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**PASADENA PUBLIC FINANCING AUTHORITY**  
**TAXABLE VARIABLE RATE DEMAND LEASE REVENUE REFUNDING BONDS**  
**(Paseo Colorado Parking Facilities)**  
**Series 2008**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2008

Pasadena Public Financing Authority  
117 East Colorado Boulevard  
Pasadena, California 91109

City of Pasadena  
117 East Colorado Boulevard  
Pasadena, California 91109

Ladies and Gentlemen:

The undersigned, Merrill Lynch, Pierce, Fenner & Smith Incorporated (the “**Underwriter**”), offers to enter into this Bond Purchase Agreement (this “**Purchase Agreement**”) with the Pasadena Public Financing Authority (the “**Authority**”) and the City of Pasadena (the “**City**”), which will be binding upon the Authority, the City and the Underwriter upon the acceptance hereof by the Authority and the City. This offer is made subject to its acceptance by the Authority and the City by execution of this Purchase Agreement and its delivery to the Underwriter at or prior to 5:00 P.M., California time, on the date hereof. Upon such acceptance and delivery, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Authority, the City and the Underwriter. All terms used herein and not otherwise defined shall have the respective meanings ascribed to such terms in the Trust Agreement or the City Lease (as such terms are hereafter defined).

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the Authority, and the Authority hereby agrees to sell to the Underwriter, all (but not less than all) of the \$ \_\_\_\_\_ aggregate principal amount of the Pasadena Public Financing Authority Taxable Variable Rate Demand Lease Revenue Refunding Bonds (Paseo Colorado Parking Facilities), Series 2008 (the “**Bonds**”). The Underwriter will purchase the Bonds at a purchase price of \$ \_\_\_\_\_ (representing the principal amount of the Bonds, less Underwriter’s discount of \$ \_\_\_\_\_).

2. Authorizing Instruments and Law.

(a) The Bonds shall be issued pursuant to the provisions of the Joint Exercise of Powers Act, comprising Articles 1 and 4 of Chapter 5 of Division 7 of Title I (commencing with Section 6500) of the Government Code (the "**Act**") of the State of California (the "**State**"), Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State, the Resolution of the Authority adopted on \_\_\_\_\_, 2008 (the "**Authority Resolution**"), the Resolution of the City adopted on \_\_\_\_\_, 2008 (the "**City Resolution**"), the Resolution of the Pasadena Community Development Commission (the "**Commission**") adopted on \_\_\_\_\_, 2008 (the "**Commission Resolution**") and the Trust Agreement, dated as of September 1, 2008 (the "**Trust Agreement**"), by and between the Authority and Wells Fargo Bank, National Association, as trustee (the "**Trustee**"). The Bonds shall be payable from Lease Payments to be paid by the City to the Authority pursuant to the Lease Agreement (Paseo Colorado Parking Facilities), dated as of September 1, 2008 (the "**City Lease**"), by and between the Authority and the City, relating to the Leased Premises and the other funds pledged therefore pursuant to the Trust Agreement. In connection therewith, the Authority and the Commission entered into an Authority Lease (Paseo Colorado Parking Facilities), dated as of September 1, 2008 (the "**Authority Lease**"), providing for the lease of the Leased Premises by the Commission to the Authority. Concurrently with the execution of the Authority Lease, the Authority, the Commission and the City will enter into a certain Amendment to Parking Revenue Reimbursement Agreement, dated as of September 1, 2008 (the "**Amendment**"), amending that certain Original Reimbursement Agreement (and as so amended by the Amendment, the "**Reimbursement Agreement**"), to extend the term of the Original Reimbursement Agreement which provides for the assignment of Parking Operation Net Income and other revenues provided therein. The Authority, the City and the Commission will also enter into a certain Termination Agreement, dated as of September 1, 2008 (the "**Termination Agreement**") relating to the 2000 Bonds (described below). Pursuant to the Trust Agreement, the Authority will assign to the Trustee certain of its rights, title and interest in and to the City Lease, including its right to receive the Lease Payments due and payable thereunder.

(b) The Authority will use the proceeds of the Bonds to (i) prepay obligations of the City with respect to the outstanding Pasadena Public Financing Authority Taxable Variable Rate Demand Lease Revenue Bonds (Paseo Colorado Parking Facilities), Series 2000 (the "**2000 Bonds**"), originally executed and delivered pursuant to the Trust Agreement, dated as of June 1, 2000 (the "**2000 Trust Agreement**"), by and between the parties thereto, (ii) fund a Reserve Fund and (iii) pay certain costs of issuing the Bonds.

The Authority will prepay the 2000 Bonds by depositing into the 2000 Bonds Escrow Fund (the "**Escrow Fund**") a portion of the proceeds of the Bonds, together with other available funds. The Escrow Fund will be established under the Trust Agreement.

(c) The Bonds will initially bear interest at a Weekly Rate and may be changed to bear interest at the Fixed Rate, subject to the terms of the Trust Agreement. The initial Weekly Rate will be \_\_\_\_\_%. The Authority and the City hereby acknowledge and confirm that the purchase and sale of the Bonds is a negotiated transaction and that the Underwriter is not acting as a fiduciary or as an agent of the Authority or the City, but rather is acting solely in the capacity as Underwriter under this Purchase Agreement for its own account.

(d) The Bonds shall be dated, shall mature, shall be subject to redemption and tender for purchase, shall be payable from the sources, shall be secured and shall have such other terms and conditions as described in the Official Statement relating to the Bonds, dated \_\_\_\_\_, 2008 (such Official Statement, including the cover page, any materials incorporated by reference therein, all appendices, exhibits, reports and statements included therein or attached thereto and any amendments or supplements thereto, being herein called the “**Official Statement**”). In addition, the Bonds will be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable as provided in the Trust Agreement.

