by the Authority, at a redemption price (the "Extraordinary Redemption Price") equal to the greater of:

(1) the issue price set forth on the inside cover page hereof (but not less than 100%) of the principal amount of such 2010B Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such 2010B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2010B Bonds are to be redeemed, discounted to the date on which such 2010B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (described above) plus ___ basis points;

plus, in each case, accrued interest on such 2010B Bonds to be redeemed to the redemption date.

An "Extraordinary Event" will have occurred if a material adverse change has occurred to Section 54AA or 6431 of the Internal Revenue Code of 1986, as amended (the "Code") (as such Sections were added by Section 1531 of the Recovery Act, pertaining to "Build America Bonds") pursuant to which the Authority's 35% cash subsidy payment from the United States Treasury is reduced or eliminated.

(D) **2010B Bonds—Sinking Account Redemption.** The 2010B Bonds maturing on March 1, 20__ are subject to redemption prior to maturity in part, pro rata, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, from mandatory sinking account payments in the following amounts, commencing on March 1, 20__ according to the following schedule:

**Schedule of Mandatory Sinking Account Payments
2010B Bonds Maturing March 1, 20__**

| Redemption Date (March 1) | Principal Amount |
|--------------------------------------|-----------------------------|
|--------------------------------------|-----------------------------|

*

* Maturity

The 2010B Bonds maturing on March 1, 20__ are subject to redemption prior to maturity in part, pro rata, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, from mandatory sinking account payments in the following amounts, commencing on March 1, 20__ according to the following schedule:

**Schedule of Mandatory Sinking Account Payments
2010B Bonds Maturing March 1, 20__**

**Redemption Date
(March 1)**

**Principal
Amount**

*

* Maturity

2010C Bonds

At the time of the initial pricing of the 2010C Bonds, the Authority will determine whether to sell all or a portion of the 2010C Bonds subject to make whole optional redemption and/or to sell all or a portion of the 2010C Bonds subject to optional redemption at par. Following is a description of the provisions of a make whole optional redemption and an optional redemption at par.

(A) **2010C Bonds—Make Whole Optional Redemption.** The 2010C Bonds are subject to redemption prior to their respective stated maturities at the option of the Authority, in whole or in part and if in part, with maturities to be designated by the Authority, on any date at a redemption price equal to the greater of:

(1) the issue price set forth on the inside cover page hereof (but not less than 100%) of such principal amount of the 2010C Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such 2010C Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2010C Bonds are to be redeemed, discounted to the date on which such 2010C Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus __ basis points,

plus, in each case, accrued interest on such 2010C Bonds to be redeemed to the redemption date.

(B) **2010C Bonds—Optional Redemption.** The 2010C Bonds maturing on or after March 1, 20__ are subject to redemption prior to their respective stated maturities, at the option of the Authority from lawfully available funds as a whole or in part (in such order of maturity as shall be designated by the Authority and pro rata within a maturity) on any date on or after March 1, 20__ at a redemption price equal to 100% of the principal amount of the 2010C Bonds called for redemption together with interest accrued thereon to the date fixed for redemption.

(C) **2010C Bonds—Extraordinary Optional Redemption.** The 2010C Bonds are subject to redemption prior to their respective stated maturities at the option of the Authority, in whole or in part on any date upon the occurrence of an Extraordinary Event, with maturities to be designated by the Authority, at the Extraordinary Redemption Price equal to the greater of:

(1) the issue price set forth on the inside cover page hereof (but not less than 100%) of the principal amount of such 2010C Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such 2010C Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2010C Bonds are to be redeemed, discounted to the date on which such

2010C Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (described above) plus ___ basis points;

plus, in each case, accrued interest on such 2010C Bonds to be redeemed to the redemption date.

