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City of Pasadena

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SUPPLEMENT NO. 6

dated as of November 1, 2015

to the

AMENDED AND RESTATED SUBLEASE

dated as of January 1, 2003

by and between the

PASADENA PUBLIC FINANCING AUTHORITY,  
as Sublessor

and the

CITY OF PASADENA,  
as Sublessee

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SUPPLEMENT NO. 6 TO THE  
AMENDED AND RESTATED SUBLEASE

This Supplement No. 6 to the Amended and Restated Sublease, dated as of November 1, 2015 (the "Supplement No. 6 to Sublease"), supplements and amends the Amended and Restated Sublease, dated as of January 1, 2003, as supplemented by the Supplement No. 1 to the Amended and Restated Sublease, dated as of March 1, 2004, as supplemented by Supplement No. 2 to the Amended and Restated Sublease, dated as of September 1, 2006, as supplemented by the Supplement No. 3 to the Amended and Restated Sublease, dated as of April 1, 2008, as supplemented by Supplement No. 4 to the Amended and Restated Sublease, dated as of May 1, 2008 and as supplemented by Supplement No. 5 to the Amended and Restated Sublease, dated as of July 1, 2008 (such Amended and Restated Sublease, together with such Supplement No. 1, Supplement No. 2, Supplement No. 3, Supplement No. 4 and Supplement No. 5 to the Amended and Restated Sublease, the "Prior Sublease"), between the Pasadena Public Financing Authority (the "Authority") and the City of Pasadena (the "City").

W I T N E S S E T H :

WHEREAS, the City has caused the execution and delivery of an additional series of certificates designated as City of Pasadena Refunding Certificates of Participation, Series 2015A, in the aggregate initial principal amount of \$[PAR] (the "2015A Certificates") for the purpose of refunding the outstanding 2008C Certificates (as defined in the Prior Sublease), funding, if necessary, a deposit to a reserve fund and financing the costs of execution and delivery of the 2015A Certificates;

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

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

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

WHEREAS, Supplement No. 3 to Amended and Restated Sublease, dated as of April 1, 2008, by and between the Authority and the City was recorded on April 21, 2008 as Instrument No. 20080691443;

WHEREAS, Supplement No. 4 to Amended and Restated Sublease, dated as of May 1, 2008, by and between the Authority and the City was recorded on May 15, 2008 as Instrument No. 20080866816;

WHEREAS, Supplement No. 5 to Amended and Restated Sublease, dated as of July 1, 2008, by and between the Authority and the City was recorded on July 17, 2008 as Instrument No. 20081261511;

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

WHEREAS, the Authority and the City now desire to amend the Prior Sublease in accordance with Section 11.05 thereof in order to amend Exhibit B to provide for changes to the Base Rental Payments payable under the Sublease in connection with the execution and delivery of the 2015A Certificates;

WHEREAS, the City has made all required Base Rental Payments in full as of the date hereof;

WHEREAS, the City Council has found and determined that the annual fair rental value of the Leased Property is currently not less than \$50,000,000, which amount exceeds the maximum Base Rental Payments (whether calculated as shown in Exhibit B hereto or by reference to the payment terms of the outstanding previously delivered Certificates and the 2015A Certificates) plus Additional Rental payable hereunder, and in making such determination, the City has given consideration to variety of factors, including, without limitation, the replacement costs of existing improvements on the Leased Property, the value of the underlying real estate, other obligations of the parties under the Sublease, the uses and purposes which may be served by the improvements on the Leased Property and the benefits therefrom which will accrue to the City and the general public;

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. All capitalized terms used in this Supplement No. 6 to Sublease but not defined herein shall have the meanings ascribed thereto in the Prior Sublease; however terms used in this Supplement No. 6 to Sublease which have been amended pursuant to the Sixth Supplemental Trust Agreement shall have the meanings ascribed thereto in the Sixth Supplemental Trust Agreement.

2. Pursuant to Section 11.05 of the Prior Sublease, upon consent of at least 50% in value of the Certificates Outstanding, the following amendments to Prior Sublease shall become effective:

(a) Section 2.06(b) of the Prior Sublease is amended and restated in its entirety as follows:

(b) No Substitution, Addition or Removal shall take place hereunder until the City delivers to the Authority, the Qualified Swap Provider and the Trustee the following:

(1) A Certificate of the City containing a description of all or part of the Leased Property to be released and, in the event of a Substitution or Addition, a description of the Substituted Property to be substituted in its place or the Additional Property to be added, as the case may be;