(e) While the Bonds bear interest at a Weekly Rate, the Bonds will be subject to purchase on the demand of the registered owners thereof on any business day upon seven days’ notice as described in the Official Statement. The purchase price of such tendered Bond is payable from the proceeds of remarketing of such Bonds and, to the extent remarketing proceeds attributable to such Bonds are insufficient or not available therefore, from amounts available under the Standby Bond Purchase Agreement, dated as of September 1, 2008 (the “**Standby Bond Purchase Agreement**”), by and among the Authority, the City, the Trustee and KBC Bank N.V., acting through its New York Branch (the “**Bank**”).

(f) The Authority and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as remarketing agent (the “**Remarketing Agent**”), will enter into a Remarketing Agreement, dated as of September 1, 2008 (the “**Remarketing Agreement**”), related to the remarketing of Bonds tendered or deemed tendered for purchase in accordance with the terms of the Trust Agreement.

3. Public Offering. The Underwriter agrees to make an initial public offering of all of the Bonds at a price not in excess of the initial offering price or prices set forth in the Official Statement. The Underwriter may change the initial offering price or prices as it deems necessary in connection with the offering of the Bonds without any requirement of prior notice, and may offer and sell the Bonds to certain institutions at prices lower than those stated in the Official Statement. The Authority and the City hereby authorize the use by the Underwriter of this Purchase Agreement, the Trust Agreement, the City Lease, the Authority Lease, the Remarketing Agreement, the Standby Bond Purchase Agreement, the Termination Agreement, the Reimbursement Agreement and the Official Statement, and any supplements or amendments thereto, and the information contained in each of such documents, in connection with the public offering and sale of the Bonds (each as defined herein and, collectively, the “**Legal Documents**”).

4. Delivery of Official Statement.

The Authority has delivered or caused to be delivered to the Underwriter prior to the date hereof a sufficient number of copies of its Official Statement for the Underwriter to comply with the rules of the Securities and Exchange Commission (“SEC”) and the Municipal Securities Rulemaking Board. The Authority hereby approves and ratifies the Underwriter’s use of the Official Statement and the documents referred to therein, in connection with the prospective offering of the Bonds prior to the date hereof.

The Underwriter will not confirm the sale of any Bond unless the confirmation requesting payment from the customer is accompanied or preceded by a copy of the Official Statement. At the time of or prior to the Closing Date, and whenever the Official Statement may be amended or supplemented, the Underwriter will file a copy of the Official Statement with the Municipal Securities Rulemaking Board and with a nationally recognized municipal securities information repository. The Underwriter will advise the Authority and the City of the date and repository of such filing.

The Official Statement may be delivered in printed and/or electronic form to the extent permitted by applicable rules of the MSRB and as may be agreed by the Authority, the City and the Underwriter. If the Official Statement has been prepared in electronic form, the Authority and the City hereby confirm that they do not object to distribution of the Official Statement in electronic form.

5. The Closing. At 8:30 A.M., California time, on \_\_\_\_\_, 2008, or at such other time or on such earlier or later date as we may mutually agree upon (the “**Closing Date**”), the Authority will deliver or cause to be delivered through the facilities of The Depository Trust Company, New York, New York (“**DTC**”) for the account of the Underwriter in New York, New York, or at such other place as the Authority and the Underwriter may mutually agree upon, the Bonds in definitive form, bearing proper CUSIP numbers, duly executed and authenticated, and at the offices of Sidley Austin LLP (“**Bond Counsel**”) in San Francisco, California, the other documents hereinafter mentioned; and, subject to the conditions of this Purchase Agreement, the Underwriter will accept such delivery and pay the purchase price thereof (such delivery and payment being herein referred to as the “**Closing**”). Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee of DTC, and will be in the form of a separate single fully-registered Bond in the full aggregate amount of the Bonds. The Bonds will be made available for review at least one (1) business day prior to the Closing.

6. Representations and Warranties of the Authority. The Authority hereby agrees with, and makes the following representations and warranties to, the Underwriter, as of the date hereof and as of the Closing Date, which representations and warranties shall survive the Closing:

(a) The Authority is a joint exercise of powers authority duly created and existing under the constitution and laws of the State and has full legal right, power and authority under the constitution and laws of the State, including the Act, to adopt the Authority Resolution, to execute and deliver this Purchase Agreement, the Trust Agreement, the City Lease, the Authority Lease, the Termination Agreement, the Standby Bond Purchase Agreement, the Remarketing Agreement, the Reimbursement Agreement and the Official Statement (collectively, the “**Authority Documents**”) and the Official Statement, to issue, sell and deliver the Bonds as provided herein, and to carry out and to consummate the transactions contemplated on the part of the Authority by the Authority Documents;

(b) By all necessary official action of the Authority prior to or concurrently with the acceptance hereof, the Authority has duly authorized and approved (i) the execution, delivery and distribution of the Official Statement, (ii) the issuance and sale of the Bonds upon the terms set forth in the Authority Documents and (iii) the execution and delivery of, and the

performance by the Authority of the obligations on its part contained in the Authority Documents to be executed by it and the Bonds;

(c) The Bonds will be issued in conformity with and entitled to the benefit and security of the Authority Documents, including the pledge of any amounts specified thereunder;

(d) This Purchase Agreement (assuming due execution and delivery by the other parties hereto) constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms; the other Authority Documents, when duly executed and delivered by the respective other parties thereto, will constitute the legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms; and the Bonds, when issued, authenticated and delivered in accordance with the Authority Documents and sold to the Underwriter as provided herein, will be the legal, valid and binding special obligations of the Authority enforceable in accordance with their terms; in all cases, except as such enforceability may be limited by bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally from time to time in effect and by general principles of equity and except as any rights to indemnification and contribution may be limited by public policy;