(D) **2010C Bonds—Sinking Account Redemption.** The 2010C Bonds maturing on March 1, 20__ are subject to redemption prior to maturity in part, pro rata, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, from mandatory sinking account payments in the following amounts, commencing on March 1, 20__ according to the following schedule:

**Schedule of Mandatory Sinking Account Payments
2010C Bonds Maturing March 1, 20__**

| Redemption Date (<u>March 1</u>) | Principal <u>Amount</u> |
|---|------------------------------------|
|---|------------------------------------|

*

* Maturity

The 2010C Bonds maturing on March 1, 20__ are subject to redemption prior to maturity in part, pro rata, at the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, from mandatory sinking account payments in the following amounts, commencing on March 1, 20__ according to the following schedule:

**Schedule of Mandatory Sinking Account Payments
2010C Bonds Maturing March 1, 20__**

| Redemption Date (<u>March 1</u>) | Principal <u>Amount</u> |
|---|------------------------------------|
|---|------------------------------------|

*

* Maturity

2010D Bonds

At the time of the initial pricing of the 2010D Bonds, the Authority will determine whether to sell all or a portion of the 2010D Bonds subject to make whole optional redemption and/or to sell all or a portion of the 2010D Bonds subject to optional redemption at par. Following is a description of the provisions of a make whole optional redemption and an optional redemption at par.

(A) **2010D Bonds—Make Whole Optional Redemption.** The 2010D Bonds are subject to redemption prior to their respective stated maturities at the option of the Authority, in whole or in part and if in part, with maturities to be designated by the Authority, on any date at a redemption price equal to the greater of:

(1) the issue price set forth on the inside cover page hereof (but not less than 100%) of such principal amount of the 2010D Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such 2010D Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2010D Bonds are to be redeemed, discounted to the date on which such 2010D Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus ___ basis points,

plus, in each case, accrued interest on such 2010D Bonds to be redeemed to the redemption date.

(B) 2010D Bonds—Optional Redemption. The 2010D Bonds maturing on or after March 1, 20__ are subject to redemption prior to their respective stated maturities, at the option of the Authority from lawfully available funds as a whole or in part (in such order of maturity as shall be designated by the Authority and pro rata within a maturity) on any date on or after March 1, 20__ at a redemption price equal to 100% of the principal amount of the 2010D Bonds called for redemption together with interest accrued thereon to the date fixed for redemption.

(C) 2010D Bonds—Extraordinary Optional Redemption. The 2010D Bonds are subject to redemption prior to their respective stated maturities at the option of the Authority, in whole or in part on any date upon the occurrence of an Extraordinary Event, with maturities to be designated by the Authority, at the Extraordinary Redemption Price equal to the greater of:

(1) the issue price set forth on the inside cover page hereof (but not less than 100%) of the principal amount of such 2010D Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such 2010D Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2010D Bonds are to be redeemed, discounted to the date on which such 2010D Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (described above) plus ___ basis points;

plus, in each case, accrued interest on such 2010D Bonds to be redeemed to the redemption date.

Verification of Redemption Price of the 2010 Bonds. Pursuant to the Indenture, at the request of the Authority or the Trustee, the redemption price of the 2010 Bonds to be redeemed at the option of the Authority will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the Authority at the Authority's expense to calculate such redemption price. The Authority and the Trustee may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

Selection of 2010 Bonds for Redemption. Upon surrender of any 2010 Bond redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the registered owner thereof, at the expense of the Authority, a new 2010 Bond or 2010 Bonds of authorized denominations and of the same maturity and interest rate, equal in aggregate principal amount to the unredeemed portion of the 2010 Bond surrendered. The 2010 Bonds shall be redeemed only in authorized denominations. Pursuant to the Indenture, if less than all of the 2010 Series A Bonds of a maturity and interest rate are redeemed prior to maturity, such 2010 Series A Bonds will be selected by lot, in any manner that the Trustee in its sole discretion deems appropriate and fair.

