

## ARTICLE VI

### AMENDMENT OF THE TRUST AGREEMENT

**Section 6.01. Amendment of the Trust Agreement.** The Trust Agreement and the rights and obligations of the City and of the Holders may be amended at any time (with the prior written consent of the Credit Provider and Liquidity Provider and notice to the Rating Agencies) by a Supplemental Trust Agreement which shall become binding when the written consents of the Holders of a majority in aggregate principal amount of the Outstanding Bonds, exclusive of Bonds disqualified as provided in Section 6.02, are filed with the Trustee. No such amendment shall (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal, Accreted Value of any Bond without the express written consent of the Holder of such Bond, or (2) reduce the percentage of Bonds required for the written consent to any such amendment.

The Trust Agreement and the rights and obligations of the City and of the Holders may also be amended at any time (with the prior written consent of the Credit Provider and Liquidity Provider and notice to the Rating Agencies) by a Supplemental Trust Agreement which shall become binding without the consent of any Holders, but only to the extent permitted by law and after receipt of an approving Opinion of Counsel that any such amendment is authorized hereunder, including (without limitation) for any one or more of the following purposes --

(i) to add to the agreements and covenants required herein to be performed by the City other agreements and covenants thereafter to be performed by the City, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power reserved herein to or conferred herein on the City;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein and in any Supplemental Trust Agreement or in regard to questions arising hereunder which the City may deem desirable or necessary and not inconsistent herewith;

(iii) to modify, amend or add to the provisions herein or in any Supplemental Trust Agreement to permit the qualification hereof or thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statutes hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by such statute or similar statute;

(iv) to make any amendments necessary or appropriate to preserve or protect the exemption of interest on the Bonds from State of California personal income taxes;

(v) for any other purpose provided that the Amendment does not materially adversely affect the interest of the Holders of Bonds; or

(vi) to authorize Bonds of a Series and, in connection therewith, provide for the issuance of such Series of Bonds.

The Trustee shall not be required to enter into or consent to the execution of any Supplemental Trust Agreement which, in the sole judgment of the Trustee, might adversely affect the rights, obligations, powers, privileges, indemnities, or immunities provided the Trustee herein.

**Section 6.02. Disqualified Bonds.** Bonds owned or held by or for the account of the City shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided in this article, and shall not be entitled to consent to or take any other action provided in this article; provided, that the Trustee shall not be deemed to have knowledge that the City owns such Bonds unless the City is a Holder or the Trustee has received written notice that the City is such a Holder.

**Section 6.03. Endorsement or Replacement of Bonds After Amendment.** After the effective date of any action taken as hereinabove provided, the City may determine that the Bonds may bear a notation by endorsement in form approved by the City as to such action, and in that case upon demand of the Holder of any Outstanding Bond and presentation of his Bond for such purpose at the Corporate Trust Office a suitable notation as to such action shall be made on such Bond; provided, that if the City shall so determine, new Bonds so modified as, in the opinion of the City, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Holder of any Outstanding Bond a new Bond or Bonds shall be exchanged at the Corporate Trust Office without cost to each Holder for his Bond or Bonds then Outstanding upon surrender of such Outstanding Bond or Bonds.

**Section 6.04. Amendment by Mutual Consent.** The provisions of this article shall not prevent any Holder from accepting any amendment as to the particular Bonds held by such Holder, provided that due notation thereof is made on such Bonds.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES OF HOLDERS

**Section 7.01. Events of Default.** If any of the following events occur, they shall constitute Events of Default hereunder, namely:

(i) If default shall be made by the City in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

(ii) If default shall be made by the City in the due and punctual payment of the principal or Accreted Value of any Bond when and as the same shall become due and payable at maturity or on prior redemption;

(iii) If default shall be made by the City in the performance of any of the agreements or covenants required herein to be performed by the City, and such default shall have continued for a period of sixty (60) days after the City shall have been given notice in writing of such default by the Trustee or the Credit Provider or the Holders of not less than twenty-five per cent (25%) in aggregate principal amount of the Outstanding

Bonds, specifying such default and requiring the same to be remedied; provided, if the default stated in the notice can be corrected, but not within the applicable period, the Trustee and such Holders shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected; or

(iv) If an Event of Bankruptcy shall occur, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of its property and, in the event the Event of Bankruptcy is a proceeding commenced against the City, or the assumption or control proceeding is one commenced against the City, the same shall remain unstayed for a period of 60 days or more.

Notwithstanding the foregoing, if the Trustee or the Paying Agent shall have received written notice from the Credit Provider or Liquidity Provider that the Credit Facility or Liquidity Facility has not been reinstated or will terminate or that an event of default has occurred under the Reimbursement Agreement or with respect to such Credit Facility or Liquidity Facility, such event shall constitute an Event of Default hereunder, but only with respect to the Series of Bonds secured or guaranteed by such Credit Facility or Liquidity Facility.

**Section 7.02. Remedies for Events of Default.** If an Event of Default occurs and is continuing:

(i) Unsecured Bonds. If no Credit Facility is in effect for a Series of Bonds, the Trustee shall, by written notice to the City and the Paying Agent, declare immediately due and payable the principal and Accreted Value of and accrued interest on all Outstanding Bonds of such Series, whereupon the same shall become immediately due and payable without any further action or notice.

