

PROPOSED FORM OF
ESCROW AGREEMENT RELATING
TO THE 2002 BONDS

**ESCROW AGREEMENT
RELATING TO THE DEFEASANCE AND REDEMPTION
OF OUTSTANDING CITY OF PASADENA, CALIFORNIA
ELECTRIC REVENUE BONDS, 2002 SERIES**

THIS ESCROW AGREEMENT, dated as of November 1, 2013 (this “Escrow Agreement”), by and between the City of Pasadena, California (the “City”) and The Bank of New York Mellon Trust Company, N.A., as escrow agent hereunder (the “Escrow Agent”),

WITNESSETH:

WHEREAS, pursuant to an Electric Revenue Bond Fiscal Agent Agreement, dated as of August 1, 1998 (as amended and supplemented, the “Fiscal Agent Agreement”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as successor fiscal agent (the “Fiscal Agent”), the City heretofore issued \$82,320,000 principal amount of its Electric Revenue Bonds, 2002 Series, of which \$3,535,000 principal amount are currently outstanding (the “2002 Bonds”); and

WHEREAS, the City’s Electric Revenue/Refunding Bonds, 2013A Series (the “2013A Bonds”) are being issued pursuant to the Fiscal Agent Agreement for the purpose, among others, of refunding the outstanding 2002 Bonds (such 2002 Bonds being refunded are more particularly identified in Exhibit A attached hereto and referred to herein as the “Refunded 2002 Bonds”), by providing funds to redeem on _____, [2013], the Refunded 2002 Bonds at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon to the redemption date; and

WHEREAS, in order to accomplish the refunding of the Refunded 2002 Bonds in accordance with the Fiscal Agent Agreement, the City will deposit, or cause to be deposited, with the Escrow Agent, proceeds of the 2013A Bonds [and certain other available funds] in accordance with this Escrow Agreement;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the City and the Escrow Agent agree as follows:

SECTION 1. Deposit of Moneys. The City will irrevocably deposit, or cause to be deposited, with the Escrow Agent \$_____, representing a portion of the net proceeds of the sale of the 2013A Bonds; all to be held in irrevocable trust by the Escrow Agent, separate and apart from other funds of the City and the Escrow Agent, in a fund hereby created and established to be known as the “Escrow Fund” and to be applied solely as provided in this Escrow Agreement. [\$_____ of said moneys will be applied to purchase direct obligations of the United States of America (including obligations held or issued in book-entry form on the books of the Department of the Treasury of the United States of America and CATS and TIGRS) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America and otherwise satisfying the criteria set forth in Section 9.03 of the Fiscal Agent Agreement (the “Federal Securities”), and \$[_____] of said moneys will be held uninvested as cash.] The moneys set forth above are at least an amount sufficient to purchase the Federal Securities. The principal of and interest on the Federal

Securities when due will provide moneys, together with the moneys held uninvested as cash as set forth above, which will be sufficient to redeem on _____ 5, 2013 the Refunded 2002 Bonds at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon to the redemption date. The amounts required to be paid on the Refunded 2002 Bonds are shown on Exhibit B hereto. In accordance with the Fiscal Agent Agreement, upon the deposit of funds as provided in this Section 1, notice of the redemption of the Refunded 2002 Bonds having been given or provision satisfactory to the Fiscal Agent having been made for the giving of such notice as set forth in Section 5 hereof, the pledge of the Net Income and other assets made under the Fiscal Agent Agreement in respect of the Refunded 2002 Bonds shall cease, terminate and be completely discharged and satisfied, and all payments of interest on, any redemption premium, and principal of the Refunded 2002 Bonds shall be paid only from moneys on deposit with the Escrow Agent as provided in this Escrow Agreement.

SECTION 2. Investment of Moneys. The Escrow Agent acknowledges receipt of the moneys described in Section 1 hereof and agrees immediately to invest such moneys in the Federal Securities set forth in Exhibit C hereto and to deposit such Federal Securities in the Escrow Fund, or hold such moneys as cash as provided in Section 1.

SECTION 3. Payment of Refunded 2002 Bonds.