(2) A Certificate of the City stating that the annual fair rental value of the Leased Property, after a Substitution, Addition or Removal, in each year during the remaining term of this Sublease, is, with respect to a Substitution or Removal, at least, equal to the maximum annual Base Rental Payments attributable to the Leased Property prior to said Substitution or Removal, or, with respect to an Addition, at least equal to the maximum annual Base Rental Payments attributable to the Leased Property after such Addition, as determined by the City in a certificate of the City on the basis of an appraisal of the Leased Property, after said Substitution, Addition or Removal, conducted by a member of the American Institute of Real Estate Appraisers or the American Society of Appraisers designated by the City;

(3) An Opinion of Counsel to the effect that the amendments hereto and to the Lease contemplating Substitution, Addition or Removal have been duly authorized, executed and delivered and constitute the valid and binding obligations of the City and the Authority enforceable in accordance with their terms;

(4) In the event of a Substitution or Addition, a policy of title insurance in an amount equal to the same proportion of the principal amount as the principal portion of Base Rental Payments for the Substituted Property or Additional Property, as the case may be, bears to the total principal portion of Base Rental Payments, insuring the City's leasehold interest in the Substituted Property or Additional Property, as the case may be (except any portion thereof which is not, real property), subject to Permitted Encumbrances., together with an endorsement thereto making said policy payable to the Trustee for the benefit of the Owners of the Certificates;

(5) In the event of a Substitution or Addition,. an opinion of the City Attorney of the City to the effect that the exceptions, if any, contained in the title insurance .policy referred to in clause (4) above do not interfere with the beneficial use and occupancy of the Substituted Property or Additional Property, as the case may be, described in such policy by the City for the purposes of leasing or using the Substituted Property or Additional Property, as the case may be;

(6) An Opinion of Counsel that the Substitution, Addition or Removal does not cause the interest with respect to Certificates to be includable in gross income of the Owners thereof for federal income tax purposes;

(7) A Certificate of the City stating that the City has complied with the covenants contained in clauses (1) and (2) of Section 6.03 hereof with respect to any Substituted Property or Additional Property;

(8) Evidence that the City has delivered to each of the Rating Agencies then rating any Certificates and each Credit Provider copies of the certificates and appraisal described in clauses (1) and (2) above; and

(9) In the case of a Substitution or Removal, written consent of each Credit Provider to such Substitution or Removal.

(b) The last five paragraphs of Section 10.01 of the Prior Sublease are amended and restated in its entirety as follows:

The Authority or its assignee, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(1) To terminate this Sublease in the manner hereinafter provided on account of default by the City, ~~notwithstanding any retaking of possession or re-letting of the Leased Property as hereinafter provided for in subparagraph (2) hereof,~~ and to retake possession of the Leased Property. In the event of such termination, the City agrees to surrender immediately possession of the Leased Property, without let or hindrance, and to pay the Authority or its assignee all damages recoverable at law that the Authority or its assignee may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such retaking possession of the Leased Property. Neither notice to pay rent nor to deliver up possession of the Leased Property given pursuant to law nor any proceeding in unlawful detainer, or otherwise, brought by the Authority or its assignee for the purpose of obtaining possession of the Leased Property nor the appointment of a receiver upon initiative of the Authority or its assignee to protect the Authority's or its assignee's interest under this Sublease shall of itself operate to terminate this Sublease, and no termination of this Sublease on account of default by the City shall be or become effective by operation of law or acts of the parties hereto, unless and until the Authority or its assignee shall have given written notice to the City of the election on the part of the Authority or its assignee to terminate this Sublease.

(2) Without terminating this Sublease, (i) to collect each installment of rent as it becomes due and enforce any other term or provision hereof to be kept or performed by the City ~~and/or (ii) to exercise any and all rights to retake possession of the Leased Property.~~ In the event the corporation or its assignee does not elect to terminate this Sublease in the manner provided for in subparagraph (1) hereof, the City shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the City and, to pay the rent to the end of the term of this Sublease ~~or, in the event that the Leased Property is re-let, to pay any deficiency in rent that results therefrom;~~ and further agrees to pay said rent and/or rent deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of rent hereunder (without acceleration), ~~notwithstanding the fact that the Authority or its assignee may have received in previous years or may receive thereafter in~~