(ii) Secured Bonds. Upon receipt of written notice from the Credit Provider of a Credit Facility for any Series of Bonds that an event of default has occurred hereunder or under the Reimbursement Agreement and directing the Trustee to accelerate such Series of Bonds, the Trustee shall, by written notice to the City and the Paying Agent, declare immediately due and payable the principal of all Outstanding Bonds of such Series and the accrued interest thereon, whereupon such interest and principal shall automatically become immediately due and payable without any further action or notice. Upon acceleration of any such Series of Bonds, the Trustee shall instruct the Paying Agent to draw immediately on the Credit Facility in order to pay when due the aggregate unpaid interest on and principal of such Bonds to the date of payment (which shall be the date of acceleration for Fixed Rate Bonds and any Variable Rate Bonds in the Weekly Rate Mode, the Multiannual Rate Mode and the Fixed Rate Mode and the next Purchase Date for each Variable Rate Bond in the Flexible Rate Mode); provided, that the Paying Agent shall hold in trust for the benefit of Holders of Variable Rate Bonds in the Flexible Rate Mode any amounts so drawn in respect of such Variable Rate Bonds and shall release such amounts only on the applicable Purchase Date for each such Variable Rate Bond, and the Holders of such Variable Rate Bonds shall have no right to make any claim

for such amounts until such Purchase Date. The Trustee shall not accelerate any Series of Bonds secured or guaranteed by a Credit Facility, except upon direction of the Credit Provider.

**Section 7.03. Application of Funds Upon Acceleration.** All money in the accounts and funds provided in Section 3.02 upon the date of the declaration of acceleration by the Trustee as provided in Section 7.02 and all amounts in the accounts and funds thereafter received by the City hereunder shall be transmitted to the Trustee and shall be applied by the Trustee in the following order--

First, to the payment of the costs and expenses of the Trustee, if any, in carrying out the provisions of this article, including payment of reasonable compensation to its accountants and counsel and any outstanding fees and expenses of the Trustee, and to the payment of the costs and expenses of the Holders in providing for the declaration of such event of default, including reasonable compensation to their accountants and counsel; provided, that in the case of acceleration by the Trustee of any Series of Bonds pursuant to Section 7.02(ii) following an Event of Default, the Trustee shall not use any proceeds of the Credit Facility for the payment of the costs and expenses of the Trustee described in this Section;

Second, upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid or upon the surrender thereof if fully paid, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal or Accreted Value, with (to the extent permitted by law) interest on the overdue interest and principal or Accreted Value at the rate borne by such Bonds, and in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal or Accreted Value and (to the extent permitted by law) interest on overdue interest and principal or Accreted Value without preference or priority among such interest, principal, Accreted Value and interest on overdue interest and principal or Accreted Value ratably to the aggregate of such interest, principal, Accreted Value and interest on overdue interest and principal or Accreted Value.

**Section 7.04. Institution of Legal Proceedings by Trustee.** If one or more of the Events of Default shall happen and be continuing, the Trustee may, and upon the written request of the Holders of a majority in principal amount of the Outstanding Bonds, and upon being indemnified to its satisfaction therefor, shall (with the prior written consent of the Credit Provider) proceed to protect or enforce its rights or the rights of the Holders of the Bonds hereunder by a suit in equity or action at law, either for the specific performance of any agreement or covenant contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights and duties hereunder.

**Section 7.05. Non-Waiver.** Nothing in this article or in any other provision hereof or in the Bonds shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the interest on or the principal or Accreted Value of the Bonds to the respective Holders of the Bonds at the respective dates of maturity or on prior redemption as provided herein, or shall

affect or impair the right of such Holders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in the Bonds.

A waiver of any default or breach of duty or contract by the Trustee or any Holder shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract; provided, that the Trustee shall not waive an Event of Default with respect to any Series of Bonds secured by or payable from a Credit Facility without the consent of the Credit Provider and, if applicable, reinstatement in full of such Credit Facility. No delay or omission by the Trustee or any Holder to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Holders by the Act or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Holders.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned, the Trustee, the City, the Credit Provider and any Holder shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

**Section 7.06. Actions by Trustee as Attorney-in-Fact.** Any action, proceeding or suit which any Holder shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Holders, whether or not the Trustee is a Holder, and the Trustee is hereby appointed (and the successive Holders, by taking and holding the Bonds issued hereunder, shall be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Holders for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Holders as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

**Section 7.07. Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

**Section 7.08. Limitation on Holders' Right to Sue.** No Holder of any Bond shall have the right to institute any suit, action or proceedings, at law or equity, for any remedy hereunder unless (a) such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Holders of at least a majority in aggregate principal amount of all Outstanding Bonds and the Credit Provider shall have made written request upon the Trustee to exercise the powers hereinabove granted or to institute such suit, action or proceeding in its own name; (c) such Holders shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such request shall have been received by, and such tender of indemnity shall have been made to, the Trustee; provided, that this limitation shall not apply to the Credit Provider.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy hereunder; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his or their action to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision hereof shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Holders of all Outstanding Bonds.

**Section 7.09. Absolute Obligation of City.** Nothing contained herein or in the Bonds shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the interest on and the principal or Accreted Value of the Bonds to the respective Holders of the Bonds on their respective Interest Payment Dates and Principal Payment Dates.

**Section 7.10. Multiple Credit Providers.** In the event there is more than one Credit Facility in effect for the Bonds, any consent, waiver or other action by any Credit Provider shall only be applicable to the Series of Bonds secured or guaranteed by such Credit Provider.

**Section 7.11. Consent of Credit Provider Upon Default.** Anything in this Trust Agreement to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default as defined herein and during such time as a Credit Facility shall be in full force and effect with respect to a Series of Bonds, and so long as the Credit Provider of such Credit Facility is not in default under such Credit Facility, such Credit Provider shall be entitled to control and direct the enforcement of all rights and remedies granted to the Holders of such Series of Bonds or the Trustee for the benefit of the Holders of such Series of Bonds under this Trust Agreement, including, without limitation: (i) the right to accelerate the principal and Accreted Value of such Series of Bonds as described in this Trust Agreement, and (ii) the right to annul any declaration of acceleration, and such Credit Provider shall also be entitled to approve all waivers of Events of Default with respect to such Series.