(a) Payment of Refunded 2002 Bonds. From the maturing principal of the Federal Securities, and the investment income and other earnings thereon, and other moneys on deposit in the Escrow Fund, the Escrow Agent shall pay on _____, 2013 the redemption price of the Refunded 2002 Bonds (*i.e.*, 100% of the principal amount thereof), together with interest accrued thereon to the date of redemption, without premium. Any moneys remaining in the Escrow Fund after payment of the Refunded 2002 Bonds in full as provided herein shall be transferred to the Parity Obligation Payment Fund. Any such amounts transferred to the Parity Obligation Payment Fund may be temporarily invested by the City in Investment Securities after consultation with nationally recognized bond counsel regarding yield restriction limitations with respect to such investment.

(b) Instructions to Provide Notice. The City hereby irrevocably instructs the Fiscal Agent (i) to mail a notice to the owners of the Refunded 2002 Bonds substantially in the form of Exhibit E hereto that an irrevocable deposit has been made with the Escrow Agent and that the Refunded 2002 Bonds have been deemed to be paid, all in accordance with the Fiscal Agent Agreement, and (ii) to provide notice of the redemption of the Refunded 2002 Bonds to be redeemed substantially in the form of Exhibit D hereto (A) by mail, postage prepaid, to the registered owners of the Refunded 2002 Bonds (with a copy to the bond insurer for the Refunded 2002 Bonds) and to the Municipal Securities Rulemaking Board (MSRB) through the Electronic Municipal Market Access System (referred to as "EMMA"), at www.emma.msrb.org, at least thirty (30) days but not more than sixty (60) days prior to _____, 2013, the redemption date, all in accordance with Section 3.02 of the Fiscal Agent Agreement.

The Fiscal Agent is hereby further instructed to provide by telecopy, certified, registered or overnight mail to the Securities Depositories (as defined in the Fiscal Agent Agreement) such redemption notice one (1) day prior to the mailing of the redemption notice to such owners and the MSRB in accordance with the Fiscal Agent Agreement.

(c) Unclaimed Moneys. Subject to the applicable laws of the State of California, any moneys which remain unclaimed for two (2) years after the date when such moneys have become due and payable shall be repaid by the Escrow Agent to the City as its absolute property and free from trust, and all liability of the Escrow Agent with respect to such moneys shall thereupon cease and any unpaid owners of Refunded 2002 Bonds shall look only to the City for the payment thereof; provided, however, that before being required to make any such payment to the City, the Escrow Agent shall, at the expense of the City, first mail to the owners of any Refunded 2002 Bonds remaining unpaid, a notice that said moneys remain unclaimed and that the balance of such moneys then unclaimed will be returned to the City.

(d) Priority of Payments. The owners of the Refunded 2002 Bonds shall have a lien on moneys and securities in the Escrow Fund, including, as applicable, any redemption premium thereon, in accordance with this Escrow Agreement, until such moneys and such securities are used and applied as provided in this Escrow Agreement.

SECTION 4. Resignation and Removal of Escrow Agent. The Escrow Agent may at any time resign and be discharged of the duties and obligations hereunder by giving at least thirty (30) days written notice to the City. The Escrow Agent may be removed at any time by an instrument in writing signed by the City. In either such event, the City shall appoint a successor escrow agent by an instrument in writing. Any such resignation or removal shall become effective upon acceptance of appointment of a successor escrow agent. If the City does not appoint a successor within 60 days of the resignation or removal, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Escrow Agent.

SECTION 5. Performance of Duties. The Escrow Agent agrees to perform the duties set forth herein and shall have no responsibility to take any action not set forth herein.

SECTION 6. Escrow Agent's Authority to Make Investments. Except as provided in Section 2 hereof, the Escrow Agent shall have no power or duty to invest any funds held under this Escrow Agreement or to sell, transfer or otherwise dispose of the moneys or Federal Securities held hereunder.

SECTION 7. Indemnity. The City hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents and employees, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the City or any other person under any other agreement or instrument, but without double indemnity) relating to or arising out of the execution, delivery and performance of this Escrow Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of the Federal Securities, the retention of the Federal Securities or the proceeds thereof, and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Escrow Agreement; provided, however, that the City shall

not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the default by the Escrow Agent of the terms of this Escrow Agreement. In no event shall the City or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section 9. The indemnities contained in this Section 9 shall survive the termination of this Escrow Agreement and the resignation or removal of the Escrow Agent.

SECTION 8. Responsibilities of Escrow Agent.

