

\$ \_\_\_\_\_  
CITY OF PASADENA  
TAXABLE PENSION OBLIGATION BONDS,  
SERIES 2011  
\$ \_\_\_\_\_ Series 2011A Fixed Rate Bonds  
\$ \_\_\_\_\_ Series 2011B Mandatory Tender Bonds  
  
BOND PURCHASE AGREEMENT

\_\_\_\_\_, 2011

City of Pasadena  
100 North Garfield Avenue, Suite 345  
Pasadena, California 91109

Ladies and Gentlemen:

Wedbush Morgan Securities (the "Underwriter") offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with the City of Pasadena (the "City"), which upon acceptance will be binding upon the City and the Underwriter. This offer is made subject to the acceptance by the City on or before 11:59 p.m., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the City at any time prior to such acceptance.

Capitalized terms used and not defined herein shall have the same meanings as set forth in the Official Statement hereinafter defined.

1. Purchase. Sale and Delivery of the Bonds.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the City, and the City hereby agrees to sell to the Underwriter, all (but not less than all) of the \$ \_\_\_\_\_ aggregate principal amount of City of Pasadena Taxable Pension Obligation Bonds, Series 2011, consisting of \$ \_\_\_\_\_ aggregate principal amount of Series 2011A Fixed Rate Bonds (the "Series 2011A Bonds") and \$ \_\_\_\_\_ aggregate principal amount of Series 2011B Mandatory Tender Bonds (the "Series 2011B Bonds" and together with the Series 2011A Bonds, the "Bonds"). The Bonds are dated the date of their original delivery and shall have the maturities and bear interest at the rates and on the dates set forth in Schedule I hereto.

The purchase price for the Series 2011A Bonds shall be \$ \_\_\_\_\_ (being the principal amount of the Series 2011A Bonds, less an underwriter's discount of \$ \_\_\_\_\_).

The purchase price for the Series 2011B Bonds shall be \$ \_\_\_\_\_ (being the principal amount of the Series 2011B Bonds, less an underwriter's discount of \$ \_\_\_\_\_).

The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable as provided in, the Trust Agreement relating to the Bonds (the "Trust Agreement"), dated as of \_\_\_\_\_, 2011, by and between the City and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Trustee"). The Bonds are subject to redemption as provided in the Trust Agreement.

The Bonds are being issued for the purpose of refunding a debenture in the amount of \$\_\_\_\_\_ (the "Debenture") executed by the City in favor of the City of Pasadena Fire and Police Retirement System (the "System") which evidences a portion of the unfunded accrued actuarial liability obligation of the City Council to the System. The Debenture was authorized and issued pursuant to a resolution adopted by the City on August 8, 2011. Pursuant to a Contribution Agreement entered into as of \_\_\_\_\_, 2011 between the City and the System, the City is required to pay to the System to fund a portion of the unfunded actuarially accrued liabilities of the System \$\_\_\_\_\_ of the net proceeds of the Bonds, and additional payments if the overall System fall below a required minimum funding percentage in any given fiscal year. The proceeds from the issuance of the Bonds will be used to: (i) refund the Debenture; and pay certain costs associated with the issuance of the Bonds.

(b) The Underwriter agrees to make a bona fide public offering of all the Bonds at not in excess of the initial public offering prices or yields set forth on the inside cover page of the Official Statement. The Underwriter reserves the right to make concessions to dealers and to change such initial public offering prices or yields as the Underwriter reasonably deems necessary in connection with the marketing of the Bonds. The Underwriter also reserves the right (i) to over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market and (ii) to discontinue such stabilizing, if commenced, at any time.

(c) The City shall deliver to the Underwriter, as promptly as practical but in no event later than the seventh business day after the City has accepted this Bond Purchase Agreement, such number of copies of the final Official Statement dated the date hereof with respect to the Bonds (the "Official Statement") as the Underwriter may reasonably request in order for the Underwriter to comply with the rules of the Municipal Securities Rulemaking Board ("MSRB") and paragraph (b)4 of 17 C.F.R. 240.15c2-12 ("Rule 15c2-12").

(d) The City hereby authorizes the Underwriter to use the Official Statement and the information contained therein in connection with the offering and sale of the Bonds and ratify and confirm their authorization of the use by the Underwriter prior to the date hereof of the Preliminary Official Statement dated \_\_\_\_\_, 2011 (the "Preliminary Official Statement"), furnished to the Underwriter by the City in connection with such offering and sale.

(e) The Underwriter agrees that from the time the Official Statement becomes available until the earlier of (i) 90 days from the "End of the Underwriting Period," as defined in Section 2(k) herein, or (ii) the time when the Official Statement is available to any person from the Electronic Municipal Marketplace Access (EMMA) website of the MSRB, but in no case less than 25 days following the end of the underwriting period, each Underwriter shall send no later than the next business day following a request for a copy thereof, by first class mail or other equally prompt means, to any Potential Customer, as defined in Rule 15c2-12, on request, a

single copy of the Official Statement. The Underwriter agrees to deliver a copy of the Official Statement to the MSRB in accordance and to otherwise comply with all applicable MSRB rules.