## ARTICLE VIII

### DEFEASANCE

**Section 8.01. Discharge of Bonds.** (a) If the City shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Outstanding Bonds the interest on and the principal or Accreted Value of such Bonds (or with respect to Weekly Rate Mode Bonds, the Purchase Price thereof) at the times and in the manner stipulated herein and therein, then all agreements, covenants and other obligations of the City to the Holders of such Bonds hereunder shall thereupon cease, terminate and become void and be discharged and satisfied, and in such event the Trustee shall execute and deliver to the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the City all money or securities (other than proceeds of a draw on the Credit Facility or any remarketing proceeds) held by it pursuant hereto which are not required for the payment of the interest on or the principal or Accreted Value of or the Purchase Price of such Bonds.

(b) Any Outstanding Bonds shall prior to the maturity dates or redemption dates thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if (1) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient or (B) Permitted Investments of the type described in clauses (1) or (2) of the definition of Permitted Investments which are not subject to redemption prior to maturity (including any such Permitted Investments issued or held in book-entry form on the books of the Treasury of the United States of America), the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest on and the principal or Accreted Value of such Bonds on and prior to the maturity dates or redemption dates thereof (or with respect to Weekly Rate Mode Bonds, to pay the interest on and principal of such Bonds on the next Purchase Date), and (2) the City shall have given the Trustee in form satisfactory to it irrevocable instructions to mail to the Holders in accordance with Section 10.06 and to the Information Services notice that the deposit required by clause (1) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this section and stating the maturity dates or redemption dates on which money is to be available for the payment of the interest on and principal or Accreted Value of such Bonds.

(c) Notwithstanding anything herein to the contrary, in the event that the principal and interest with respect to a Series of Bonds shall be paid by a Credit Provider pursuant to its Credit Facility, such Series of Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City, and the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the City to the registered Holders of such Series of Bonds shall continue to exist and shall run to the benefit of such Credit Provider, and such Credit Provider shall be subrogated to the rights of such registered Holders.

**Section 8.02. Unclaimed Money.** Anything contained herein to the contrary notwithstanding, any money (other than proceeds of a draw on the Credit Facility or any remarketing proceeds) held by the Trustee in trust for the payment of the interest on or principal

or Accreted Value of the Bonds which remains unclaimed for two (2) years after the date when such interest or principal or Accreted Value shall have become due and payable, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such interest or principal or Accreted Value shall become due and payable, shall be repaid by the Trustee to the City as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Holders shall not look to the Trustee for the payment of such Bonds; provided, that before being required to make any such payment to the City, the Trustee may, and at the request of the City shall, at the expense of the City, mail to the Holders in accordance with Section 10.06 and to the Information Services notice that such money remains unclaimed and that, after a date named in such notice, which date shall not be less than thirty (30) days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the City.

## ARTICLE IX

[RESERVED]

## ARTICLE X

### MISCELLANEOUS

**Section 10.01. Benefits of the Trust Agreement Limited to Parties.** Nothing contained herein, expressed or implied, is intended to give to any person other than the Trustee, the City, the Holders, the Liquidity Provider and the Credit Provider any right, remedy or claim under or by reason hereof, and any agreement or covenant required herein to be performed by or on behalf of the City or any officer or employee thereof shall be for the sole and exclusive benefit of the Trustee, the Holders, the Liquidity Provider and the Credit Provider. No reference to the Liquidity Provider or the Credit Provider herein shall be of any force or effect, and the Liquidity Provider or the Credit Provider, as applicable, shall have no rights hereunder, if at any time the Liquidity Provider or the Credit Provider is in default in its obligations under the Liquidity Facility or Credit Facility, as applicable, or if the Liquidity Facility or Credit Facility and any related Reimbursement Agreement has expired or been terminated or at any time that a Liquidity Facility or Credit Facility, as applicable, is not in effect.

**Section 10.02. Successor Is Deemed Included In All References To Predecessor.** Whenever herein either the City or any officer or employee thereof or the Trustee is named or referred to, such reference shall be deemed to include the successor or assigns thereof, and all agreements and covenants required hereby to be performed by or on behalf of the City or any officer or employee thereof or the Trustee shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

**Section 10.03. Execution of Documents by Holders.** Any declaration, request or other instrument which is permitted or required herein to be executed by Holders may be in one or



more instruments of similar tenor and may be executed by Holders in person or by their attorneys appointed in writing. The fact and date of the execution by any Holder or such Holder's attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which such person purports to act that the person signing such declaration, request or other instrument or writing acknowledged to such person the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer. The ownership of any Bonds and the amount, maturity, number and date of holding the same may be proved by the registration books for the Bonds maintained by the Trustee pursuant to Section 2.16.

Any declaration, request, consent or other instrument or writing of the Holder of any Bond shall bind all future Holders of such Bond with respect to anything done or suffered to be done by the Trustee or the City in good faith and in accordance therewith.

**Section 10.04. Waiver of Personal Liability.** No officer or employee of the City shall be individually or personally liable for the payment of the interest on or principal or Accreted Value of the Bonds by reason of their issuance, but nothing herein contained shall relieve any officer or employee of the City from the performance of any official duty provided by the Act or any other applicable provisions of law or hereby.