(a) Liability of Escrow Agent. The Escrow Agent and its employees and agents shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of the Federal Securities, the retention of the Federal Securities or the proceeds thereof, the sufficiency of the Federal Securities to pay the Refunded 2002 Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the City, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the Federal Securities to accomplish the refunding of the Refunded 2002 Bonds or to the validity of this Escrow Agreement as to the City and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Escrow Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the City, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any reasonable action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the City. Notwithstanding anything in this Escrow Agreement to the contrary, in no event shall the Escrow Agent be liable for special, indirect or consequential loss or damage (including but not limited to lost profits), even if the Escrow Agent has been advised of such loss or damage and regardless of the form of action.

The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees.

The Escrow Agent agrees to accept and act upon instructions or directions pursuant to this Escrow Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If

the City elects to give the Escrow Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Agent in its discretion elects to act upon such instructions, the Escrow Agent's understanding of such instructions shall be deemed controlling. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(b) No Obligation to Expend Own Funds. No provision of this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur any financial liability (except as otherwise expressly provided in this Section 10) in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

(c) Merger or Consolidation of Escrow Agent. Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to the Escrow Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

SECTION 9. Amendments. This Escrow Agreement is made for the benefit of the City and the owners from time to time of the Refunded 2002 Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Agent and the City; provided, however, that the City and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Escrow Agreement or enter into such agreements supplemental to this Escrow Agreement as shall not adversely affect the rights of such owners and as shall not be contrary to the terms and provisions of this Escrow Agreement or the Fiscal Agent Agreement, for any of the following purposes: (i) to cure any ambiguity or defect or omission in this Escrow Agreement; (ii) to include under this Escrow Agreement additional funds or securities; or (iii) to effect any other change to this Escrow Agreement provided that such change does not materially adversely affect the interests of the owners of the Refunded 2002 Bonds. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section 11, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the Refunded 2002 Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section 9.

SECTION 10. Term. This Escrow Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of (i) the date upon which the Refunded 2002 Bonds have been paid in accordance with this Escrow Agreement or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 3(c) of this Escrow Agreement.

SECTION 11. Compensation. The Escrow Agent shall receive its reasonable fees and expenses as previously agreed to by the Escrow Agent and the City; provided, however, that under no circumstances shall the Escrow Agent be entitled to any moneys or securities on deposit in the Escrow Fund, or to any lien whatsoever on any moneys or securities in the Escrow Fund, for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Escrow Agreement.

SECTION 12. Severability. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the City or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

SECTION 13. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

SECTION 14. Governing Law. This Escrow Agreement shall be construed under the laws of the State of California.

SECTION 15. Insufficient Funds. If at any time the moneys and securities in the Escrow Fund, including the anticipated proceeds of and earnings thereon, will not be sufficient to make all payments required by this Escrow Agreement, the Escrow Agent shall notify the City in writing, immediately upon becoming aware of such deficiency, of the amount of the deficiency and the reason therefor, if known. The Escrow Agent shall have no further responsibility regarding any such deficiency.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed by their duly authorized officers and attested as of the date first above written.

CITY OF PASADENA, CALIFORNIA

By: _____
Andrew Green
Director of Finance

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

By _____
Authorized Officer

APPROVED AS TO FORM:

By: _____
Michele Beal Bagneris
City Attorney

EXHIBIT A

REFUNDED 2002 BONDS

The Refunded 2002 Bonds have the maturity dates and CUSIP numbers as set forth below:

<u>Maturity (June 1)</u>	<u>Principal Amount Outstanding</u>	<u>Principal Amount to be Refunded</u>	<u>CUSIP Number</u>	<u>Bond Number</u>
2022	5,535,000	5,535,000	702248KG9	R-20

EXHIBIT B

REQUIREMENTS OF THE REFUNDED 2002 BONDS

<u>Date</u>	<u>Interest</u>	<u>Principal Redeemed</u>	<u>Redemption Premium</u>	<u>Total Requirements</u>
		\$3,535,000		

EXHIBIT C

FEDERAL SECURITIES [IF ANY]

<u>Type</u>	<u>Maturity Date</u>	<u>Par Amount</u>	<u>Interest Rate</u>	<u>Total Cost</u>
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EXHIBIT D

NOTICE OF REDEMPTION

**CITY OF PASADENA, CALIFORNIA
ELECTRIC REVENUE BONDS, 2002 SERIES**

NOTICE IS HEREBY GIVEN to the owners of the above-captioned bonds that the outstanding bonds as specified in the table below (the "Refunded 2002 Bonds") of the CITY OF PASADENA, CALIFORNIA (the "City"), issued on August 6, 2002 pursuant to the Electric Revenue Bond Fiscal Agent Agreement, dated as of August 1, 1998, as amended and supplemented, by and between the City and The Bank of New York Mellon Trust Company, N.A., as successor fiscal agent (the "Fiscal Agent"), have been called for redemption on November 5, 2013 (the "Redemption Date").

The Refunded 2002 Bonds so called for redemption on the Redemption Date are numbered and mature as set forth below:

<u>Maturity (June 1)</u>	<u>Principal Amount Outstanding</u>	<u>Principal Amount to be Redeemed</u>	<u>CUSIP Number</u>	<u>Bond Number</u>
2022	5,535,000	5,535,000	702248KG9	R-20

Owners of the Refunded 2002 Bonds must present and surrender the Refunded 2002 Bonds on the Redemption Date at the applicable address of the Fiscal Agent set forth below:

First Class/Registered/Certified:

The Bank of New York Mellon
Global Corporate Trust
P.O. Box 2320
Dallas, Texas 75221-2320

Express Delivery Only:

The Bank of New York Mellon
Global Corporate Trust
2001 Bryan Street, 9th Floor
Dallas, Texas 75201

By Hand Only:

The Bank of New York Mellon
Global Corporate Trust
Corporate Trust Window
101 Barclay Street, 1st Floor East
New York, New York 10286

On _____, [2013], the Refunded 2002 Bonds will be payable at a redemption price of 100% of the principal amount thereof, together with accrued interest thereon, and from and after _____, 2013 interest on the Refunded 2002 Bonds will not accrue.

Important Notice

Under the Jobs and Growth Tax Relief Reconciliation Act of 2003, 28% will be withheld if tax identification number is not properly certified.

The CUSIP numbers have been assigned by an independent service for convenience of reference and none of the City, the Fiscal Agent or the Escrow Agent shall be held liable for any inaccuracy in any such CUSIP number.

DATED: _____, [2013]

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

EXHIBIT E

NOTICE OF DEFEASANCE

**CITY OF PASADENA, CALIFORNIA
ELECTRIC REVENUE BONDS, 2002 SERIES**

NOTICE IS HEREBY GIVEN to the owners of the outstanding above-captioned bonds that such bonds as further described in the table below (the "Refunded 2002 Bonds") of the CITY OF PASADENA, CALIFORNIA (the "City"), the City has deposited with The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Agent") for the Refunded 2002 Bonds, cash and/or direct obligations of the United States of America (including obligations held or issued in book-entry form on the books of the Department of the Treasury of the United States of America and CATS and TIGRS) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America and otherwise satisfying the criteria set forth in Section 9.03 of the Electric Revenue Bond Fiscal Agent Agreement, dated as of August 1, 1998, by and between the City and The Bank of New York Mellon Trust Company, N.A., as successor fiscal agent, as amended and supplemented (the "Fiscal Agent Agreement") pursuant to which the Refunded 2002 Bonds were issued, the principal of and interest on which when due, together with amounts held as cash, will provide moneys sufficient to pay on _____, [2013] the redemption price (*i.e.*, 100% of the principal amount thereof) of the Refunded 2002 Bonds, together with accrued interest thereon to such redemption date. In accordance with the Fiscal Agent Agreement, the pledge of the Net Income and other assets made under the Fiscal Agent Agreement in respect of the Refunded 2002 Bonds shall cease, terminate and be completely discharged and satisfied, and all payments of interest on, any redemption premium, and principal of the Refunded 2002 Bonds shall be paid only from moneys on deposit with the Escrow Agent and available as aforesaid.

<u>Maturity (June 1)</u>	<u>Principal Amount Outstanding</u>	<u>Principal Amount Defeased</u>
2022	\$3,535,000	\$3,535,000

The CUSIP numbers have been assigned by an independent service for convenience of reference and none of the City, the Fiscal Agent or the Escrow Agent shall be held liable for any inaccuracy in any such CUSIP number.

DATED: _____, [2013]

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