Pursuant to the Indenture, if less than all of the 2010 Taxable Bonds of a maturity and interest rate are redeemed prior to maturity, such 2010 Taxable Bonds to be redeemed will be selected on a pro-rata pass-through distribution of principal basis in accordance with the rules and procedures of DTC. The Indenture provides that redemption allocations made by DTC, the Participants or such other intermediaries that may exist between the Authority and the beneficial owners of the 2010 Taxable Bonds will be made on a pro-rata pass-through distribution of principal basis. However, so long as the 2010 Taxable Bonds are held by DTC in the book-entry-only system, the

selection for redemption, the selection for redemption of such 2010 Taxable Bonds will be made in accordance with the operational arrangements of DTC then in effect. Neither the Authority nor the Underwriters can provide any assurance and will not have any responsibility or obligation to ensure that DTC, the Participants or any other intermediaries allocate redemptions of the 2010 Taxable Bonds among beneficial owners on a pro-rata pass-through distribution of principal basis. If the DTC operational arrangements do not allow for the redemption of the 2010 Taxable Bonds on a pro-rata pass-through distribution of principal basis, the 2010 Taxable Bonds will be selected for redemption, in accordance with then applicable DTC procedures, which may include selection by lot. If the 2010 Taxable Bonds are no longer held by DTC in the book-entry-only system and less than all of the 2010 Taxable Bonds of a maturity and interest rate are to be redeemed, the 2010 Taxable Bonds to be redeemed will be selected by the Trustee on a pro-rata pass-through distribution of principal basis among all of the Owners of the 2010 Taxable Bonds based on the principal amount of 2010 Taxable Bonds owned by such Owners. See “APPENDIX G – BOOK-ENTRY ONLY SYSTEM” for a description of DTC and the Book-Entry Only System.

Notice of Redemption. Notice of any redemption shall be mailed not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each 2010 Bond to be redeemed, in whole or in part, at the address shown on the registration books maintained by the Trustee. Failure to give such notice by mail or any defect in such notice to any 2010 Bondholder shall not affect the validity of any proceedings for the redemption of any other 2010 Bond.

If DTC or its nominee is the registered owner of any 2010 Bond to be redeemed, notice of redemption will be given to DTC or its nominee as the registered owner of such 2010 Bond. Any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner of any 2010 Bond to be redeemed shall not affect the validity of the redemption of such 2010 Bond.

Effect of Redemption. The Indenture provides that if notice of redemption has been duly given and money for payment of the principal and accreted value of, premium, if any, and interest accrued to the redemption date of the 2010 Bonds (or portions thereof) called for redemption has been transferred to the Trustee, then on the redemption date designated in such notice, the 2010 Bonds so called for redemption will become due and payable and from and after the redemption date, interest on the 2010 Bonds (or portions thereof) so called for redemption will cease to accrue and the Holders of such 2010 Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

Rescission or Cancellation of Redemption. The Indenture provides that the Trustee shall rescind any redemption by notice of rescission if directed to do so by the Authority prior to the date of redemption, and that the Trustee shall give notice of rescission by the same means as for the giving of a notice of redemption. The redemption shall be deemed canceled once the Trustee has given notice of rescission. Under the Indenture neither the rescission nor the failure of funds being made available in part or in whole on or before a redemption date shall constitute an Event of Default.

Purchase of Bonds. The Indenture provides that at any time prior to giving notice of any redemption, the Trustee shall apply amounts in the applicable Optional Redemption Account or Sinking Account to the purchase of 2010 Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as may be directed by the Authority.

SECURITY AND SOURCES OF PAYMENT FOR THE 2010 BONDS

Limited Obligation

THE 2010 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM REVENUES, CONSISTING PRIMARILY OF BASE RENTAL PAYMENTS TO BE MADE BY THE CITY AND FROM AMOUNTS ON DEPOSIT IN CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURE. THE 2010 BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY). THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OR ACCRETED VALUE OF THE 2010 BONDS, AND THE INTEREST THEREON, ONLY FROM THE REVENUES

DESCRIBED ABOVE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR ACCRETED VALUE OF OR THE INTEREST ON THE 2010 BONDS. THE ISSUANCE OF THE 2010 BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY) TO LEVY OR PLEDGE ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

The obligation of the City to pay Base Rental Payments does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to make Base Rental Payments does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Existing Parity Obligations

Under the Sublease, the City is also obligated to pay Base Rental Payments in connection with the financing and refinancing of Rose Bowl improvements through the issuance of the Pasadena Public Financing Authority Variable Rate Demand Lease Revenue Bonds (Rose Bowl Refinancing and Improvement Projects), Series 2006, currently outstanding in the amount of \$40,700,000 with stated maturity dates from June 1, 2011 to June 1, 2023 (the "2006 Bonds"). The 2006 Bonds currently bear interest in a weekly interest rate mode and may be tendered by the owners thereof on a weekly basis. The 2006 Bonds are currently secured by a Letter of Credit issued by Bank of America, N.A., which has a stated termination date of February 11, 2011.