(f) At 8:00 a.m., California time, on \_\_\_\_\_, 2011 or at such earlier or later time or date as shall be mutually agreed upon by the City and the Underwriter (such time and date being herein referred to as the "Closing Date"), the City will deliver or cause to be delivered the Bonds to The Depository Trust Company ("DTC") in New York, New York (or such other location as may be designated by the Underwriter and approved by the City) in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of the Bonds (all Bonds to bear CUSIP numbers), and subject to the terms and conditions hereof, the Underwriter will accept delivery of the Bonds in definitive form, duly executed by the City and authenticated by the Trustee, and the Underwriter will accept delivery and pay the purchase price of the Bonds as set forth in paragraph (a) of this Section 1 by Federal Funds wire (such delivery and payment being herein referred to as "Closing"). Notwithstanding the foregoing, neither the failure to print CUSIP numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Bonds on the Closing Date in accordance with the terms of this Bond Purchase Agreement. Upon initial execution and delivery, the ownership of such Bonds shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee for DTC.

2. Representations. Warranties and Agreements of the City.

The City represents, warrants and covenants with the Underwriter that:

(a) The City is a charter city duly organized and existing under the Constitution and laws of the State of California, and has, and at the date of the Closing will have, full legal right, power and authority to: (i) issue the Bonds pursuant to the Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, a resolution adopted by the City on August 8, 2011 and the Trust Agreement; (ii) execute, deliver and perform its obligations under this Bond Purchase Agreement, the Trust Agreement, the Contribution Agreement, and the Continuing Disclosure Agreement dated as of \_\_\_\_\_, 2011 (the "Continuing Disclosure Agreement" and together with the Trust Agreement, this Bond Purchase Agreement and the Contribution Agreement, the "City Agreements"); (iii) to carry out and consummate all transactions contemplated by each of the City Agreements and the Official Statement; (iv) and compliance with the provisions of the City Agreements will not materially conflict with or constitute a breach of or default under any applicable constitutional provision, law, administrative regulation, court order or consent decree or any applicable judgment or decree or any loan agreement, note, resolution, indenture, agreement or other instrument to which the City is a party or may be otherwise subject in any way that would materially adversely affect the ability of the City to perform its obligations under the City Agreements;

(b) at the time of acceptance hereof by the City and (unless an event occurs of the nature described in subparagraph (i) of this Section 2) at all times during the period from the date of this Bond Purchase Agreement to and including the date which is 25 days following the End of the Underwriting Period for the Bonds (as determined in accordance with subparagraph (k) of this Section 2), the statements and information contained in the Preliminary Official

Statement (excluding statements and information contained under the captions “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Bond Insurance” and “OTHER MATTERS—Underwriting” and contained in APPENDIX D—”BOOK-ENTRY SYSTEM”, information regarding the bond insurer, and information as to bond prices on the cover of the Official Statement), as of its date and as of the date hereof are true, correct and complete in all material respects and such statements did not and do not contain any untrue statement of a material fact or omitted or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was made, not misleading in any material respect;

(c) the City has duly authorized the execution and delivery of the Bonds and the City Agreements and when executed and delivered, the Bonds and the City Agreements, assuming due authorization, execution and delivery by the other respective parties thereto, will constitute the legally valid and binding obligations of the City enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors, rights generally; and has duly authorized and approved the Preliminary Official Statement;

(d) except as disclosed in the Preliminary Official Statement, the City is not in violation or breach of or default under any applicable law or administrative rule or regulation of the State of California or the United States of America, or any agency or instrumentality of either of them, or any applicable judgment or decree, or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both would constitute a violation or a breach of or a default under any such instrument in any way that would materially adversely affect the City’s ability to perform its obligations under the Bonds or the City Agreements;

(e) as of the date hereof and at the time of Closing, the City will be in compliance in all respects with the material covenants and agreements contained in the City Agreements and no event of default and no event has occurred and is continuing which, with the passage of time or giving of notice, or both, would constitute an event of default thereunder shall have occurred and be continuing;

(f) to the best knowledge of the City, after due investigation, other than as set forth in the Official Statement or as the City has otherwise disclosed to the Underwriter, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, or by or before any court, governmental agency, public board or body, pending, for which the City has received service of process, or threatened against the City, (i) wherein an unfavorable decision, ruling or finding would adversely affect the existence of the City or the title of any official of the City to such person’s office, or (ii) seeking to restrain or enjoin the execution, sale or delivery of the Bonds, or (iii) in any way contesting or affecting the validity or enforceability of the City Agreements or the Bonds, or (iv) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or (v) contesting the power of the City or its authority with respect to the Bonds or the City Agreements, or (vi) contesting the exclusion of interest on the Bonds from gross income for Federal income tax purposes; nor is there any basis for any such

action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the City Agreements or the ability of the City to perform its obligations under the City Agreements;