**Section 10.05. Acquisition of Bonds by City.** All Bonds acquired by the City shall be surrendered to the Trustee.

**Section 10.06. Notice to Holders.** Any notice required to be given by the Trustee hereunder by mail to any Holders of Bonds shall be given by mailing a copy of such notice, first class postage prepaid, to the Holders of such Bonds at their addresses appearing in the registration books maintained by the Trustee pursuant to Section 2.16 not less than ten (10) days nor more than forty-five (45) days following the action or prior to the event concerning which notice thereof is required to be given; provided, that receipt of any such notice shall not be a condition precedent to the effect of such notice and neither failure of any Holder to receive any such notice nor any immaterial defect contained therein shall affect the validity of the proceedings taken in connection with the action or the event concerning which such notice was given.

**Section 10.07. Notice to Rating Agencies.** A copy of any notice required to be given by the Trustee or the City hereunder, and a copy of any notice received by the Trustee or the City hereunder, shall be promptly given to each of the Rating Agencies.

**Section 10.08. Content of Certificates.** Every Certificate of the City with respect to compliance with any agreement, condition, covenant or provision provided herein shall include (a) a statement that the person or persons making or giving such certificate have read such agreement, condition, covenant or provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary

to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or provision has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or provision has been complied with.

Any Certificate of the City may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person making or giving such certificate knows that the Opinion of Counsel with respect to the matters upon which his certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the City, upon a representation by an officer or officers of the City unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

**Section 10.09. Accounts and Funds; Business Days.** Any account or fund required herein to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with sound accounting practice and with due regard for the protection of the security of the Bonds and the rights of the Holders. Any action required to occur hereunder on a day which is not a Business Day shall be required to occur on the next succeeding Business Day.

**Section 10.10. Credit Provider as Third Party Beneficiary.** To the extent that this Trust Agreement confers upon or gives or grants to the Credit Provider any right, remedy or claim under or by reason of this Trust Agreement, the Credit Provider is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right remedy or claim conferred, given or granted hereunder.

**Section 10.11. Notices.** All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the City:

City of Pasadena  
100 N. Garfield  
Pasadena, California 91109-7215  
Attention: Director of Finance  
Facsimile:  
Telephone:

If to the Trustee:

The Bank of New York Mellon Trust Company, N.A.  
700 South Flower Street, Suite 500  
Los Angeles, California 90017  
Attention: Corporate Trust  
Facsimile:  
Telephone:

If to Fitch:

Fitch Ratings  
One State Street Plaza, 28<sup>th</sup> Floor  
New York, NY 10004  
Attention: Public Finance Department  
Facsimile: (212) 480-4421  
Telephone: (800) 753-4824

If to Standard & Poor's:

Standard & Poor's Corporation  
55 Water Street, 38<sup>th</sup> Floor  
New York, NY 10041  
Attention: Municipal Structured Surveillance  
Facsimile: (212) 438-2152  
Telephone: (212) 438-2000

**Section 10.12. Article and Section Headings, Singular and Plural Forms, Gender and References.** The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and the singular and plural forms of words shall be deemed interchangeable, and words of any gender shall be deemed and construed to include all genders, and all references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to the Trust Agreement as a whole and not to any particular article, section, subsection, paragraph, subparagraph or clause in which such word appears.

**Section 10.13. Use of Examples.** When a condition, class, category, circumstance or other concept is described in general terms herein and a list of possible examples of components of what has been described generally is associated with that description, and regardless of whether the words "include" or "including" or the like are also used, the listing shall be deemed illustrative only and shall not be construed as excluding other possible examples or components or as otherwise limiting the generality of the description in any way.

**Section 10.14. Partial Invalidity.** If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Trustee or the City shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or of the Bonds, and the Holders shall retain all the benefit, protection and security afforded to them under the Act or any other applicable provisions of law. The Trustee and the City hereby declare that they would have executed and delivered the Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

**Section 10.15. Execution in Several Counterparts.** The Trust Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Trustee and the City shall preserve undestroyed, shall together constitute but one and the same instrument.

**Section 10.16. Governing Law.** The Trust Agreement shall be governed by and construed in accordance with the laws of the State.

IN WITNESS WHEREOF, The Bank of New York Mellon Trust Company, N.A., in token of its acceptance of the trusts created hereunder, has caused the Trust Agreement to be signed in its name by one of its duly authorized officers, and the City of Pasadena has caused the Trust Agreement to be signed in its name by the Director of Finance of the City, all as of the day and year first above written.

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

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

CITY OF PASADENA

By \_\_\_\_\_  
Director of Finance

APPENDIX A

FORMS OF THE BONDS

The Bonds shall be in substantially the following forms:

- A. Forms of Fixed Rate Bonds
- 1. Form of Current Interest Bonds

CITY OF PASADENA  
 TAXABLE PENSION FUNDING BOND  
 SERIES A (FIXED RATE) CURRENT INTEREST BOND

No. R \_\_\_\_\_ \$ \_\_\_\_\_

Interest Rate	Maturity Date	Original Issue Date	CUSIP
____%	_____	_____	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

THE OBLIGATIONS OF THE CITY HEREUNDER, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS WHEN DUE, ARE OBLIGATIONS OF THE CITY IMPOSED BY LAW AND ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTERCLAIM. THIS BOND 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, AND NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS ON THE BONDS 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.