On February 23, 2006, the Authority entered into an interest rate swap agreement (the "2006 Swap") with Deutsche Banks AG, New York Branch (the "Counterparty"), relating to the 2006 Bonds. Under the 2006 Swap, the City pays the Counterparty the fixed rate of 3.285% and receives a floating rate equal to 65% of the one month LIBOR rate. The 2006 Swap has a notional amount equal to the principal amount of the 2006 Bonds and declines exactly to the amortization schedule of the 2006 Bonds with a final maturity in 2023. As of June 30, 2010, the 2006 Swap had a market value for the Authority of (negative \$5,293,080). The market value for the Authority of the 2006 Swap will fluctuate depending upon market conditions.

As permitted by their terms, the Lease and Sublease have been amended for the purpose of issuing the 2010 Bonds on a parity with the 2006 Bonds. The indenture for the 2006 Bonds is separate from the Indenture for the 2010 Bonds and the funds and accounts established under each indenture separately secure the 2006 Bonds and the 2010 Bonds, respectively. Amounts payable by the City under the Sublease, including the Base Rental Payments, secure both the 2006 Bonds and the 2010 Bonds on an equal basis.

For a description of other indebtedness of the City, including obligations that are generally payable from its lawfully available funds, see "**APPENDIX A - THE CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION—Long Term Obligations.**"

Covenant to Appropriate Funds for Rental Payments

The City has covenanted in the Sublease to take such action as may be necessary to include all Base Rental Payments and Additional Payments due under the Sublease in its annual budgets and to make the necessary annual appropriations therefor. The obligation of the City to make Base Rental Payments, however, is subject to abatement in the event of material damage or destruction of the Leased Property or the taking of the Leased Property in whole or in part.

Action on Default, No Acceleration of Base Rental Payments

Should the City default under the Sublease, the Trustee may terminate the Sublease and recover certain damages from the City, or may retain the Sublease and hold the City liable for all Base Rental Payments thereunder as the same become due. Base Rental Payments may not be accelerated upon a default under the Sublease. See "**RISK FACTORS**" herein.

For a description of the events of default and permitted remedies of the Trustee contained in the Sublease and the Indenture, see “**APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Sublease—Defaults and Remedies**” and “**—Indenture—Events of Default and Remedies of Bondholders**” herein.

Base Rental Payments

For the right to the use and occupancy of the Leased Property, the Sublease requires the City to make Base Rental Payments. To secure the payment of the Base Rental Payments, the City will pay to the Trustee, for deposit into the Revenue Fund, on each February 25 and August 25, an amount sufficient to pay the principal or accreted value of and interest on the 2010 Bonds due on the following March 1 and September 1, respectively.

Pursuant to the Indenture, on or before each Interest Payment Date and each Principal Payment Date, the Trustee will transfer amounts in the Revenue Fund as are necessary to the Interest Account and the Principal Account to provide for the payment of the interest and principal or accreted value in respect of the 2010 Bonds. See “**APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Indenture—Establishment of Funds and Accounts; Flow of Funds**” herein.

Debt Service on the 2006 Bonds and the 2010 Bonds is described below under the heading “**DEBT SERVICE.**”

Bond Reserve Fund

The Authority will establish a Bond Reserve Fund for the 2010 Bonds under the Indenture. Upon issuance of the 2010 Bonds, \$_____ will be deposited into the Bond Reserve Fund from proceeds of the 2010 Bonds. Thereafter, the Bond Reserve Fund is required to be maintained pursuant to the Indenture in an amount equal to the Bond Reserve Fund Requirement, which is defined in the Indenture as an amount equal to the least of (i) the maximum prospective annual Base Rental Payments with respect to the Outstanding 2010 Bonds; (ii) 10% of the proceeds of the 2010 Bonds; or (iii) 125% of the average annual Base Rental Payments with respect to the Outstanding 2010 Bonds to be made by the City under the Sublease.

Additional Payments

The Sublease requires the City to pay all amounts, costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of the Sublease, the Indenture, the Authority’s interest in the Leased Property and the lease of the Leased Property to the City, including but not limited to the payment of all fees, costs and expenses and all administrative costs of the Authority related to the 2010 Bonds, and the Leased Property, including without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification payable by the Authority to the Trustee under the Indenture, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the 2010 Bonds or of the Indenture; but not including in such Additional Payments amounts required to pay the principal or accreted value of or interest on the 2010 Bonds.

Insurance

The Sublease requires the City to cause to be maintained casualty insurance insuring the Leased Property against fire, lightning and all other risks covered by an extended coverage endorsement in an amount equal to the lesser of the replacement cost of the Leased Property (without deduction for depreciation) or the outstanding principal amount of the 2010 Bonds, subject to a deductible of not to exceed \$25,000 or such greater amount as may be covered by any self-insurance method permitted under the Sublease. The City may, subject to the restrictions contained in the Sublease, self-insure against such risks. The Sublease does not require that insurance be maintained for earthquake or flood risks. and there is no insurance covering such risks at the Leased Property.

The Sublease requires the City to cause to be maintained, throughout the term of the Sublease, use and occupancy insurance to cover the Authority’s loss, total or partial, of Base Rental Payments resulting from the loss,

total or partial, of the use of any part of the Leased Property as a result of any of the hazards covered by the insurance described in the preceding paragraph, in an amount sufficient at all times to pay maximum annual Base Rental for a 24-month period measured in the manner set forth in the Sublease.

The City is also required to obtain certain public liability and property damage insurance coverage in protection of the Authority and the City and worker's compensation insurance. See "**APPENDIX D—SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS RELATING TO THE 2010 BONDS—Sublease,**" for additional information regarding the insurance requirements contained in the Sublease.

Additional Bonds

The City may issue additional bonds payable from the Base Rental Payments under the Sublease under the conditions set forth in the Sublease (see "**APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Sublease**").

Substitution, Removal and Addition of Leased Property

The City and Authority may substitute, remove and add real property for the Leased Property under the conditions set forth in the Sublease (see "**APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Sublease**").

Operating Revenues from the Rose Bowl

Although not pledged as security for the 2010 Bonds, the City expects to receive certain surplus net revenues from Rose Bowl operations following substantial completion of the Project. In that regard, the City and RBOC, as agent for the City, have entered into separate agreements with the Tournament of Roses Association, ISP Sports, LLC, Legends Hospitality Management, LLC and the Regents of the University of California, Los Angeles. Based upon projections prepared by the RBOC for the City, the anticipated revenues to be received by the City from Rose Bowl operations during the 5-year period commencing July 1, 201_, are set forth in the following table.

[INSERT 5-YEAR REVENUE PROJECTION]

THE LEASED PROPERTY

The Leased Property consists of the land on which the Rose Bowl Stadium is located, and includes all improvements thereon, including the Project to be constructed thereon. The land on which the Leased Property is located is in the northwest section of the City in the area generally known as the Arroyo Seco. The Rose Bowl Stadium was built in the 1920's and has been designated as an historical landmark. The Rose Bowl Stadium hosts the home football games for the University of California, Los Angeles and the Rose Bowl Game each year. For information concerning the operations at the Rose Bowl, see "**THE ROSE BOWL.**"

The City may substitute projects with an annual fair rental value at least equal to 100% of the maximum amount of annual Base Rental Payments payable under the Sublease, subject to certain conditions contained in the Sublease (see **APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS**).

RISK FACTORS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating purchase of the 2010 Bonds. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the 2010 Bonds. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

General Considerations - Security for the 2010 Bonds

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City or the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State is obligated to levy or pledge any form of taxation or for which the City or the State has levied or pledged any form of taxation.

Although the Sublease does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Sublease to pay the Base Rental Payments and Additional Payments from any source of legally available funds and the City has covenanted in the Sublease that it will take such action as may be necessary to include all rental payments due under the Sublease in its annual budgets and to make necessary annual appropriations for all such rental payments. The City is currently liable and will become liable on other obligations payable from general fund revenues, some of which may have a priority over the Sublease.

The City has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the City, the funds available to make Base Rental Payments may be decreased. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other activities before making Base Rental Payments and other payments due under the Sublease.

Risks to Revenues from Rose Bowl Operations

As with any entertainment venue, there are a variety of factors that could materially adversely affect the revenues derived from operations at the Rose Bowl. While such revenues are not pledged as security for the 2010 Bonds, a portion of these revenues are anticipated to be received by the City and would be available to the City in its discretion to fund all or a portion of the Base Rental Payments. In the event that either TOR or UCLA terminated or defaulted under their respective agreements with RBOC for use of the Rose Bowl, the revenues derived from Rose Bowl operations could be materially reduced. Moreover, if sales of premium seating, such as luxury suites, loge boxes and club seats, were less than anticipated, revenues derived from Rose Bowl operations would be reduced.

Many other factors might also affect revenues derived from Rose Bowl Operations, including, among others, if the organization of the Bowl Championship Series were materially modified, the revenues derived from the BCS Championship Game, currently held once every four years at the Rose Bowl, could materially reduce revenues to TOR and the City. Additionally, if the format or system relating to determining college football national champions change, it could reduce the importance and popularity of the Rose Bowl Game. Similarly, if the UCLA

intercollegiate football program were suspended, discontinued or curtailed for any reason, including without limitation internal compliance actions by UCLA administration or sanctions by the NCAA, or if the competitiveness or popularity of the UCLA football team materially declined, the revenues from operations at the Rose Bowl for UCLA and the City could be materially reduced.

In addition, a number of factors, many of which may be beyond the control of the City, could have an adverse impact on operating revenues from the Rose Bowl, including a general decline in the popularity of football as a spectator sport, the building of another stadium facility in and around the Los Angeles metropolitan area, adverse changes in the economy affecting public expenditures for athletic events, entertainment or tourism, terrorist attacks, adverse weather, environmental and other disasters, litigation or other adversarial proceedings, and laws and regulations governing health, safety, environmental and other matters.

Delays in Project Completion, Project Cost Overruns and Disputes

The RBOC anticipates using a phased construction schedule for the Project, so that the Rose Bowl Game and UCLA football games scheduled to be played in the Rose Bowl during the expected three-year construction period should not be interrupted. Nevertheless, it is possible that construction delays could cause reduced seating capacity or the postponement or cancellation of scheduled football games during the construction of the Project. If this occurred, a material reduction in revenues received by the City from the Rose Bowl could result and the RBOC or City could be required to pay damages to TOR and/or UCLA. In addition, Project cost overruns and disputes with contractors, architects, engineers, Rose Bowl occupants or others involved with the construction, design or other aspects of the Project could result in additional liability for RBOC and the City and a material adverse change in operating revenues from the Rose Bowl that are available to the City.

Abatement

Base Rental Payments and Additional Payments are paid by the City in each rental period for and in consideration of the right to use and occupy the Leased Property during each such period. Pursuant to the Sublease, during any period in which, by reason of material damage to, or destruction or condemnation of, the Leased Property, or any defect in title to the Leased Property, there is substantial interference with the City's right to use and occupy any portion of the Leased Property, rental payments due under the Sublease will be abated proportionately. Such abatement will continue for the period commencing on the date of such interference resulting from such damage, destruction, condemnation, or title defect, and ending, with respect to damage to or destruction of the Leased Property, upon the substantial completion of the work of repair or replacement of the Leased Property, or portion thereof, so damaged or destroyed.

In the event that such portion of the Leased Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the City's rental interruption insurance will be available in lieu of Base Rental Payments, plus the period in which the Bond Reserve Fund or other funds are available from funds and accounts established under the Indenture will be available in lieu of Base Rent Payments, or in the event that casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of such portion of the Leased Property or prepayment of the 2010 Bonds, there could be insufficient funds to make payments to Owners in full.

In the event of any such substantial interference, the Sublease continues in full force and effect, and the City waives any right to terminate the Sublease by virtue of such substantial interference. The Trustee cannot terminate the Sublease in the event of such substantial interference. Abatement of Base Rental Payments and Additional Payments is not an event of default under the Sublease and the Trustee is not permitted in such event to take any action or avail itself of any remedy against the City. See "APPENDIX D—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Sublease—Rental Abatement" herein.

Seismic Considerations

Generally, some level of seismic activity occurs within the City on a regular basis. Periodically, the magnitude of a single seismic event can cause significant ground shaking and potential for damage to property

located at or near the center of such seismic activity. The Rose Bowl is located in close proximity to numerous earthquake faults. Although there can be no assurance that the Leased Property will not suffer significant damage in an earthquake, the State has adopted design standards that have resulted in buildings being designed to withstand earthquakes of a magnitude anticipated in the region where the Leased Property is located and the City undertook seismic safety retrofitting and related improvements to the Leased Property that were completed in 2006.

During 2005 the RBOC received an engineering evaluation of seismic risk for the Rose Bowl that concluded the Rose Bowl has a “fair” seismic rating and met the then applicable University of California Seismic Safety Policy for Purchased and Leased Buildings. Nevertheless, there is no assurance that the Rose Bowl would not suffer major damage in the event of a severe earthquake and the City cannot predict whether such an earthquake may occur. Neither the RBOC, the City, UCLA nor TOR has purchased earthquake insurance for the Rose Bowl. See “**THE LEASED PROPERTY.**”

Limited Recourse on Default

If the City defaults on its obligations to make rental payments with respect to the Leased Property, the Trustee may retain the Sublease and hold the City liable for all rental payments on an annual basis and will also have the right to re-enter and re-let the Leased Property. In the event such re-letting occurs, the City would be liable for any resulting deficiency in rental payments (without acceleration). Alternatively, the Trustee may terminate the Sublease with respect to the Leased Property and proceed against the City to recover damages pursuant to the Sublease.

Due to the special purpose function of the Leased Property for football games, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting of the Leased Property. In any case, due to the specialized nature of the Leased Property, no assurance can be given that the Trustee would be able to re-let the Leased Property so as to provide rental income sufficient to make principal, accreted value and interest payments on the 2010 Bonds in a timely manner, and the Trustee is not empowered to sell the fee interest in the Leased Property for the benefit of the Owners of the 2010 Bonds. Any suit for money damages would be subject to limitations on legal remedies against charter cities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Moreover, there can be no assurance that such re-letting will not adversely affect the exclusion of any interest on the 2010A Bonds from federal income taxation or the exclusion of interest on the 2010 Bonds from state income taxation.

No Acceleration Upon Default

If the City defaults on its obligation to make Base Rental Payments, there is no available remedy of acceleration of the total Base Rental Payments due over the term of the Sublease. The City will only be liable for Base Rental Payments on an annual basis, and the Trustee would be required to seek a separate judgment in each fiscal year for that fiscal year’s rental payments.

Loss of Tax Exemption

As discussed under the heading “**TAX MATTERS,**” interest on the 2010A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the 2010A Bonds, as a result of acts or omissions of the City in violation of its covenants in the Sublease or of the Authority in violation of its covenants in the Indenture. Should such an event of taxability occur, the 2010A Bonds would not be subject to a special redemption and would remain outstanding until maturity or until redeemed under the redemption provisions contained in the Indenture.

Income Taxation Risk Upon Defeasance of the 2010 Taxable Bonds

In the event the Authority were to defease all or a portion of the 2010 Taxable Bonds for federal income tax purposes, the 2010 Taxable Bonds that are the subject of such a defeasance may be deemed to be retired and “reissued” as a result of the defeasance. In such an event, a Holder who owns such a 2010 Taxable Bond, as applicable, would recognize gain or loss on the 2010 Taxable Bond at the time of defeasance. Holders who own