(e) The Authority is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or to which the Authority is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Authority under any of the foregoing; and the adoption, execution and delivery of the Bonds, the Authority Documents and the compliance with the provisions on the Authority's part contained therein, will not in any material respect conflict with or constitute a breach of or default under any United States or State constitutional provision, law or administrative regulation or any judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or to which the Authority is or to which any of its property or assets are otherwise subject, and such adoption, execution, delivery or compliance will not result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Authority to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Authority Documents;

(f) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Authority of its obligations under the Authority Documents and the Bonds have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds;

(g) The Official Statement as of its date does not and will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, the Authority makes no statement or representation as to the information contained under the captions “THE LIQUIDITY BANK” or “LIQUIDITY FACILITY” in the Official Statement;

(h) Except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, agency, public board or body, pending and served or, to the knowledge of the Authority, threatened against the Authority, (i) affecting the existence of the Authority or the titles of its officers to their respective offices, (ii) seeking to prohibit, restrain or enjoin the adoption of the Authority Resolution or the issuance, sale or delivery of the Bonds or the payment by the Authority of the amounts pledged by the Authority under the Trust Agreement, (iii) in any way contesting or affecting the validity or enforceability of, or the power or authority of the Authority to issue, adopt or to enter into, the Bonds, the Authority Resolution or the Authority Documents, (iv) contesting in any way the completeness or accuracy of the Official Statement, (v) wherein an unfavorable decision, ruling or finding would materially adversely affect the ability of the Authority to pay the Bonds (from amounts received from the City pursuant to the City Lease and the other funds pledged therefore pursuant to the Trust Agreement), or (vi) which contests the status of the interest on the Bonds as exempt from State personal income tax, all as described in the Official Statement;

(i) The Authority Documents and the Bonds conform to the description thereof contained in the Official Statement, if any; and

(j) Any certificate signed by an authorized officer of the Authority and delivered to the Underwriter shall be deemed a representation and warranty of the Authority to the Underwriter as to the statements made therein.

7. Covenants of the Authority. The Authority hereby covenants with the Underwriter that:

(a) Prior to the Closing Date, except as otherwise contemplated by the Official Statement, the Authority shall not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests that will be pledged to the payment of the Bonds pursuant to the Authority Documents;

(b) The Authority shall apply the proceeds of the Bonds in accordance with the provisions of the Authority Documents and as contemplated by the Official Statement;

(c) The Authority shall cooperate with the Underwriter in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter may request; provided that the Authority shall not be required to qualify as a foreign corporation in, or submit to the general jurisdiction of, any other state; and

(d) The Authority shall not knowingly take or omit to take any action that, under existing law, may adversely affect the exemption from State personal income tax, of the interest on the Bonds.

8. Representations, Warranties and Covenants of the City. The City represents, warrants and covenants to the Underwriter that:

(a) The City is a chartered city and municipal corporation, organized and existing under its charter and the Constitution and laws of the State, with full right, power and authority to execute, deliver and perform its obligations under (i) this Purchase Agreement; (ii) the City Lease; (iii) the Termination Agreement; (iv) the Reimbursement Agreement and (v) the Standby Bond Purchase Agreement (collectively, the “**City Documents**”), and to carry out and consummate the transactions contemplated on the part of the City by the City Documents and the Official Statement;

(b) By all necessary official action of the City, the City has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations contained in, the Official Statement and the City Documents and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded.

(c) This Purchase Agreement (assuming due execution and delivery by the other parties hereto) constitutes a legal, valid and binding obligation of the City enforceable in accordance with its terms; the other City Documents, when duly executed and delivered by the respective other parties thereto, will constitute the legal, valid and binding obligations of the City enforceable in accordance with their respective terms; in all cases, except as such enforceability may be limited by bankruptcy, insolvency, reorganization and other laws affecting creditors’ rights generally from time to time in effect and by general principles of equity and except as any rights to indemnification and contribution may be limited by public policy.

(d) The Official Statement as of its date does not and will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, the City makes no statement or representation as to the information contained under the captions “THE LIQUIDITY BANK” or “LIQUIDITY FACILITY” in the Official Statement;

(e) The City is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or to which the City is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the City under any of the foregoing; and the adoption, execution and delivery of the City Documents and the compliance with the provisions on the City’s part contained therein, will not in any material respect conflict with or constitute a breach of or default under any United States or State constitutional provision, law or administrative regulation

or any judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or to which the City is or to which any of its property or assets are otherwise subject, and such adoption, execution, delivery or compliance will not result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the City to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the City Documents;

(f) Except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory authority, public board or body, pending and served or, to the knowledge of the City Attorney, threatened against the City (i) in any way questioning the corporate existence of the City or the titles of the officers of the City to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the execution or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or the City Documents or the consummation of the transactions contemplated thereby, or contesting the exclusion of the interest on the Bonds from taxation; or (iii) contesting the completeness or accuracy of the Official Statement or asserting that the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(g) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the City of its obligations under the City Documents and the Bonds have been duly obtained, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds; and

(h) The City shall not knowingly take or omit to take any action that, under existing law, may adversely affect the exemption from State personal income tax, of the interest on the Bonds.

