

## PLAN OF REFUNDING

A portion of the proceeds of the Bonds will be used to prepay the Certificates. The Bank of New York Trust Company, N.A. is the successor trustee for the Certificates (the "Prior Trustee") under the Trust Agreement. The 1991 Certificates are currently outstanding in the principal amount of \$6,000,000 and the 1996 Certificates are currently outstanding in the principal amount of \$14,100,000.

Upon the issuance of the Bonds, a portion of the proceeds of the Bonds, together with other available funds, will be applied to the reimbursement of a draw under the letter of credit securing the 1991 Certificates which draw will be deposited in an escrow fund established for the 1991 Certificates (the "1991 Certificates Escrow Fund") pursuant to an escrow agreement, dated February 16, 2006, between the Prior Trustee and the City. Such funds will be used to purchase direct obligations of the United States of America ("Government Obligations") to be held in trust for the benefit of the holders of the 1991 Certificates. The Government Obligations in the 1991 Certificates Escrow Fund will mature at such times and in such amounts, together with any available cash in the 1991 Certificates Escrow Fund, such that sufficient moneys will be available in the 1991 Certificates Escrow Fund to provide for the payment on April 3, 2006 (the "1991 Certificates Prepayment Date") of the prepayment price of the 1991 Certificates, and the interest with respect to the 1991 Certificates coming due on and prior to such 1991 Certificates Prepayment Date.

Additionally, a portion of the proceeds of the Bonds, together with other available funds, will be applied to the reimbursement of a draw under the letter of credit securing the 1996 Certificates which draw will be deposited in an escrow fund established for the 1996 Certificates (the "1996 Certificates Escrow Fund") pursuant to an escrow agreement, dated February 16, 2006, between the Prior Trustee and the City. Such funds will be used to purchase Government Obligations to be held in trust for the benefit of the holders of the 1996 Certificates. The Government Obligations in the 1996 Certificates Escrow Fund will mature at such times and in such amounts, together with any available cash in the 1996 Certificates Escrow Fund, such that sufficient moneys will be available in the 1996 Certificates Escrow Fund to provide for the payment on April 3, 2006 (the "1996 Certificates Prepayment Date") of the prepayment price of the 1996 Certificates, and the interest with respect to the 1996 Certificates coming due on and prior to such 1996 Certificates Prepayment Date.

## **THE PROJECT**

A portion of the proceeds of the Bonds will be used to (i) finance additional improvements to the Rose Bowl Stadium and related facilities, which improvements consist primarily of locker room facilities for both “home” and visiting teams utilizing the Rose Bowl Stadium, (ii) finance additional improvements to the City’s City Hall and related facilities, which improvements consist primarily of seismic retrofitting, (iii) fund a debt service reserve fund for the Bonds and (iv) pay the costs of issuing the Bonds.

## **THE LEASED PROPERTY**

The Leased Property consists of the land on which the Rose Bowl Stadium, and certain other facilities, including the Brookside Golf Course and the parking lots for the Rose Bowl Stadium, are located, and includes all improvements thereon. The land on which the Leased Property is located is in the northwest section of the City in the area generally known as the Arroyo Seco and was built in the 1920s. The Rose Bowl Stadium has been designated as an historical landmark. The stadium hosts the home football games for UCLA as well as the Rose Bowl Game each year, which is the national championship game for college football’s Bowl Championship Series every fourth year.

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

## **THE SWAP AGREEMENT**

The City has entered into an interest rate swap agreement in the form of an ISDA Master Agreement, Schedule and Credit Support Annex and related Transactions (the “Swap Agreement”) with Deutsche Bank AG, New York Branch (the “Swap Provider”) in connection with the Bonds. The Swap Agreement has a term equal to the final maturity of the Bonds. Pursuant to the Swap Agreement, the City will pay a fixed rate of interest on an initial notional amount equal to \$47,300,000. In return, the Swap Provider will pay a variable rate of interest equal to a percentage of LIBOR on a like notional amount. The amounts payable by a party under the Swap Agreement are netted against the payments to be received by such party thereunder. Both the City and the Swap Provider have the right to terminate the Swap Agreement prior to its stated termination date under certain conditions, in which event termination payments may be outstanding. Such termination payment could be substantial. Neither the Trustee nor the Owners of the Bonds have any rights under the Swap Agreement or against the Swap Provider.