The City of Pasadena, a political subdivision duly organized and existing under the Constitution and laws of the State of California and its Charter (the "City"), for value received hereby promises to pay in lawful money of the United States of America to the registered owner

specified above, or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided) the principal amount specified above, together with interest on such principal amount from the interest payment date next preceding the date of authentication of this Current Interest Bond (unless this Current Interest Bond is authenticated during the period from the first (1st) day of the month in which an interest payment date occurs to such interest payment date, both days inclusive, in which event it shall bear interest from such interest payment date, or unless this Current Interest Bond is authenticated prior to \_\_\_\_\_, in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable in lawful money of the United States of America on \_\_\_\_\_, and semiannually thereafter on \_\_\_\_\_ and \_\_\_\_\_ of each year until the maturity or prior redemption of this Current Interest Bond. The interest due on or before the maturity or prior redemption hereof shall be payable by check mailed on each interest payment date by first class mail to the registered owner hereof; provided, that upon the written request of a registered owner of one million dollars (\$1,000,000) or more in aggregate principal amount of Current Interest Bonds received by the Trustee at least fifteen (15) days prior to any interest payment date, such interest shall be payable by wire transfer of immediately available funds. The principal due at the maturity or prior redemption hereof is payable upon surrender hereof at the Corporate Trust Office (as that term is defined in the Trust Agreement hereinafter defined) of \_\_\_\_\_, as Trustee (the "Trustee"), in \_\_\_\_\_ or \_\_\_\_\_.

This Current Interest Bond is one of a duly authorized issue of bonds of the City designated as its "Taxable Pension Funding Bonds, Series \_\_\_\_" (the "Bonds") in the aggregate principal amount of \_\_\_\_\_ dollars (\$ \_\_\_\_\_), and is one of a series of the Bonds constituting the Series \_\_\_\_ (Fixed Rate) Current Interest Bonds in the aggregate principal amount of \_\_\_\_\_ (\$ \_\_\_\_\_) (the "Current Interest Bonds"), all of which Current Interest Bonds are of like tenor and date (except for such variations as may be required to designate varying numbers, denominations, maturities, interest rates or redemption provisions), and is issued under and pursuant to the provisions of 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 and all laws amendatory thereof or supplemental thereto (the "Act") and under and pursuant to the provisions of a Trust Agreement dated as of \_\_\_\_\_, by and between the Trustee and the City (the "Trust Agreement") (copies of which are on file at the Corporate Trust Office of the Trustee).

Under the Trust Agreement, additional obligations may be issued on a parity with the Bonds, and the Bonds and any additional obligations issued on a parity with the Bonds are obligations imposed by law payable from funds to be appropriated by the City pursuant to Article XV of the City Charter and Article II, Chapter 2.250 of the Pasadena Municipal Code (the "Retirement Law"). Reference is hereby made to the Act and to the Trust Agreement and any and all amendments thereof for a description of the terms on which the Bonds are issued, for the rights of the registered owners of the Bonds, for the security for payment of the Bonds, for the remedies upon default and limitations thereon and for the provisions for the amendment of the Trust Agreement (with or without consent of the registered owners of the Bonds); and all the terms of the Trust Agreement are hereby incorporated herein and constitute a contract between

the City and the registered owner of this Current Interest Bond, to all the provisions of which the registered owner of this Current Interest Bond, by acceptance hereof, agrees and consents.

The Current Interest Bonds maturing by their terms on \_\_\_\_\_, are subject to mandatory sinking fund redemption prior to their stated maturity date, in part on \_\_\_\_\_ of each year on or after \_\_\_\_\_, from mandatory sinking fund payments to be made by the City in the amounts set forth below, pro rata among Holders, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption, without a redemption premium:

Mandatory Sinking Fund Payment Date (        ) _____	Mandatory Sinking Fund Payment _____
---	--

Notice of redemption of any Current Interest Bonds or any portions thereof shall be given by first class mail not less than thirty (30) days nor more than forty-five (45) days before the redemption date of such Current Interest Bonds or portions thereof to the respective registered owners thereof as their names and addresses appear on the registration books maintained by the Trustee pursuant to the Trust Agreement and to those information services and securities depositories provided in the Trust Agreement; all subject to and in accordance with the provisions of the Trust Agreement. If notice of redemption has been duly given as aforesaid and money for the payment of the above-described redemption price is held by the Trustee, then this Current Interest Bond shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated interest on this Current Interest Bond shall cease to accrue and the registered owner of this Current Interest Bond shall have no rights with respect hereto except to receive payment of the redemption price hereof.

If an Event of Default, as that term is defined in the Trust Agreement, shall occur, the principal or Accreted Value (as that term is defined in the Trust Agreement) of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Trust Agreement; provided, that the Trust Agreement provides that in certain events such declaration and its consequences may be rescinded under the circumstances as provided therein.

This Current Interest Bond is transferable only on a register to be kept for that purpose at the above-mentioned office of the Trustee by the registered owner hereof in person or by his duly authorized attorney upon payment of the charges provided in the Trust Agreement and upon surrender of this Current Interest Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new fully registered Current Interest Bond or Bonds in the same aggregate principal amount of authorized denominations will be issued to the transferee in exchange therefor. The Trustee and the City may deem and treat the registered owner hereof as the absolute owner hereof



for the purpose of receiving payment of the interest hereon and principal hereof and for all other purposes, whether or not this Current Interest Bond shall be overdue, and neither the Trustee nor the City shall be affected by any notice or knowledge to the contrary; and payment of the interest on or principal or redemption price of this Current Interest Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on this Current Interest Bond to the extent of the sum or sums so paid.

This Current Interest Bond shall not be entitled to any benefit, protection or security under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been executed and dated by an authorized signatory of the Trustee.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of this Current Interest Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Current Interest Bond, together with all other indebtedness of the City, does not exceed any limit prescribed by the Constitution or laws of the State of California and is not in excess of the amount of Current Interest Bonds permitted to be issued under the Trust Agreement.

IN WITNESS WHEREOF, the City of Pasadena has caused this Current Interest Bond to be executed in its name and on its behalf by the signature of the \_\_\_\_\_ of the City and countersigned by the signature of the City Clerk who has impressed the seal of the City hereon, and has caused this Current Interest Bond to be dated as of the original issue date specified above.

CITY OF PASADENA

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

[SEAL]

Countersigned:

\_\_\_\_\_  
City Clerk

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment

is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.