9. Closing Conditions. The Underwriter has entered into this Purchase Agreement in reliance upon the representations, warranties and covenants of the Authority and the City contained herein and upon the accuracy of the statements to be contained in the documents and instruments to be delivered at the Closing. Accordingly, the Underwriter's obligations under this Purchase Agreement to purchase, accept delivery of and pay for the Bonds are subject to the following conditions precedent:

(a) On the Closing Date, the representations and warranties of the Authority and the City contained in this Purchase Agreement shall be true, complete and correct in all material respects as if made on and as of the Closing Date;



(b) The Authority and the City shall have complied with all agreements, performed all obligations and satisfied all the conditions on their respective parts to be performed at or prior to the Closing under the Authority Documents or the City Documents, respectively;

(c) The Bonds shall have been duly executed and delivered and authenticated and the Official Statement shall have been executed and delivered by the Authority at or prior to the Closing;

(d) On the Closing Date, (i) the Legal Documents shall have been duly executed and delivered by the appropriate parties thereto, shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter; (ii) the proceeds of the sale of the Bonds shall have been paid to the Trustee for deposit for use as described in the Legal Documents; and (iii) the Authority, the City and the Commission shall have adopted and there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated by this Purchase Agreement.

(e) The Underwriter shall have the right to cancel its obligation to purchase the Bonds if between the date hereof to and including the Closing Date any of the following events (each a "**Termination Event**") shall occur and, in the Underwriter's reasonable judgment, the market price or marketability of the Bonds shall be materially adversely affected:

(i) legislation shall have been enacted or introduced by the Congress of the United States or the legislature of the State or shall have been favorably reported out of committee of either body or be pending in committee of either body, or a decision shall have been rendered by a court of the United States or the State, or a ruling, resolution, regulation or temporary regulation, release or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States or the Internal Revenue Service, or other federal or State authority, with respect to state taxation upon revenues or other income of the general character of that to be derived by the Authority from its operations, or upon interest received on obligations of the general character of the Bonds; or

(ii) there shall exist any event or circumstance that in the Underwriter's reasonable judgment either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement or information provided by the Underwriter) or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect; or

(iii) there shall have occurred (1) an outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war; or (2) the occurrence of any other calamity or crisis or any change in the financial, political or economic conditions in the United States or elsewhere relating to the effective operation of the government of, or the financial community in, the United States; or

(iv) there shall be in force a general suspension of trading on the New York Stock Exchange or other major exchange, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or

(v) a general banking moratorium shall have been declared by federal, New York or State authorities having jurisdiction and be in force; or

(vi) legislation shall be enacted or be proposed or actively considered for enactment, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that the Bonds or any comparable securities of the Authority, any obligations of the general character of the Bonds or the Legal Documents, are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended, or the Trust Indenture Act of 1939, as amended, or otherwise, or would be in violation of any provision of the federal securities laws; or any state blue sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds or issued a stop order or similar ruling relating thereto; or

(vii) there shall have occurred any material adverse change in the affairs of the Authority or the City which materially adversely affect the consummation of transactions contemplated by this Purchase Agreement; or

(viii) there shall be established any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, the Underwriter established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order; or

(ix) a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made to the effect that the issuance, offering or sale of the Bonds, including all the underlying obligations as contemplated by this Purchase Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the Trust Indenture Act of 1939, as amended; or

(x) any rating on the Bonds or the 2000 Bonds is reduced or withdrawn by Standard & Poor's or Fitch; or

(xi) there shall have occurred, after the signing hereof, a payment default with respect to the debt obligations of the Authority or the City or proceedings under the bankruptcy laws of the United States or of the State shall have been instituted by the Authority or the City; or

(xii) an event shall have occurred since the date hereof that in the Underwriter's reasonable judgment materially adversely affects the marketability or market price of the Bonds.

Upon termination of this Purchase Agreement as permitted by this Section 9, all obligations of the Underwriter, the Authority and the City under this Purchase Agreement shall terminate, without liability of one to the other, except for the Authority's obligations to pay expenses as set forth in Section 10 below.

(f) *Closing Documents.* The Underwriter shall receive on the Closing Date, in form and substance satisfactory to Bond Counsel and to the Underwriter, each item specified below, unless waived by the Underwriter:

(i) The Legal Documents duly executed and delivered by the respective parties thereto, with only such amendments, modifications or supplements as may have been agreed to in writing by the Underwriter from the forms of such documents provided to the Underwriter on or prior to the date hereof;

(ii) Certified copies of the City Resolution approving the issuance of the Bonds and authorizing the execution and delivery of the City Documents;

(iii) Certified copies of the Authority Resolution authorizing the issuance of the Bonds and the execution and delivery of the Authority Documents;

(iv) Certified copies of the Commission Resolution authorizing the issuance of the Bonds and the execution and delivery of the Authority Lease and the Termination Agreement;

(v) An approving opinion of Bond Counsel, dated the Closing Date and substantially in the form appended to the Official Statement, together with a reliance letter from such counsel, dated the Closing Date and addressed to the Underwriter and the Bank, to the effect that the foregoing opinion addressed to the City and the Authority may be relied upon by the Underwriter to the same extent as if such opinion were addressed to it;

(vi) A supplemental opinion of Bond Counsel, addressed to the City, the Authority, the Bank and the Underwriter and dated the Closing Date, substantially in the form attached hereto as Exhibit A, and an opinion of Sidley Austin LLP, in its role as disclosure counsel, substantially in the form attached hereto as Exhibit B.

(vii) A defeasance opinion of Bond Counsel, addressed to the City, the Authority and the Commission and dated the Closing Date, in form satisfactory to the Underwriter;

(viii) An opinion of Hawkins Delafield & Wood LLP, as counsel to the Underwriter (“**Underwriter’s Counsel**”), dated the Closing Date and addressed to the Underwriter, in such form and covering such matters as shall be required by and acceptable to the Underwriter.

(ix) An opinion of the City Attorney, dated the Closing Date and addressed to the City, the Authority, the Commission, the Bank and the Underwriter, in form and substance acceptable to Bond Counsel and the Underwriter, substantially to the following effect:

(A) The City is a municipal corporation and chartered city duly organized and validly existing under its charter and the Constitution and laws of the State and the City has the power and authority to execute and deliver the City Documents and to perform its obligations thereunder and has taken all necessary action to authorize such execution and delivery and the performance of those obligations;

(B) The City Resolution approving and authorizing the execution and delivery of the City Documents and approving the Official Statement has been duly adopted at a meeting of the City Council of the City that was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the City Resolution is in full force and effect and has not been modified, amended or rescinded;

(C) The City Documents have been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the other parties thereto, the City Documents constitute legal, valid and binding obligations of the City enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors’ rights generally and by the application of equitable principles if equitable remedies are sought (regardless of whether such enforcement is considered in a proceeding in equity or at law) and by the limitations on legal remedies against municipal corporations in the State;

(D) To the best knowledge of such counsel, the execution and delivery of the City Documents and performance by the City under the City Documents and the obligations created thereunder, and the consummation of the transactions contemplated by such documents do not conflict with or constitute on the part of the City a violation of, breach of or default under any existing federal, State or City laws, rules, regulations, ordinances or other legal requirements, including, but not limited to, the City Charter or any judgment, order or decree of any court or governmental agency or authority known to them to which the City is

subject or any indenture, note, mortgage or other obligation or instrument to which the City is a party or to which any of its property is subject;

(E) Except as otherwise disclosed in the Official Statement and to the knowledge of such counsel, there is no litigation, proceeding, action, suit or investigation, at law or in equity, before or by any court, governmental board or body, pending and served or overtly threatened in writing against the City, challenging the creation, organization or existence of the City, or contesting or affecting the validity of the Bonds or the City Documents, or seeking to restrain or enjoin the payment of the Lease Payments or Additional Payments under the City Lease, or contesting the power or authority of the City to enter into or perform its obligations under any of the City Documents, or seeking to restrain or enjoin the issuance of the Bonds, nor is there any basis therefore, wherein an unfavorable decision, ruling or finding would materially adversely affect the City's ability to perform its obligations under the City Documents or as described in the Official Statement;

(F) All consents, approvals, authorizations and orders of a governmental or regulatory authority, if any, which are required to be obtained by the City for the consummation of the transactions contemplated by the Official Statement or as conditions precedent to the execution and delivery of the Bonds or an of the City Documents have been obtained (provided no opinion is expressed as to any action required under state securities or blue sky laws in connection with the purchase or distribution of the Bonds by the Underwriter); and

(G) Without having undertaken to determine independently and without assuming any responsibility for the accuracy, completeness or fairness of the statements concerning the City contained in the Official Statement nothing has come to such counsel's attention which would lead such counsel to believe that the statements concerning the City contained therein (except for the financial, demographic and statistical data and summaries included therein as to which no advice need be given), as of the date of the Official Statement or the Closing Date, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary in order to make the statements therein concerning the City, in light of the circumstances under which they were made, not misleading.

(x) An opinion of the City Attorney, as counsel to the Authority dated the Closing Date and addressed to the City, the Authority, the Commission, the Bank and the Underwriter, in form and substance acceptable to Bond Counsel and the Underwriter, substantially to the following effect:

(A) The Authority is a joint exercise of powers authority duly organized and validly existing under the laws of the State, and the Authority has the power and authority to execute and deliver the Authority Documents and to

perform its obligations thereunder and has taken all necessary action to authorize such execution and delivery and the performance of those obligations;

(B) The Authority Resolution approving and authorizing the execution and delivery of the Authority Documents has been duly adopted at a meeting of the Board of Directors of the Authority that was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Authority Resolution is in full force and effect and has not been modified, amended or rescinded;

(C) The Authority Documents have been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the other parties thereto, the Authority Documents constitute legal, valid and binding obligations of the Authority enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought (regardless of whether such enforcement is considered in a proceeding in equity or at law) and by the limitations on legal remedies against public entities in the State;

(D) To best knowledge of such counsel, the execution and delivery of the Authority Documents and performance by the Authority under the Authority Documents and the obligations created thereunder, and the consummation of the transactions contemplated by such documents do not conflict with or constitute on the part of the Authority a violation of, breach of or default under any existing federal, State or City laws, rules, regulations, ordinances or other legal requirements or any judgment, order or decree of any court or governmental agency or authority known to them to which the Authority is subject or any indenture, note, mortgage or other obligation or instrument to which the Authority is a party or to which any of its property is subject;

(E) Except as otherwise disclosed in the Official Statement and to the knowledge of such counsel, there is no litigation, action, suit, proceeding or investigation, at law or in equity, before or by any court, governmental board or body, pending and served or overtly threatened in writing against the Authority, challenging the creation, organization or existence of the Authority, or the validity of the Bonds or the Authority Documents, or contesting the power or authority of the Authority to enter into or perform its obligations under the Authority Documents or which questions the issuance of the Bonds, nor is there any basis therefore, wherein an unfavorable decision, ruling or finding would materially adversely affect the Authority's ability to perform its obligations under the Authority Documents or as described in the Official Statement;

(F) All consents, approvals, authorizations and orders of a governmental or regulatory authority, if any, which are required to be obtained by the Authority for the consummation of the transactions contemplated by the

Official Statement or as conditions precedent to the execution and delivery of the Bonds or any of the Authority Documents have been obtained (provided no opinion is expressed as to any action required under state securities or blue sky laws in connection with the purchase or distribution of the Bonds by the Underwriter); and

(G) Without having undertaken to determine independently and without assuming any responsibility for the accuracy, completeness or fairness of the statements concerning the Authority contained in the Official Statement nothing has come to such counsel's attention which would lead such counsel to believe that the statements concerning the Authority contained therein (except for the financial, demographic and statistical data and summaries included therein as to which no advice need be given), as of the date of the Official Statement or the Closing Date, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary in order to make the statements therein concerning the Authority, in light of the circumstances under which they were made, not misleading.

(xi) An opinion of the City Attorney, as counsel to the Commission dated the Closing Date and addressed to the City, the Authority, the Commission, the Bank and the Underwriter, in form and substance acceptable to Bond Counsel and the Underwriter, substantially to the following effect:

(A) The Commission is a public body, corporate and politic, duly organized and validly existing under the Constitution and laws of the State and the Commission has the power and authority to execute and deliver the Authority Lease, the Amendment and the Termination Agreement and to perform its obligations thereunder and has taken all necessary action to authorize such execution and delivery and the performance of those obligations;

(B) The Commission Resolution approving and authorizing the execution and delivery of the Authority Lease, the Amendment and the Termination Agreement has been duly adopted at a meeting of the governing board of the Commission that was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and the Commission Resolution is in full force and effect and has not been modified, amended or rescinded;

(C) The Authority Lease, the Amendment, the Original Reimbursement Agreement and the Termination Agreement have been duly authorized, executed and delivered by the Commission and, assuming due authorization, execution and delivery by the other parties thereto, they constitute legal, valid and binding obligations of the Commission enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought (regardless of whether such

enforcement is considered in a proceeding in equity or at law) and by the limitations on legal remedies against municipal corporations in the State;

(D) To the best knowledge of such counsel, the execution and delivery of the Authority Lease, the Amendment and the Termination Agreement and performance by the Commission thereunder and the consummation of the transactions contemplated by such documents do not conflict with or constitute on the part of the Commission a violation of, breach of or default under any existing federal, State or laws, rules, regulations, ordinances or other legal requirements, including, but not limited to, any judgment, order or decree of any court or governmental agency or authority known to them to which the Commission is subject or any indenture, note, mortgage or other obligation or instrument to which the Commission is a party or to which any of its property is subject;

(xii) The opinion of counsel to the Trustee dated the Closing Date, addressed to the City, the Authority, the Bank and the Underwriter, in form and substance satisfactory to the Underwriter, the Bank and Bond Counsel;

(xiii) A Certificate of the City dated the Closing Date, signed on behalf of the City by a duly authorized officer of the City to the effect that the representations and warranties of the City contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date;

(xiv) A certificate of the Authority dated the Closing Date, signed on behalf of the Authority by a duly authorized officer of the Authority, to the effect that the representations and warranties of the Authority contained herein are true and correct in all material respects on and as of the Closing Date as if made on the Closing Date;

(xv) A certificate of the Commission dated the Closing Date, signed on behalf of the Commission by a duly authorized officer of the Commission, in form and substance satisfactory to the Underwriter, the Bank and Bond Counsel;

(xvi) A certificate of the Trustee, dated the Closing Date and addressed to the Authority, the City, the Bank and the Underwriter, in form and substance satisfactory to the Underwriter, the Bank and Bond Counsel;

(xvii) A certificate of the Bank, dated the Closing Date, signed by an authorized officer of the Bank, to the effect that the information contained under the caption "THE LIQUIDITY BANK" in the Official Statement is true and correct in all material respects;

(xviii) An opinion of Chapman & Cutler LLP, counsel to the Bank, dated the Closing Date and addressed to the City, the Authority, the Trustee and the Underwriter, in form and substance satisfactory to the Underwriter;

(xix) [A certificate, dated the Closing Date, of \_\_\_\_\_, independent certified public accountants (the "Verification Agent"), to the effect that it has verified the accuracy of the mathematical computations of the adequacy of the



amounts to be held in the Escrow Fund to make full and timely payment of all principal and interest due with respect to the 2000 Bonds to be prepaid, as are then outstanding on the dates specified in the Official Statement at the then applicable prepayment price;]

(xx) Evidence from Standard & Poor's and Fitch Ratings that the Bonds have been rated "\_\_\_\_\_" and "\_\_\_\_\_" respectively;

(xxi) Evidence of compliance with the insurance requirements under article V of the City Lease, including but not limited to the rental interruption insurance and the title insurance policy;

(xxii) A copy of the Blanket Letter of Representations to DTC relating to the Bonds signed by the Authority; and

(xxiii) True and complete copies of all opinions, certificates and other documents delivered to the Trustee under the Legal Documents; and such additional legal opinions, certificates, instruments and other documents as the Underwriter or Bond Counsel reasonably may request, in form and substance satisfactory to the Underwriter or Bond Counsel, as the case may be, to evidence (A) compliance by the Authority and the City with legal requirements reasonably relating to the transactions contemplated by the Official Statement and this Purchase Agreement, (B) the truth and completeness, as of the time of the Closing, of the representations and warranties of the Authority and the City contained in this Purchase Agreement, the certificates and other documents referred to in this Purchase Agreement and the statements and information contained in the Official Statement, and (C) the due performance or satisfaction by the Authority and the City at or prior to the Closing of all agreements then to be satisfied.

If the City or the Authority shall be unable to satisfy the conditions contained in this Purchase Agreement or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter, the City, nor the Authority shall be under further obligation hereunder, except as further set forth in Section 10.