(g) the City will furnish such information, execute such instruments and take such other action not inconsistent with law in cooperation with the Underwriter which the Underwriter may reasonably request in order for the Underwriter to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions; provided, however, that in no event shall the City be required to take any action which would subject it to service of process in any jurisdiction in which it is not now subject or qualify to do business in any jurisdiction in which it is not now required to do so;

(h) to the best of its knowledge, all approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the due performance by the City of its obligations under the City Agreements have been duly obtained or made, and are, and will be at the time of Closing, in full force and effect;

(i) if between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds (as defined in Section 2(k) herein), an event occurs, or facts or conditions become known to the City which, in the reasonable opinion of \_\_\_\_\_ (“Underwriter’s Counsel”), Sidley Austin LLP (“Disclosure Counsel”) or the City Attorney, might or would cause the information contained in the Official Statement relating to the City, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading in any material respect, the City will notify the Underwriter, and if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will forthwith prepare and furnish to the Underwriter (at the expense of the City) a reasonable number of copies of an amendment of or supplement to the Official Statement (in the form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading in any material respect with respect to the information of the City. If such notification shall be subsequent to the Closing, the City shall forthwith provide to the Underwriter such legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, the City will furnish such information with respect to itself as the Underwriter may from time to time reasonably request;

(j) if the information contained in the Official Statement relating to the City is amended or supplemented pursuant to subparagraph (i) of this Section 2, at the time of such supplement or amendment thereto and (unless subsequently again supplemented or amended

pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein), will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was made, not misleading in any material respect;

(k) as used herein and for the purposes of the foregoing, the term “End of the Underwriting Period” for the Bonds shall mean the earlier of (i) the Closing Date unless the City shall have been notified in writing to the contrary by the Underwriter on or prior to the Closing Date or (ii) the date on which the End of the Underwriting Period for the Bonds has occurred under Rule 15c2-12, provided, however, that the City may treat as the End of the Underwriting Period for the Bonds the date specified as such in a notice from the Underwriter stating the date which is the End of the Underwriting Period;

(l) any certificate signed by any officer of the City and delivered to the Underwriter pursuant to the Trust Agreement or this Bond Purchase Agreement or any document contemplated thereby shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein and that such officer shall have been duly authorized to execute the same;

(m) to the best knowledge of the City, there is no public vote or referendum pending or proposed, the results of which could materially adversely affect the transactions contemplated by the Official Statement or the City Agreements or the Bonds, or the validity or enforceability of the Bonds;

(n) the financial statements of the City contained in the Official Statement fairly present the financial positions and results of operations thereof as of the dates and for the periods therein set forth, and the City has no reason to believe that such financial statements have not been prepared in accordance with generally accepted accounting principles consistently applied; and

(o) at or prior to the Closing, the City shall have duly authorized, executed and delivered the Continuing Disclosure Agreement.

### 3. Right to Terminate.

Between the date hereof and the Closing Date, the Underwriter has the right to terminate its obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds by notifying the City of its election to do so if, after the execution hereof and prior to the Closing:

(a) any legislation, resolution, rule or regulation shall be introduced in, considered by or be enacted by any governmental body, department or political subdivision of the State of California, or a decision by any court of competent jurisdiction within the State of California shall be rendered which, in the Underwriter’s reasonable opinion, does or will materially adversely affect the market price of the Bonds;

(b) the outbreak or declaration of war or engagement in major military hostilities by the United States or any escalation of any existing conflict or hostilities in which the United States is involved or the occurrences of any other national emergency or calamity or crisis relating to the effective operation of the government of the United States or the financial community which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds;

(c) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(d) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Bonds;

(e) legislation enacted (or resolution passed) by or introduced or pending legislation amended in the Congress or recommended for passage by the President of the United States, or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed) issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that securities of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Trust Agreement is not exempt from qualification under the Trust Indenture Act of 1939, as amended, or that the execution, offering or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement, otherwise is or would be in violation of the federal securities laws as amended and then in effect;

(f) action by or on behalf of the State or the California Franchise Tax Board, with the purpose or effect, directly or indirectly, of imposing California personal income taxation upon moneys that would be received by the City that would be received by the Trustee under the Trust Agreement or upon such interest as would be received by the Owners of the Bonds; or action by or on behalf of the Treasury Department of the United States or the Internal Revenue Service or by or on behalf of the State or the California Franchise Tax Board, with the purpose of changing the federal or State income tax rates, respectively;

(g) the withdrawal or downgrading of any rating of the Bonds by a national rating agency which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(h) any event occurring, or information becoming known which, in the judgment of the Underwriter makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact to be stated therein or

necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect.

4. Conditions to the Obligations of the Underwriter.

The Underwriter hereby enters into this Bond Purchase Agreement in reliance upon the representations and warranties of the City contained herein and the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the City and the Trustee of their respective obligations both on and as of the date hereof and as of the Closing Date. Accordingly, the obligations of the Underwriter under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be subject, at the option of the Underwriter to the accuracy in all material respects of the representations and warranties of the City contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the City and the Trustee made in any certificate or document furnished pursuant to the provisions hereof, to the performance by the City and the Trustee of their respective obligations to be performed hereunder and under the City Agreements as herein defined at or prior to the Closing Date, and also shall be subject to the following additional conditions:

(a) The Underwriter shall receive, within seven business days after the date hereof, copies of the Official Statement (including all information permitted to have been omitted from the Preliminary Official Statement by Rule 15c2-12 and any amendments or supplements as have been approved by the Underwriter), in such reasonable quantity as the Underwriter shall have requested.