## **THE AUTHORITY**

The Authority is a separate entity created by the City and the Pasadena Community Development Commission pursuant to the provisions of the Joint Exercise of Powers Act and the Joint Exercise of Powers Agreement, dated April 24, 2000, between the City and the Commission.

The Authority is administered by a Governing Board which consists of the members of the City Council. **THE AUTHORITY IS NOT OBLIGATED IN ANY MANNER WHATSOEVER TO MAKE BASE RENTAL PAYMENTS OR ADDITIONAL RENTAL PAYMENTS.**

## THE CITY

The City was incorporated in 1886 and became a freeholder charter city in 1901. The City adopted its city manager form of government by amendments to the City Charter in 1921. The City Council is responsible for the administration of the City. The City covers nearly 23 square miles and is located in the County of Los Angeles in the northwestern portion of the San Gabriel Valley. The City is bounded on the west by the cities of Los Angeles, La Cañada and Glendale, on the south by the cities of South Pasadena and San Marino, on the east by the cities of Arcadia and Sierra Madre and on the north by the unincorporated community of Altadena and the San Gabriel Mountains.

Because the Bonds are subject to tender for purchase upon no more than five Business Days notice and the purchase price of Bonds subject to optional or mandatory tender for purchase is payable solely from remarketing proceeds and amounts made available under the Letter of Credit, this Official Statement does not contain financial or operating information relating to the City or its ability to make Rental Payments under the Sublease. Accordingly, the investment decision to purchase or hold Bonds should be made solely on the basis of the creditworthiness of the Bank. See "THE BANK."

## TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based on an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is included herein as Appendix B.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

The interest rate mode and certain requirements and procedures contained or referred to in the Indenture, the Sublease, the Tax Certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Orrick, Herrington & Sutcliffe LLP.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a

Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depend upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislation, if enacted into law, or clarification of the Code, may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority and the City have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review of IRS positions with which the Authority legitimately disagrees may not be practicable, any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or any audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the Bonds, and may cause the Authority or the Beneficial Owners to incur significant expense.

#### **APPROVAL OF LEGALITY**

Legal matters incident to the issuance of the Bonds are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is included herein as Appendix B. See "TAX MATTERS." Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. A approval of other legal matters will be passed upon for the City by the City Attorney, for the Bank by its counsel, Sidley Austin Brown & Wood LLP and for the Underwriter by its counsel, Hawkins Delafield & Wood LLP.

#### **CONTINUING DISCLOSURE**

In connection with the offer and sale of the Bonds, so long as the Bonds are in the Weekly Mode, neither the Authority nor the City required to satisfy the rules promulgated by the Securities and Exchange Commission relating to the continuing disclosure of annual financial and operating information and certain material events in Rule 15c2-12 (the "Rule"). The Authority and the City have covenanted in the Sublease to comply with the provisions of the Rule in the event the Bonds are converted to a Mode requiring compliance with such Rule.

## **FINANCIAL ADVISOR**

Montague DeRose and Associates, LLC (the “Financial Advisor”) has assisted the Authority and the City with various matters relating to the planning, structuring and delivery of the Bonds and related matters. The Financial Advisor is an independent financial advisory firm and is not engaged in the business of underwriting or distributing municipal securities or other public securities. The Financial Advisor undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

## **VERIFICATION**

Upon the delivery of the Bonds, Grant Thornton LLP (the “Verification Agent”), will deliver a report reviewing the mathematical accuracy of (i) certain computations concerning the adequacy of the maturing principal amount of and interest on the securities initially deposited in the 1991 Certificates Escrow Fund and the 1996 Certificates Escrow Fund to provide for the payment of the principal and interest evidenced and represented by the 1991 Certificates and the 1996 Certificates, respectively, and (ii) certain mathematical computations supporting the conclusion that the Bonds are not “arbitrage bonds” under the Code, which will be used in part by Bond Counsel in concluding that interest on the Bonds is excluded from gross income for federal income tax purposes under existing laws, regulations, ruling and court decisions.