[FORM OF CERTIFICATE OF AUTHENTICATION]

This is one of the Bonds described in the within-mentioned Trust Agreement which has been authenticated on \_\_\_\_\_.

\_\_\_\_\_  
as Trustee

By \_\_\_\_\_  
Authorized Signatory

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ (Taxpayer Identification Number: \_\_\_\_\_) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

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

Note: The signature to this Assignment must correspond with the name as written on the face of the Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed: \_\_\_\_\_

Notice: Signature must be guaranteed by an eligible guarantor institution.

2. Form of Capital Appreciation Bonds

CITY OF PASADENA  
TAXABLE PENSION FUNDING BOND  
SERIES A (FIXED RATE) CAPITAL APPRECIATION BOND

No. R \_\_\_\_\_ \$ \_\_\_\_\_  
Initial Amount per \$5,000  
Accreted Value at Maturity

Interest Rate	Maturity Date	Original Issue Date	CUSIP
____%	_____	_____	_____

REGISTERED OWNER: CEDE & CO.

ACCRETED VALUE AT MATURITY: \_\_\_\_\_ DOLLARS

(INITIAL PRINCIPAL AMOUNT: \$ \_\_\_\_\_)

THE OBLIGATIONS OF THE CITY HEREUNDER, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS WHEN DUE, ARE OBLIGATIONS OF THE CITY IMPOSED BY LAW AND ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTERCLAIM. THIS BOND 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, AND NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS ON THE BONDS 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.

The City of Pasadena, a political subdivision duly organized and existing under the Constitution and laws of the State of California and its Charter (the "City"), for value received hereby promises to pay in lawful money of the United States of America to the registered owner specified above, or registered assigns, on the maturity date specified above the accreted value at maturity specified above (which amount represents the initial amount hereof, together with accreted interest on such initial amount from the date hereof until the maturity date hereof at the

yield to maturity specified above, compounded on \_\_\_\_\_, and semiannually thereafter on \_\_\_\_\_ and \_\_\_\_\_ of each year until the maturity of this Capital Appreciation Bond). The accreted value due at the maturity hereof is payable upon surrender hereof at the Corporate Trust Office (as that term is defined in the Trust Agreement hereinafter defined) of \_\_\_\_\_, as Trustee (the "Trustee"), in \_\_\_\_\_ or \_\_\_\_\_.

This Capital Appreciation Bond is one of a duly authorized issue of bonds of the City designated as its "Taxable Pension Funding Bonds, Series \_\_\_\_\_" (the "Bonds") in the aggregate principal amount of \_\_\_\_\_ dollars (\$ \_\_\_\_\_), and is one of a series of the Bonds constituting the Series \_\_\_\_\_ (Fixed Rate) Capital Appreciation Bonds in the aggregate principal amount of \_\_\_\_\_ (\$ \_\_\_\_\_) (the "Capital Appreciation Bonds"), all of which Capital Appreciation Bonds are of like tenor and date (except for such variations as may be required to designate varying numbers, accreted values at maturity, maturities and yields to maturity), and is issued under and pursuant to the provisions of 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 and all laws amendatory thereof or supplemental thereto (the "Act") and under and pursuant to the provisions of a Trust Agreement dated as of \_\_\_\_\_, by and between the Trustee and the City (the "Trust Agreement") (copies of which are on file at the Corporate Trust Office of the Trustee).

Under the Trust Agreement, additional obligations may be issued on a parity with the Bonds, and the Bonds and any additional obligations issued on a parity with the Bonds are obligations imposed by law payable from funds to be appropriated by the City pursuant to Article XV of the City Charter and Article II, Chapter 2.250 of the Pasadena Municipal Code (the "Retirement Law"). Reference is hereby made to the Act and to the Trust Agreement and any and all amendments thereof for a description of the terms on which the Bonds are issued, for the rights of the registered owners of the Bonds, for the security for payment of the Bonds, for the remedies upon default and limitations thereon and for the provisions for the amendment of the Trust Agreement (with or without consent of the registered owners of the Bonds); and all the terms of the Trust Agreement are hereby incorporated herein and constitute a contract between the City and the registered owner of this Capital Appreciation Bond, to all the provisions of which the registered owner of this Capital Appreciation Bond, by acceptance hereof, agrees and consents.

If an Event of Default, as that term is defined in the Trust Agreement, shall occur, the principal or Accreted Value (as that term is defined in the Trust Agreement) of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Trust Agreement; provided, that the Trust Agreement provides that in certain events such declaration and its consequences may be rescinded under the circumstances as provided therein.

This Capital Appreciation Bond is transferable only on a register to be kept for that purpose at the above-mentioned office of the Trustee by the registered owner hereof in person or by his duly authorized attorney upon payment of the charges provided in the Trust Agreement and upon surrender of this Capital Appreciation Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized

attorney, and thereupon a new fully registered Capital Appreciation Bond or Bonds in the same aggregate accreted value at maturity of authorized denominations will be issued to the transferee in exchange therefor. The Trustee and the City may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of the accreted value at maturity hereof and for all other purposes, whether or not this Capital Appreciation Bond shall be overdue, and neither the Trustee nor the City shall be affected by any notice or knowledge to the contrary; and payment of the accreted value at maturity of this Capital Appreciation Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on this Capital Appreciation Bond to the extent of the sum so paid.

This Capital Appreciation Bond shall not be entitled to any benefit, protection or security under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been executed and dated by an authorized signatory the Trustee.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of this Capital Appreciation Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Capital Appreciation Bond, together with all other indebtedness of the City, does not exceed any limit prescribed by the Constitution or laws of the State of California and is not in excess of the amount of Capital Appreciation Bonds permitted to be issued under the Trust Agreement.