(b) At the Closing, the City Agreements shall have been duly authorized, executed and delivered by the City, all in substantially the forms heretofore submitted to the Underwriter, with only such changes as shall have been agreed to in writing by the Underwriter, and shall be in full force and effect; and there shall be in full force and effect such resolution or resolutions of the City Council as, in the opinion of Sidley Austin LLP (“Bond Counsel”), shall be necessary or appropriate in connection with the transactions contemplated hereby;

(c) At the time of the Closing, all necessary action of the City relating to the execution and delivery of the Bonds will have been taken and will be in full force and effect and will not have been amended, modified or supplemented;

(d) At or prior to the Closing Date, the Underwriter shall have received the following documents, in each case satisfactory in form and substance to the Underwriter:

(i) certified copies of the Resolution No. \_\_\_\_ adopted by the City Council of the City on August 8, 2011 (the “Resolution”);

(ii) copies of the City Agreements each duly executed and delivered by the respective parties thereto;

(iii) copies of the final judgments entered in favor of the City in connection with the Complaint for validation filed in the Superior Court of California, County of Los Angeles (the “Validation Action”);



(iv) copies of Senate Bill No. 481;

(v) the approving opinion of Bond Counsel, dated the Closing Date and addressed to the City in substantially the form attached to the Official Statement as Appendix C, and a letter of such counsel, dated the Closing Date and addressed to the Underwriter to the effect that such opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to it;

(vi) the supplemental opinion, dated the Closing Date and addressed to the Underwriter, of Bond Counsel, substantially to the effect that: (A) this Bond Purchase Agreement has been duly authorized, executed and delivered by the City and is a valid and binding agreement of the City, enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors, rights and by the application of equitable principles if equitable remedies are sought; and (B) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(vii) the opinion of the City Attorney dated the Closing Date and addressed to the City and the Underwriter, to the effect that: (A) the City is a charter city duly organized and validly existing under the Constitution and the laws of the State of California; (B) the Resolution of the City Council approving and authorizing the execution and delivery by the City of the City Agreements was duly adopted at a meetings of the City which were called and held pursuant to law and with all public notice required by law and at which quorums were present and acting throughout, and are each in full force and effect and have not been amended or repealed; (C) to the best knowledge of such counsel, other than as set forth in the Official Statement or as the City has otherwise disclosed to you, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened against or affecting the City, to restrain or enjoin the execution, delivery or sale of the Bonds or the execution and delivery of the Debenture, or in any way contesting or affecting the validity of the Bonds or the City Agreements, or in any way contesting or affecting the existence of the City or the title of any official of the City to such person's office, or in any way contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the power of the City or its authority with respect to the Bonds, the Debenture or the City Agreements; (D) the execution and delivery of the City Agreements, the adoption of the Resolution, and compliance by the City with the provisions of the foregoing, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the City a breach or default under any agreement or other instrument to which the City is a party (and of which such counsel is aware after reasonable investigation) or by which it is bound (and of which such counsel is aware after reasonable investigation) or by any existing law, regulation, court order or consent decree to which the City is subject in any way that would materially adversely affect the ability of the City to perform its

obligations under the City Agreements; (E) the City Agreements have been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding agreements of the City enforceable in accordance with the respective terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors, rights generally and the application of equitable principles if equitable remedies are sought; (F) no authorization, approval, consent, or other order of the State of California or any other governmental authority or agency within the State of California having jurisdiction over the City is required for the valid authorization, execution, delivery and performance by the City of the City Agreements or for the adoption of the Resolutions which has not been obtained; and (G) the information contained in the Official Statement (excluding statements and information contained under the captions “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Bond Insurance” and contained in APPENDIX D—“BOOK-ENTRY SYSTEM”) as of its date and as of the date hereof is accurate in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstance under which they were made, not misleading in any material respect;

(viii) the opinion of Counsel to the Trustee, dated the Closing Date and addressed to the City and the Underwriter, to the effect that: (A) the Trustee is a banking association duly organized and existing under the laws of the State of California, with trust powers, and has the corporate power and authority to carry on its business as presently conducted; and (B) the Trust Agreement, and the Continuing Disclosure Agreement (collectively, the “Documents”) have been duly authorized, executed and delivered by the Trustee and constitute the valid and binding obligations of the Trustee enforceable against it in accordance with the respective terms thereof, subject to applicable bankruptcy, insolvency, moratorium, reorganization, arrangement and other similar laws affecting the rights of creditors (including creditors of national and state banks) generally or by the application of general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law) and the effect of judicial decisions which have held that certain provisions are unenforceable where their enforcement would violate the implied covenant of good faith and fair dealing, or would be commercially unreasonable and the effect of judicial decisions permitting the introduction of extrinsic evidence to modify the terms or the interpretation of the Documents.