10. Expenses. (a) The Underwriter shall be under no obligation to pay, and the Authority and the City shall pay from available funds or direct the Trustee under the Legal Documents to pay from the proceeds of the Bonds (to the extent permitted under applicable law) or from other funds of the Authority or the City, all expenses that are incidental to the performance of the Authority's and the City's obligations under this Purchase Agreement, including but not limited to:

(i) all expenses in connection with the printing of the Official Statement and any amendment or supplement thereto; all expenses in connection with the printing, issuance and delivery of the Bonds; the fees and expenses of Bond Counsel, the fees of the Bank and the fees and expenses of its counsel; the fees and expenses of the financial advisors, accountants, any verification consultant and all other consultants; the fees and disbursements of the Trustee and its counsel; all expenses in connection with obtaining a rating or ratings for the Bonds; all expenses of the Authority in connection

with the preparation, printing, execution and delivery, and any recording or filing, of any Legal Documents or other instrument; the Authority's administrative fees; and all other expenses and costs of the Authority or the City incident to their respective obligations in connection with the authorization, issuance, sale and distribution of the Bonds. If the Authority, the City and the Underwriter agree, the Authority and the City shall reimburse the Underwriter for all travel and other expenses of officials of the Authority and the City initially paid by the Underwriter in connection with the issuance and delivery of the Bonds.

(ii) The Underwriter shall pay the costs of qualifying the Bonds for sale in the various states chosen by the Underwriter, all advertising expenses in connection with the public offering of the Bonds, the fees and disbursements of Underwriter's Counsel and all other expenses incurred by the Underwriter in connection with the public offering, purchase and distribution of the Bonds.

(b) In the event that the Authority fails to deliver the Bonds or the Underwriter terminates its obligation under this Purchase Agreement for a reason permitted under Section 9(e), the Authority shall reimburse the Underwriter for its reasonable out-of-pocket expenses (including the fees and disbursements of Underwriter's Counsel) relating to this Purchase Agreement and the transactions contemplated hereby.

11. [reserved]

12. Notice. Any notice or other communication to be given to the City or the Authority under this Purchase Agreement may be given by delivering the same in writing to 100 North Garfield Avenue, Pasadena, California 91109-7215. Any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Merrill Lynch, Pierce, Fenner & Smith Incorporated, 4 World Financial Center, 9th Floor, New York, NY 10080, Attention: Municipal Money Markets Desk; telephone (212) 449-5101; telecopy (212) 449-6440.

13. Entire Agreement. This Purchase Agreement, when accepted by the Authority and the City, shall constitute the entire agreement among the Authority, the City and the Underwriter and will be made solely for the benefit of the signatories hereto (including the successors or assigns) and no other person shall acquire or have any right hereunder or by virtue hereof. The term "successor" shall not include any holder of any Bonds merely by virtue of such holding. All representations, warranties, agreements and indemnities contained in this Purchase Agreement shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any of the Underwriter, and shall survive the delivery of and payment for the Bonds and any termination of this Purchase Agreement.

14. Severability. If any provision of this Purchase Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute, rule of public policy or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or

provisions of this Purchase Agreement invalid, inoperative or unenforceable to any extent whatever.

15. State Law Governs. This Purchase Agreement shall be governed by the laws of the State relating to contracts made and to be performed in the State.

16. Headings. Section headings have been included in this Purchase Agreement as a matter of convenience of reference only and are not to be used in the interpretation of any provisions of this Purchase Agreement.

17. No Assignment. None of the Underwriter, the Authority or the City may assign this Purchase Agreement.

18. Counterparts. This Purchase Agreement may be executed in one or more counterparts with the same force and effect as if all signatures appeared on a single instrument.

MERRILL LYNCH, PIERCE, FENNER &  
SMITH INCORPORATED

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

Accepted as of  
the date first stated above:

PASADENA PUBLIC FINANCING AUTHORITY

By \_\_\_\_\_  
Treasurer

ATTEST:

\_\_\_\_\_  
Secretary

CITY OF PASADENA

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

ATTEST:

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

**Exhibit A**

\_\_\_\_\_, 2008

Merrill Lynch, Pierce, Fenner & Smith Incorporated  
Los Angeles, California

Pasadena Public Financing Authority  
Taxable Variable Rate Demand Lease Revenue Refunding Bonds  
(Paseo Colorado Parking Facilities)  
Series 2008  
(Supplemental Opinion)

Ladies and Gentlemen:

This letter is addressed to you, as Underwriter, pursuant to Section 9(f)(vi) of the Bond Purchase Agreement, dated \_\_\_\_\_, 2008 (the "Purchase Agreement"), among you, the Pasadena Public Financing Authority (the "Authority") and the City of Pasadena (the "City") providing for the purchase of \$ \_\_\_\_\_ principal amount of Pasadena Public Financing Authority Taxable Variable Rate Demand Lease Revenue Refunding Bonds (Paseo Colorado Parking Facilities), Series 2008 (the "Bonds"). The Bonds are being issued pursuant to the Trust Agreement, dated as of September 1, 2008 (the "Trust Agreement"), by and between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"). Capitalized terms used herein and not otherwise defined shall have the meaning given such terms in the Trust Agreement or, if not defined therein, in the Official Statement relating to the Bonds, dated \_\_\_\_\_, 2008 (the "Official Statement").

We have delivered our final legal opinion as bond counsel to the Authority concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the Authority (the "Final Opinion"). You may rely on such opinion as though the same were addressed to you.

In connection with our role as bond counsel, we have reviewed the Purchase Agreement, the Trust Agreement, the Authority Lease, the City Lease, the Termination Agreement, the Reimbursement Agreement, opinions of counsel to the Authority, the City, the Commission and the Trustee, certificates of the Authority, the City, the Commission, the Trustee and others, and such other documents and opinions to the extent we deemed necessary to provide the opinions set forth below.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such

authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority, the City and the Commission. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Trust Agreement, the Authority Lease, the City Lease, the Termination Agreement and the Purchase Agreement, and their enforceability, may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinions with respect to the state or quality of title to or interest in any real or personal property described in or as subject to the lien of the Trust Agreement, the Authority Lease or the City Lease or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion relating thereto except as expressly set forth in numbered paragraph 4 below.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended. No opinion is expressed with respect to the Standby Bond Purchase Agreement.

2. The Purchase Agreement has been duly executed and delivered by, and constitutes the valid and binding agreement of, the Authority and, assuming due authorization, execution and delivery thereof by the other party thereto, constitutes a legal, valid and binding agreement of the Authority enforceable in accordance with its terms, except as enforcement thereof may be limited by moratorium, bankruptcy, reorganization, insolvency or other laws affecting the enforcement of creditors rights generally, by the exercise of judicial discretion in accordance with general principles of equity or otherwise or to the limitations on legal remedies against public agencies in the State of California.

3. The Purchase Agreement has been duly executed and delivered by, and constitutes the valid and binding agreement of, the City and, assuming due authorization, execution and delivery thereof by the other party thereto, constitutes a legal, valid and binding agreement of the City enforceable in accordance with its terms, except as enforcement thereof

may be limited by moratorium, bankruptcy, reorganization, insolvency or other laws affecting the enforcement of creditors rights generally, by the exercise of judicial discretion in accordance with general principles of equity or otherwise or to the limitations on legal remedies against cities in the State of California.

4. The statements contained in the Official Statement under the captions entitled "THE BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "TAX MATTERS," Appendix C – "PROPOSED FORM OF OPINION OF BOND COUNSEL and Appendix E – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS," excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the Bonds, the Trust Agreement, the Authority Lease, the City Lease, the Reimbursement Agreement and the Termination Agreement and the form and content of our Final Opinion, are accurate in all material respects.

This letter is furnished by us as bond counsel. No attorney-client relationship has existed or exists between our firm and you in connection with the Bonds or by virtue of this letter. Our engagement with respect to the Bonds has concluded with their issuance. We disclaim any obligation to update this letter. This letter is furnished to the Underwriter in connection with the Underwriter's purchase of the Bonds from the Authority, is solely for the Underwriter's benefit in such connection and is not to be used, circulated, quoted or otherwise referred to or relied upon by the Underwriter for any other purpose. This letter is not intended to, and may not, be relied upon by holders of Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

**Exhibit B**

\_\_\_\_\_, 2008

City of Pasadena  
Pasadena, California

Pasadena Public Financing Authority  
Pasadena, California

Merrill Lynch, Pierce, Fenner &  
Smith Incorporated, as Underwriter  
Los Angeles, California

\$ \_\_\_\_\_  
Pasadena Public Financing Authority  
Taxable Variable Rate Demand Lease Revenue Refunding Bonds  
(Paseo Colorado Parking Facilities)  
Series 2008  
(Disclosure Counsel Opinion)

Ladies and Gentlemen:

We have acted as disclosure counsel to the Pasadena Public Financing Authority (the "Authority") in connection with the preparation of an Official Statement dated \_\_\_\_\_, 2008 (the "Official Statement") related to the Authority's \$\_\_\_\_\_ Taxable Variable Rate Demand Lease Revenue Refunding Bonds (Paseo Colorado Parking Facilities) Series 2008 (the "Bonds"), for use by Merrill Lynch, Pierce, Fenner & Smith Incorporated, as the underwriter of the Bonds (the "Underwriter") in confirming sales of the Bonds. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Official Statement.

In rendering this opinion, we have assumed, but not independently verified, that the signatures on all documents, certificates and opinions that we have reviewed are genuine. Further, we are not expressing any view on the validity or accuracy of documents, certificates or opinions that we have examined.

We have advised the Authority as to its responsibilities under, and as to the application to its circumstances as represented to us of, applicable laws, rules and other pronouncements of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board, and judicial decisions, including particularly those relating to the materiality of factual disclosures in municipal and other securities offerings. We have considered the types of representations contained in offering documents distributed by other issuers, including states, localities and authorities, to the extent that we deem them relevant to the Authority. Because the primary purpose of our professional engagement was not to establish factual matters and because



of the wholly or partially nonlegal character of many determinations involved in the preparation of the Official Statement, we do not pass upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any of such statements.

We did not participate in the preparation of the sections of the Official Statement captioned "THE LIQUIDITY BANK" and "LIQUIDITY FACILITY," and of the appendices to the Official Statement captioned "AUDITED FINANCIAL STATEMENTS OF THE CITY OF PASADENA" and "BOOK-ENTRY SYSTEM," and we express no view thereon, nor on any other financial or statistical data in the Official Statement or any information concerning The Depository Trust Company or the book-entry system or any information concerning the liquidity facility provider.

Based upon and subject to the foregoing and the qualifications respecting the scope and nature of our engagement, nothing has come to the attention of the lawyers in this firm rendering professional legal services in connection with the issuance and delivery of the Bonds which has caused us to believe that the Official Statement (excluding, with your permission, portions identified in the preceding paragraph), as of the date thereof or the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

We assume no obligation to update or supplement this letter to reflect any facts or circumstances that may hereafter come to our attention with respect to the statements expressed above, including any changes in applicable law that may hereafter occur.

This letter is being delivered to you solely for your benefit and may not be used, circulated, quoted, otherwise referred to for any other purpose, or relied upon by anyone else (including, but not limited to, any person who acquires any Bonds from the Underwriter) without our prior written consent, except that reference may be made to it in any list of closing documents pertaining to the issuance and delivery of the Bonds.

Respectfully submitted,