~~subsequent years rental in excess of the rental herein specified and notwithstanding any retaking of possession of the Leased Property by the Authority or its assignee or suit in unlawful detainer, or otherwise, brought by the Authority or its assignee for the purpose of obtaining possession of the Leased Property. Should the Authority or its assignee elect to retake possession of the Leased Property as herein provided, the City hereby irrevocably appoints the Authority or its assignee as the agent and attorney in fact of the City to re-let the Leased Property, or any items thereof, from time to time, either in the Authority's or its assignee's name or otherwise, upon such terms and conditions and for such use and period as the Authority or its assignee may deem advisable and the City hereby indemnifies and agrees to save harmless the Authority or its assignee from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any retaking of possession of and re-letting of the Leased Property by the Authority or its assignee or its duly authorized agents in accordance with the provisions herein contained. The City agrees that the terms of this Sublease constitute full and sufficient notice of the right of the Authority or its assignee to re-let the Leased Property in the event of such reentry without effecting a surrender of this Sublease, and further agrees that no acts of the Authority or its assignee in effecting such re-letting shall constitute a surrender or termination of this Sublease irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that on the contrary, in the event of such default by the City the right to terminate this Sublease shall vest in the Authority or its assignee to be effected in the sole and exclusive manner provided for in subparagraph (1) hereof. The City further waives the right to rental obtained by the Authority or its assignee in excess of the rental herein specified and hereby conveys and releases such excess to the Authority or its assignee as compensation to the Authority or its assignee for its services in re-letting the Leased Property or any items thereof. The City further agrees to pay the Authority or its assignee the cost of any alterations or repairs to the Leased Property or any items thereof necessary to place the Leased Property or any items thereof in condition for re-letting immediately upon notice to the City of the completion and installation of such alterations or repairs.~~

~~The City hereby waives any and all claims for damages caused or which may be caused by the Authority or its assignee in taking possession of the Leased Property as herein provided and all claims for damages that may result from the destruction of or injury to the Leased Property and all claims for damages to or loss of any property belonging to the City, or any other person, that may be on or about the Leased Property.~~

~~The Authority expressly waives the right to receive any amount from the City pursuant to Section 1951.2(a)(3) of the California Civil Code.~~

3. Pursuant to Section 11.05 of the Prior Sublease, Exhibit B of the Prior Sublease is hereby amended in its entirety to read as set forth in Exhibit B hereto. The City has made all required Base Rental Payments in full as of the date hereof.

4. All other provisions of the Prior Sublease shall remain in full force and effect.
5. This Supplement No. 6 to Sublease shall become effective as of the date first stated above.

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Supplement No. 6 to Sublease by their officers thereunto duly authorized as of the day and year first above written.

CITY OF PASADENA

By: \_\_\_\_\_  
Matthew E. Hawkesworth  
Director of Finance

ATTEST:

\_\_\_\_\_  
Mark Jomsky  
City Clerk

APPROVED AS TO FORM:

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

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Eric Tashman  
Sidley Austin LLP

PASADENA PUBLIC FINANCING  
AUTHORITY

By: \_\_\_\_\_  
Matthew E. Hawkesworth  
Treasurer

ATTEST:

\_\_\_\_\_  
Mark Jomsky  
Secretary





TRUSTEE APPROVAL

BY EXECUTION HEREOF, The Bank of New York Mellon Trust Company, N.A. as Trustee for the outstanding the 2006A Certificates, the 2008A Certificates, the 2008B Certificates and the 2008C Certificates pursuant to Section 11.05 of the Prior Sublease, hereby approves the foregoing amendments to the Prior Sublease contained in this Supplement No. 6 to Sublease as of the date above first written.

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

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

CONSENT

BY EXECUTION HEREOF, Ambac Assurance Corporation, as Insurer of the outstanding 2006A Certificates, hereby consents to the foregoing amendments to the Prior Sublease contained in this Supplement No. 6 to Sublease as of the date above first written. By providing its consent Ambac Assurance Corporation makes no statement as to the necessity of obtaining other consents or taking other actions prior to effectuating the actions described herein.

AMBAC ASSURANCE CORPORATION

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

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

**EXHIBIT B**

**PROJECTED BASE RENTAL PAYMENT OBLIGATIONS<sup>(1)</sup>**

<b>Fiscal Year Ended June 30</b>	<b>Prior Certificates<sup>(2)(3)</sup></b>	<b>2015A Certificates</b>	<b>Aggregate Base Rental Payments</b>
2016	13,917,013		
2017	14,374,183		
2018	14,691,538		
2019	13,121,500		
2020	10,225,912		
2021	10,554,418		
2022	10,900,174		
2023	11,260,174		
2024	12,052,756		
2025	12,470,418		
2026	12,935,425		
2027	13,373,290		
2028	13,848,758		
2029	14,342,283		
2030	14,869,437		
2031	15,410,631		
2032	15,988,915		
2033	15,830,576		
2034	18,930,866		
2035	11,679,750		
2036	-		
2037	-		
2038	-		

- (1) Does not include any Additional Rental or any termination payments with respect to the Swap Agreement or fees or expenses of trustees, remarketing agents, auction agents, broker-dealers or other professionals in connection with the Certificates.
- (2) Includes fixed interest payments by the City under the Swap Agreement of 3.536% per annum and assumes variable rate received by the City under the Swap Agreement will equal the interest represented by the 2008A Certificates.
- (3) Excludes refunded portion of the 2008C Certificates.