(ix) the opinion, dated the Closing Date and addressed to the Underwriter, of Sidley Austin LLP, as Disclosure Counsel, substantially to the effect that, based on its participation in conferences with representatives of the City, the Underwriter, its counsel and others, during which conferences the contents of the Official Statement and related matters were discussed (which did not extend beyond the date of the Official Statement), and in reliance thereon and on relevant records, documents, certificates and opinions, and without passing

upon nor assuming any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement, during the course of its representation of the City as disclosure counsel on this matter, no information came to the attention of the attorneys in such firm rendering legal services in connection with such representation which caused it to believe that the Official Statement as of the date hereof (except for any financial, statistical or economic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, Appendices A and D, or any information about DTC and its book-entry system, as to which we express no opinion or view) contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(x) a certificate dated the Closing Date, signed by a duly authorized official of the City, in form and substance satisfactory to the Underwriter, to the effect that, to the best of such official's knowledge: (A) the representations and warranties of the City contained in the Bond Purchase Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (B) the City has complied with the requirements of the City Agreements required to be complied with on and as of the Closing Date; (C) since June 30, 2010, no material adverse change has occurred in the financial condition, assets, properties or results of operation of the City which is not described in the Official Statement; and (D) no event affecting the City has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(xi) a certificate, dated the Closing Date, signed by a duly authorized official of the Trustee, satisfactory in form and substance to the Underwriter, to the effect that: (A) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States, having the full power and being qualified to enter into and perform its duties under the Trust Agreement, the Continuing Disclosure Agreement and to authenticate and deliver the Bonds to the Underwriter; (B) the Trustee is duly authorized to enter into the Trust Agreement and the Continuing Disclosure Agreement to execute and deliver the Bonds to the Underwriter pursuant to the Trust Agreement; (C) when delivered to and paid for by the Underwriter at the Closing, the Bonds will have been duly authenticated and delivered by the Trustee; (D) the execution and delivery of the Trust Agreement and the Continuing Disclosure Agreement and compliance with the provisions on the Trustee's part contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation or warranty is made with respect to any federal or state securities or blue sky laws or regulations), nor will any such execution, delivery, adoption or compliance result in the creation or imposition of

any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Trust Agreement under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Trust Agreement; and (E) to the best of the knowledge of the Trustee, it has not been served with any action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against the Trustee, affecting the existence of the Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoining the execution and delivery of the Bonds or the collection of revenues to be applied to pay the principal, premium, if any, and interest with respect to the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Trust Agreement or the Continuing Disclosure Agreement, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds, the Trust Agreement, or the Continuing Disclosure Agreement or the power and authority of the Trustee to enter into and perform its duties under the Trust Agreement or the Continuing Disclosure Agreement and to authenticate and deliver the Bonds to the Underwriter;

(xii) copies of the Official Statement, executed on behalf of the City by an authorized representative of the City;

(xiii) two certified copies of the general resolution of the Trustee authorizing the execution and delivery of the Trust Agreement and the Continuing Disclosure Agreement;

(xiv) evidence of ratings of “\_\_\_,” and “\_\_\_,” respectively by Standard and Poor’s Ratings Service and Fitch Ratings, being in full force and effect as of the Closing Date;

(xv) a copy of the Notices of Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855(g) and 53583 of the California Government Code; and

(xvi) such additional legal opinions, certificates, instruments or evidences thereof and other documents as the Counsel to the Underwriter or Bond Counsel may reasonably request to evidence the due authorization, execution and delivery of the Bonds and the conformity of the terms of the Bonds, the Trust Agreement and the Contribution Agreement, and as summarized in the Official Statement.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Bond Purchase Agreement will be deemed to be in compliance with

the provisions hereof if and only if they are in form and substance satisfactory to the Underwriter.

If the City shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Bond Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted herein, all obligations of the Underwriter hereunder may be terminated by the Underwriter at, or at any time prior to, the Closing Date by written notice to the City and none of the Underwriter or the City shall have any further obligations hereunder, except that the respective obligations of the parties set forth in Section 5.

5. Expenses.

All expenses and costs incident to the authorization, execution, delivery and sale of the Bonds to the Underwriter, including the costs of preparation and printing of the Bonds, the fees of accountants, consultants and rating agencies, the initial fee of the Trustee and its counsel in connection with the execution and delivery, or to the extent proceeds of the Bonds are insufficient or unavailable therefor, any fees, costs and expenses owed by the City to the Trustee, which otherwise would have been paid from the proceeds of the Bonds, shall be paid by the City. Except as provided above, all out-of-pocket expenses of the Underwriter, including traveling and other expenses, the California Debt and Investment Advisory Commission fee, Blue-Sky filing fees, if any, and the fees and expenses of Counsel to the Underwriter shall be paid by the Underwriter. Notwithstanding the foregoing, if the Underwriter or the City shall bring an action to enforce any part of this Bond Purchase Agreement against the other, each party shall bear its attorney's fees and costs incurred in connection with such action.

6. Notices.

Any notice or other communication to be given to the City under this Bond Purchase Agreement may be given by delivering the same in writing at the address of the City as set forth above and any such notice or other communication to be given to the Underwriter may be delivered at the following address: Wedbush Morgan Securities, \_\_\_\_\_, Attn: \_\_\_\_\_.

7. Parties in Interest.

This Bond Purchase Agreement is made solely for the benefit of the City and the Underwriter (including the successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. All the representations and warranties of the parties hereto contained in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of (a) any investigations made by or on behalf of the Underwriter or the City or (b) delivery of and payment for the Bonds. The agreements contained in Section 5 herein shall survive any termination of this Bond Purchase Agreement.

8. Counterparts.

This Bond Purchase Agreement may be executed in any number of counterparts, each of which shall be an original, and all of which shall constitute but one and the same instrument.

9. Effectiveness.

This Bond Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by a duly authorize representative of the. City and shall be valid and enforceable as of the time of such acceptance.

10. Choice of Law.

The validity, interpretation and performance of this Bond Purchase Agreement shall be governed by the laws of the State of California.

11. Severability.

In the event any provision of this Bond Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

12. Entire Agreement.

This Bond Purchase Agreement, when accepted by the City in writing as heretofore specified, shall constitute the entire agreement between the City and the Underwriter.

13. Headings.

The headings of the section of this Bond Purchase Agreement are inserted for convenience only and shall not be deemed to be part hereof.

14. Arm's Length Commercial Transaction.

The Underwriter and the City acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the City, on the one hand, and the Underwriter, on the other hand, (ii) in connection with such transaction, the Underwriter is acting solely as a principal and not as an agent or a fiduciary of the City, (iii) the Underwriter has not assumed a fiduciary responsibility in favor of the City with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the City on other matters) or any other obligation to the City except the obligations expressly set forth in this Bond Purchase Agreement and those required by law, if any, and (iv) the City and the Underwriter have consulted with their respective legal and financial advisors to the extent they deemed appropriate in connection with the offering of the Bonds. The Underwriter is acting as a Municipal Advisor (as defined in Section 15B of the Exchange Act of 1934, as amended) in connection with the matters contemplated by this Bond Purchase Agreement.

21. Compensation.

The Underwriter acknowledges and agrees that (1) the compensation received by the Underwriter in connection with this Bond Purchase Agreement was determined pursuant to an arm's length transaction as specified in Section 14 above, is reasonable, and is consistent with

transactions of a similar nature, taking into account the terms and conditions of the Bonds, and with an obligor similarly situated to the City, taking into account the security and sources of payment on the Bonds, the risk profile of the City, structuring, market, and other transaction factors and other terms inherent in the Bonds; (2) no other compensation received for such services was received from sources other than proceeds of the Bonds; and (3) such compensation only covers services in connection with the issuance of the Bonds and this Bond Purchase Agreement.

Very truly yours,

**WEDBUSH MORGAN SECURITIES**

By \_\_\_\_\_  
[Title]

Accepted:

**CITY OF PASADENA**

By: \_\_\_\_\_  
[Title]

No. 1

\$ \_\_\_\_\_

CITY OF PASADENA

PENSION OBLIGATION DEBENTURE

The City of Pasadena (the "City"), a municipal corporation duly organized and existing under the Constitution and laws of the State of California, acknowledges itself indebted, and for value received hereby promises to pay, on demand or if no demand 25 years from the date hereof, to the City of Pasadena Fire and Police Retirement System (the "System"), a retirement system existing under Article XV of the City Charter and Chapter 2.250 of Article VI of the Pasadena Municipal Code, or assigns (the "Holder"), the sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), without interest thereon. Principal shall be paid at such address as shall have been agreed upon by the Holder hereof and the City.

This Debenture is a duly authorized debenture of the City designated its "Pension Obligation Debenture" (the "Debenture") in the aggregate principal amount of \$ \_\_\_\_\_ issued under and in full compliance with Article XV of the City Charter and Chapter 2.250 of Article VI of the Pasadena Municipal Code, as such may be amended from time to time (the "Retirement Law"), and under and pursuant to Resolution No. \_\_\_\_\_ adopted by the City Council of the City of Pasadena on August 8, 2011 (the "Resolution"). This Debenture and payment hereunder are subject to the terms and conditions of the Resolution, copies of which are on file at the office of the City Clerk of the City of Pasadena, and reference to the Resolution and any and all supplements thereto and modifications and amendments thereof and to the Retirement Law is made for a complete statement of such terms and conditions.

This Debenture may, at any time and from time to time, be prepaid in whole or in part without premium and without prior notice.

The obligations of the City hereunder, including the obligation to make all payments of principal when due, are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. This Debenture does not constitute an obligation of the City for which the City is obligated or permitted to levy or pledge any form of taxation or for which the City has levied or pledged or will levy or pledge any form of taxation. Neither the Debenture nor the obligation of the City to make payments on the Debenture constitute an indebtedness of the City, the State of California, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Notwithstanding any dispute between the City and the System, or any assignee of the System, the City shall make all payments required hereunder when due, unless made earlier pursuant to optional prepayment, and shall not withhold any such payments pending the final resolution of such dispute or for any other reason whatsoever. The City hereby waives presentment, protest, notice, demand or any action on delinquency.



## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the City of Pasadena (the “Issuer”) and The Bank of New York Mellon Trust Company, N.A., as trustee and dissemination agent (the “Trustee” and the “Dissemination Agent,” respectively) in connection with the issuance of \$ \_\_\_\_\_ City of Pasadena Taxable Pension Obligation Bonds, Series 2011, consisting of \$ \_\_\_\_\_ Series 2011A Fixed Rate Bonds and \$ \_\_\_\_\_ Series 2011B Mandatory Tender Bonds (collectively, the “Bonds”). The Bonds are being issued pursuant to a Trust Agreement dated as of \_\_\_\_\_, 2011 between the Issuer and the Trustee (the “Trust Agreement”). The Issuer, the Dissemination Agent and the Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Dissemination Agent and the Trustee for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person holding a beneficial ownership interest in Bonds through nominees or depositories (including any person holding such interest through the book-entry only system of The Depository Trust Company), together with any other person who is intended to be a beneficiary of this Disclosure Agreement under the Rule.

“Disclosure Representative” shall mean the Director of Finance of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Trustee from time to time.

“Dissemination Agent” shall mean The Bank of New York Mellon Trust Company, N.A., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Marketplace Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds (or the underwriter, if there is only one original underwriter) required to comply with the Rule in connection with the offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

“SEC” shall mean the United States Securities and Exchange Commission.

### SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 240 days after the end of the Issuer’s fiscal year (which fiscal year presently ends June 30), commencing with the report for the 2010-11 Fiscal Year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Issuer shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall notify the Issuer and the Dissemination Agent of such failure to receive the Annual Report. The Issuer

shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Trustee to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent and Trustee may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(c) If the Trustee is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Trustee shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall file a report with the Issuer and (if the Dissemination Agent is not the Trustee) the Trustee certifying (a) to the extent it can confirm the same, that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the MSRB or (b) to the extent it cannot confirm the same, that the Annual Report has not been provided to the MSRB as required by this Disclosure Agreement.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for the prior fiscal year (herein the "Reported Year"), prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements for the Reported Year are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The following information relating to the Downtown Project Area property tax increment:

(i) the remaining amount available as of the end of the fiscal year preceding the Reported Year, after deducting amounts paid on Agency bonds, amounts set aside for low and moderate income housing, amounts used to pay debt service on the Bonds and amounts used to make any Supplemental Payments;

(ii) the amount received during the Reported Year and available for the payment of debt service on the Bonds or to make Supplemental Payments;

(iii) the amount expended to pay debt service on the Bonds or Supplemental Payments during the Reported Year; and

(iv) the remaining amount available as of the end of the Reported Year to pay debt service on the Bonds or Supplemental Payments.

(c) An update of the following formation in Appendix A — “THE CITY OF PASADENA” in the Official Statement relating to the Bonds:

(i) the table entitled “CITY OF PASADENA HOUSING UNITS” as of the end of the Reported Year;

(ii) the table entitled “CITY OF PASADENA BUILDING PERMIT VALUATION AND PERMIT ACTIVITY” for the Reported Year;

(iii) the table entitled “CITY OF PASADENA TAXABLE TRANSACTIONS BY THE TYPE OF BUSINESS” for the twelve months ended on September 30 within the Reported Year;

(iv) the table entitled “CITY OF PASADENA EMPLOYEE UNION PREPRESENTATION;”

(v) the table entitled “CITY OF PASADENA LIABILITY CLAIMS EXPENDITURES AND REMAINING RESERVES” covering each of the five most recently completed fiscal years ending with the Reported Year, together with the amount of claim reserves for all unpaid claims first made prior to the beginning of such 5-year period;

(vi) the balance of the General Fund operating reserve for the Reported Year and the amount of the General Fund appropriation budget for the fiscal year following the Reported Year as provided under the caption “CITY FINANCIAL INFORMATION-Budgetary Principals and Developments;”

(vii) the adopted General Fund operating budget for the fiscal year following the Reported Year as provided in the table entitled “CITY OF PASADENA GENERAL FUND-Comparative Operating Budget,” and the

amount of any carry-forward fund balances in such General Fund operating budget and any one-time sources of revenue (excluding any one-time revenue sources that are to be used to pay one-time expenditures and one-time revenues which in the aggregate amount to less than 5% of the Total Requirements as shown in such General Fund operating budget) as provided under the caption “CITY FINANCIAL INFORMATION-General Fund Comparative Operating Budget;”

(viii) the table entitled “CITY OF PASADENA-Transfers from the Light and Power Fund to General Fund” for the Reported Year;