IN WITNESS WHEREOF, the City of Pasadena has caused this Capital Appreciation Bond to be executed in its name and on its behalf by the signature of the \_\_\_\_\_ of the City and countersigned by the signature of the City Clerk who has impressed the seal of the City hereon, and has caused this Capital Appreciation Bond to be dated as of the original issue date specified above.

CITY OF PASADENA

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

[SEAL]

Countersigned:

\_\_\_\_\_  
City Clerk

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.

[FORM OF CERTIFICATE OF AUTHENTICATION]

This is one of the Bonds described in the within-mentioned Trust Agreement which has been authenticated on \_\_\_\_\_.

\_\_\_\_\_,  
as Trustee

By \_\_\_\_\_  
Authorized Signatory

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ (Taxpayer Identification Number: \_\_\_\_\_) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

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

Note: The signature to this Assignment must correspond with the name as written on the face of the Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed: \_\_\_\_\_

Notice: Signature must be guaranteed by an eligible guarantor institution.

3. Form of Convertible Capital Appreciation Bonds

CITY OF PASADENA  
 TAXABLE PENSION FUNDING BOND  
 SERIES A (FIXED RATE) CONVERTIBLE CAPITAL APPRECIATION BOND

No. R \_\_\_\_\_ \$ \_\_\_\_\_  
 Initial Amount per \$5,000  
 Accreted Value at Maturity

Interest Rate	Maturity Date	Original Issue Date	CUSIP
_____	_____	_____	_____

REGISTERED OWNER: CEDE & CO.

ACCRETED VALUE AT THE END  
 OF THE ACCRETION PERIOD: \_\_\_\_\_ DOLLARS

(INITIAL PRINCIPAL AMOUNT \$ \_\_\_\_\_)

THE OBLIGATIONS OF THE CITY HEREUNDER, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS WHEN DUE, ARE OBLIGATIONS OF THE CITY IMPOSED BY LAW AND ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTERCLAIM. THIS BOND 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, AND NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS ON THE BONDS 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.

The City of Pasadena, a political subdivision duly organized and existing under the Constitution and laws of the State of California and its Charter (the "City"), for value received hereby promises to pay in lawful money of the United States of America to the registered owner specified above, or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided) the accreted value at the end of the accretion period specified above (which amount represents the initial amount hereof, together with accreted interest on such initial amount from the date hereof until \_\_\_\_\_, at the yield to maturity specified above, compounded on \_\_\_\_\_, and semiannually thereafter on \_\_\_\_\_ and \_\_\_\_\_ of each year until \_\_\_\_\_ (the "Conversion Date")), together



with interest on such accreted value after the Conversion Date from the interest payment date next preceding the date of authentication of this Convertible Capital Appreciation Bond (unless this Convertible Capital Appreciation Bond is authenticated during the period from the first (1st) day of the month in which an interest payment date occurs to such interest payment date, both days inclusive, in which event it shall bear interest from such interest payment date, or unless this Convertible Capital Appreciation Bond is authenticated prior to \_\_\_\_\_, in which event it shall bear interest from the Conversion Date) until such accreted value shall have been paid at the interest rate per annum (yield to maturity) specified above, payable in lawful money of the United States of America on \_\_\_\_\_, and semiannually thereafter on \_\_\_\_\_ and \_\_\_\_\_ of each year until the maturity or prior redemption of this Convertible Capital Appreciation Bond. The interest due on and after the Conversion Date and on or before the maturity or prior redemption hereof shall be payable by check mailed on each interest payment date by first class mail to the registered owner hereof; provided, that upon the written request of a registered owner of one million dollars (\$1,000,000) or more in aggregate accreted value at the end of the accretion period of Convertible Capital Appreciation Bonds received by the Trustee at least fifteen (15) days prior to any interest payment date, such interest shall be payable by wire transfer of immediately available funds. The accreted value due at the maturity or prior redemption hereof is payable upon surrender hereof at the Corporate Trust Office (as that term is defined in the Trust Agreement hereinafter defined) of \_\_\_\_\_, as Trustee (the "Trustee"), in \_\_\_\_\_ or \_\_\_\_\_.

This Convertible Capital Appreciation Bond is one of a duly authorized issue of bonds of the City designated as its "Taxable Pension Funding Bonds, Series \_\_\_\_" (the "Bonds") in the aggregate principal amount of \_\_\_\_\_ (\$ \_\_\_\_\_), and is one of a series of the Bonds constituting the Series \_\_\_\_ (Fixed Rate) Convertible Capital Appreciation Bonds in the aggregate principal amount of \_\_\_\_\_ (\$ \_\_\_\_\_) (the "Convertible Capital Appreciation Bonds"), all of which Convertible Capital Appreciation Bonds are of like tenor and date (except for such variations as may be required to designate varying numbers), and is issued under and pursuant to the provisions of 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 and all laws amendatory thereof or supplemental thereto (the "Act") and under and pursuant to the provisions of a Trust Agreement dated as of \_\_\_\_\_, by and between the Trustee and the City (the "Trust Agreement") (copies of which are on file at the Corporate Trust Office of the Trustee).

Under the Trust Agreement, additional obligations may be issued on a parity with the Bonds, and the Bonds and any additional obligations issued on a parity with the Bonds are obligations imposed by law payable from funds to be appropriated by the City pursuant to Article XV of the City Charter and Article II, Chapter 2.250 of the Pasadena Municipal Code (the "Retirement Law"). Reference is hereby made to the Act and to the Trust Agreement and any and all amendments thereof for a description of the terms on which the Bonds are issued, for the rights of the registered owners of the Bonds, for the security for payment of the Bonds, for the remedies upon default and limitations thereon and for the provisions for the amendment of the Trust Agreement (with or without consent of the registered owners of the Bonds); and all the terms of the Trust Agreement are hereby incorporated herein and constitute a contract between

the City and the registered owner of this Convertible Capital Appreciation Bond, to all the provisions of which the registered owner of this Convertible Capital Appreciation Bond, by acceptance hereof, agrees and consents.