The report of the Verification Agent will include a statement that the scope of their engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

## **RATINGS**

Fitch and S&P have assigned the Bonds the rating of “\_\_\_” and “\_\_\_,” respectively. Each of the Fitch and S&P ratings is based on the delivery of the Letter of Credit to the Trustee. Each such rating reflects only the views of the assigning Rating Agency, and an explanation of the significance of such rating may be obtained only from the Rating Agency assigning such rating. There is no assurance that the ratings will remain in effect for any given period of time or that any such rating will not be revised, either downward or upward, or withdrawn entirely, by the applicable Rating Agency, if, in its judgment, circumstances so warrant. Neither the Authority nor the City undertakes any responsibility to bring to the attention of the Owners of the Bonds any downward revision or withdrawal of any such rating. Any such downward revision or withdrawal could have an adverse effect on the market price of the Bonds. Maintenance of ratings will require periodic review of current financial data and other updating information with respect to the Bank by assigning agencies.

## **UNDERWRITING**

The Bonds are being purchased for reoffering by Merrill Lynch, Pierce, Fenner & Smith Incorporated (the “Underwriter”). The Underwriter has agreed to purchase the Bonds at a purchase price of \$ \_\_\_\_\_ (representing the principal amount of the Bonds, less an Underwriter’s discount of \$ \_\_\_\_\_). The Underwriter will purchase all of the Bonds if any are purchased. The obligations of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the contract of purchase relating to the Bonds.

## MISCELLANEOUS

The covenants and agreements of the Authority for the benefit of the Owners of the Bonds are set forth in the Indenture, and reference is made to the Indenture for a statement of the rights of the Owners of the Bonds and the covenants and obligations of the Authority. All references to the Bonds are qualified in their entirety to the definitive form thereof and the terms thereof contained in the Indenture.

Neither this Official Statement, nor any statements which may have been made orally or in writing, are to be construed as a contract with the Owners of any of the Bonds.

The summaries of and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each document, statute, report or instrument. The capitalization of any word not conventionally capitalized, or otherwise defined herein, indicates that such word is defined in a particular agreement or other document and, as used herein, has the meaning given it in such agreement or document.

Any statements in this Official Statement involving matters of opinion and all estimates, whether or not expressly so stated, are intended as such and not as representations of facts and are not to be construed as representations that they will be realized.

The preparation, execution and distribution of this Official Statement have been authorized by the Board of Directors of the Authority.

### PASADENA PUBLIC FINANCING AUTHORITY

By                     /s/ Steven B. Mermell                      
Acting Director of Finance

**APPENDIX A**  
**SUMMARY OF PRINCIPAL LEGAL DOCUMENTS**

**APPENDIX B**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**



## APPENDIX C

### BOOK-ENTRY SYSTEM

*The information in this Appendix C has been provided by The Depository Trust Company (“DTC”), New York, New York, for use in securities offering documents, and the Authority takes no responsibility for the accuracy or completeness thereof. The Authority cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement.*

1. DTC will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security will be issued in the aggregate principal amount of such Security, and will be deposited with DTC.

2. DTC, the world’s largest depository, is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting

on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in Beneficial Ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults and proposed amendments to the security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer or the paying agent or bond trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the paying agent or bond trustee, or the issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of Redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer or the paying agent or bond trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the issuer or the paying agent or bond trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

10. The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.