(ix) the table entitled “CITY OF PASADENA-General Tax Revenues” for the Reported Year;

(x) the table entitled “CITY OF PASADENA-Assessed Valuation of Taxable Property” for the Reported Year;

(xi) the table entitled “CITY OF PASADENA GENERAL FUND Comparative Balance Sheet” for the Reported Year;

(xii) the table entitled “CITY OF PASADENA GENERAL FUND-Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances” for the Reported Year;

(xiii) the table entitled “CITY OF PASADENA POOLED INVESTMENT PORTFOLIO” as of the end of the Reported Year;

(xiv) the table entitled “CITY OF PASADENA COMPUTATION OF DIRECT AND OVERLAPPING DEBT” as of the end of the Reported Year; and

(xv) the City’s appropriations limit (“Gann limit”) for the fiscal year following the Reported Year and the amount within the General Fund appropriation budget for such following fiscal year which is subject to the Gann limit as provided under the caption “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS-Article XIII B of the California Constitution.”

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have

been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

1. principal or interest payment delinquencies;
2. non-payment related defaults, if material;
3. modifications to the rights of the Bondholders, if material;
4. optional, contingent or unscheduled calls, if any of the preceding are material, and tender offers;
5. defeasances;
6. rating changes;
7. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
8. unscheduled draws on debt service reserves reflecting financial difficulties;
9. unscheduled draws on credit enhancements reflecting financial difficulties;
10. substitution of credit or liquidity providers or their failure to perform;
11. release, substitution or sale of property securing repayment of the Bonds, if material;
12. bankruptcy, insolvency, receivership or similar proceedings described below of the City;
13. appointment of a successor or additional trustee or the change of name of a trustee, if material; or
14. the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(b) An event described in item 12 above of Section 5(a) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of said party, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of said party.

(c) The City shall provide notice of an occurrence of a Listed Event to the MSRB in a timely manner but not more than ten (10) business days after the occurrence of the event. Any notice of Listed Event(s) must be submitted to the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Issuer's obligations under the Trust Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Issuer and the original Issuer shall have no further responsibility hereunder. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be The Bank of New York Mellon Trust Company, N.A.. The Dissemination Agent may resign by providing thirty days written notice to the Issuer and the Trustee. If at any time there is no designated Dissemination Agent appointed by the Issuer, or if the Dissemination Agent so appointed is unwilling or unable to perform the duties of Dissemination Agent hereunder, the Issuer shall be the Dissemination Agent and undertake or assume its obligations hereunder. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this

Disclosure Agreement, the Issuer, the Dissemination Agent and the Trustee may amend this Disclosure Agreement (and the Trustee and the Dissemination Agent shall agree to any amendment so requested by the Issuer; provided neither the Trustee nor the Dissemination Agent shall be obligated to enter into any amendment that modifies or increases their duties or obligations hereunder), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Holders, or (ii) does not, in the opinion of a nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be



deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee, at the written request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, fees and expenses of its attorneys, or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer or Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer, the Dissemination Agent or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties. Immunities and Liabilities of Trustee and Dissemination Agent Article V of the Trust Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Trust Agreement. The Dissemination Agent shall be entitled to the protections, limitations from liability and indemnities afforded to the Trustee thereunder. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) and the Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent, the Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of the disclosure of information pursuant to this Disclosure Agreement or arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due

to the Dissemination Agent's negligence or willful misconduct.

The Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the Issuer from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Issuer hereunder and shall not be deemed to be acting in any fiduciary capacity for the Issuer, Beneficial Owners or any other party. Neither the Trustee nor the Dissemination Agent shall have any liability to any party for any monetary damages or other financial liability of any kind whatsoever related to or arising from this Disclosure Agreement. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

|                |   |
|----------------|---|
| To the Issuer: | City of Pasadena<br>100 North Garfield Avenue, Suite 345<br>Pasadena, California 91109-7215<br>Attention: Director of Finance<br>Telephone: (626) 744-4350<br>Facsimile: (626) 744-7093 |
|----------------|---|

|   |   |
|---|---|
| To the Trustee or<br>Dissemination Agent: | The Bank of New York Mellon Trust<br>Company, N.A.<br>700 South Flower Street, Suite 500<br>Los Angeles, California 90017<br>Attention: Corporate Trust<br>Facsimile:<br>Telephone: |
|---|---|

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Dissemination Agent, the Participating Underwriter and Holders

and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated: \_\_\_\_\_, 2011

THE CITY OF PASADENA

By: \_\_\_\_\_  
[Title]

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

By: \_\_\_\_\_  
[Title]

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Pasadena

Name of Bond Issue: City of Pasadena, Taxable Pension Obligation Bonds, Series 2011, consisting of Series 2011A Fixed Rate Bonds and 2011B Mandatory Tender Bonds

Date of Issuance:

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4.07 of the Trust Agreement dated \_\_\_\_\_, 2011 between the Issuer and Trustee. [The Issuer anticipates that the Annual Report will be filed by .]

Dated: \_\_\_\_\_

By:

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A. on behalf of  
ISSUER

cc: Issuer