The Convertible Capital Appreciation Bonds maturing by their terms on \_\_\_\_\_, are subject to mandatory sinking fund redemption prior to their stated maturity date, in part on \_\_\_\_\_ of each year on or after \_\_\_\_\_, from mandatory sinking fund payments to be made by the City in the amounts set forth below, pro rata among Holders, at a redemption price equal to the Accreted Value thereof to be redeemed, without a redemption premium:

Mandatory Sinking Fund Payment Date (            )	Mandatory Sinking Fund Payment
_____	_____

Notice of redemption of any Convertible Capital Appreciation Bonds or any portions thereof shall be given by first class mail not less than thirty (30) days nor more than forty-five (45) days before the redemption date of such Convertible Capital Appreciation Bonds or portions thereof to the respective registered owners thereof as their names and addresses appear on the registration books maintained by the Trustee pursuant to the Trust Agreement and to those information services and securities depositories provided in the Trust Agreement; all subject to and in accordance with the provisions of the Trust Agreement. If notice of redemption has been duly given as aforesaid and money for the payment of the above-described redemption price is held by the Trustee, then this Convertible Capital Appreciation Bond shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated, interest on this Convertible Capital Appreciation Bond shall cease to accrue and the registered owner of this Convertible Capital Appreciation Bond shall have no rights with respect hereto except to receive payment of the redemption price hereof.

If an Event of Default, as that term is defined in the Trust Agreement, shall occur, the principal or Accreted Value (as that term is defined in the Trust Agreement) of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Trust Agreement; provided, that the Trust Agreement provides that in certain events such declaration and its consequences may be rescinded under the circumstances as provided therein.

This Convertible Capital Appreciation Bond is transferable only on a register to be kept for that purpose at the above-mentioned office of the Trustee by the registered owner hereof in person or by his duly authorized attorney upon payment of the charges provided in the Trust Agreement and upon surrender of this Convertible Capital Appreciation Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new fully registered Convertible Capital

Appreciation Bond or Bonds in the same aggregate accreted value at the end of the accretion period hereof of authorized denominations will be issued to the transferee in exchange therefor. The Trustee and the City may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of the interest hereon and the accreted value at the end of the accretion period hereof and for all other purposes, whether or not this Convertible Capital Appreciation Bond shall be overdue, and neither the Trustee nor the City shall be affected by any notice or knowledge to the contrary; and payment of the interest on or accreted value at the end of the accretion period of this Convertible Capital Appreciation Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on this Convertible Capital Appreciation Bond to the extent of the sum or sums so paid.

This Convertible Capital Appreciation Bond shall not be entitled to any benefit, protection or security under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been executed and dated by an authorized signatory of the Trustee.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of this Convertible Capital Appreciation Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Convertible Capital Appreciation Bond, together with all other indebtedness of the City, does not exceed any limit prescribed by the Constitution or laws of the State of California and is not in excess of the amount of Convertible Capital Appreciation Bonds permitted to be issued under the Trust Agreement.

IN WITNESS WHEREOF, the City of Pasadena has caused this Convertible Capital Appreciation Bond to be executed in its name and on its behalf by the signature of the \_\_\_\_\_ of the City and countersigned by the signature of the City Clerk who has impressed the seal of the City hereon, and has caused this Convertible Capital Appreciation Bond to be dated as of the original issue date specified above.

CITY OF PASADENA

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

[SEAL]

Countersigned:

\_\_\_\_\_  
City Clerk

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.

[FORM OF CERTIFICATE OF AUTHENTICATION]

This is one of the Bonds described in the within-mentioned Trust Agreement which has been authenticated on \_\_\_\_\_.

\_\_\_\_\_,  
as Trustee

By \_\_\_\_\_  
Authorized Signatory

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ (Taxpayer Identification Number: \_\_\_\_\_) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

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

Note: The signature to this Assignment must correspond with the name as written on the face of the Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed: \_\_\_\_\_

Notice: Signature must be guaranteed by an eligible guarantor institution.

B. Forms of Variable Rate Bonds

1. Form of Flexible Rate Mode Bonds

ANY BONDHOLDER WHO FAILS TO DELIVER THIS BOND FOR PURCHASE AT THE TIME AND AT THE PLACE REQUIRED HEREIN SHALL HAVE NO OTHER RIGHTS HEREUNDER EXCEPT THE RIGHT TO RECEIVE THE PURCHASE PRICE HEREOF UPON PRESENTATION AND SURRENDER OF THIS BOND TO THE PAYING AGENT AS DESCRIBED HEREIN, AND SUCH BONDHOLDER SHALL HOLD THIS BOND AS AGENT FOR THE PAYING AGENT.

CITY OF PASADENA  
TAXABLE PENSION FUNDING BOND  
SERIES B (VARIABLE RATE) BOND  
(FLEXIBLE RATE MODE)

No. R \_\_\_\_\_

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

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

DOLLARS

INTEREST PAYMENT DATE: On (i) each  
Purchase Date and (ii) on the Maturity Date

INTEREST RATE:  
(to the Next Purchase Date)

NEXT PURCHASE DATE:

COMMENCEMENT DATE OF RATE PERIOD:

MATURITY DATE: \_\_\_\_\_

DATE OF THIS BOND:  
(Date as of which Bonds of this  
Series were initially issued)

CUSIP: