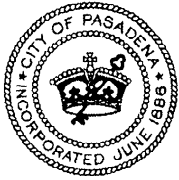


NEW ISSUE –BOOK-ENTRY ONLY



RATINGS: Standard & Poor's: ___
Standard & Poor's Underlying Rating: ___
Fitch: ___
Fitch Underlying Rating: ___
(See "OTHER MATTERS – Ratings" herein)

§
**PASADENA PUBLIC FINANCING AUTHORITY
TAXABLE VARIABLE RATE DEMAND LEASE REVENUE REFUNDING BONDS
(PASEO COLORADO PARKING FACILITIES), SERIES 2008**

Dated: Date of Delivery

Due: June 1, 2038

This cover page contains information for general reference only. It is not intended to be a summary of the security or terms of this issue. INVESTORS ARE ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. Capitalized terms used on this cover page not otherwise defined shall have the respective meanings assigned to them elsewhere in this Official Statement.

The Taxable Variable Rate Demand Lease Revenue Refunding Bonds (Pasco Colorado Parking Facilities), Series 2008 (the "Bonds") are being issued pursuant to Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "State") and a Trust Agreement, dated as of September 1, 2008 (the "Trust Agreement"), by and between the Pasadena Public Financing Authority (the "Authority") and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Trustee has also been appointed as tender agent (the "Tender Agent") for the Bonds pursuant to the Trust Agreement. The Bonds are being executed and delivered (i) to refund the Authority's Taxable Variable Rate Demand Lease Revenue Bonds (Paseo Colorado Parking Facilities), Series 2000 (the "2000 Bonds"), (ii) to pay the costs of execution and delivery of the Bonds and (iii) to fund a reserve fund for the Bonds. See "THE REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Bonds are being issued in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds and individual purchases will be made in book-entry form. Purchasers of Bonds will not receive physical certificates representing the Bonds purchased. Payments of principal, interest and premium, if any, on the Bonds will be paid by the Trustee to DTC which is obligated in turn to remit such principal, interest and premium, if any, to its DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. The Bonds are being issued in "Authorized Denominations", which means (i) with respect to any Bonds in a Weekly Mode, \$100,000 and any integral multiple of \$5,000 in excess thereof; and (ii) with respect to any Bonds in the Fixed Rate Mode, \$5,000 and integral multiples thereof.

The Bonds shall initially bear interest at a Weekly Rate. At the direction of the Authority and at the written request of the City, subject to compliance with the terms of the Trust Agreement, the Bonds in a Weekly Mode may be converted to be payable at a Fixed Rate to their final maturity or earlier redemption. Interest on the Bonds in a Weekly Mode will be payable on the first business day of each month, commencing October 1, 2008; interest on Bonds in the Fixed Rate Mode will be payable June 1 and December 1 commencing on the first June 1 or December 1 following the Fixed Rate Date, and on the maturity date thereof.

The Bonds are subject to optional and mandatory tender under certain circumstances as described herein. The Bonds are also subject to redemption prior to maturity as described herein. Merrill Lynch, Pierce, Fenner & Smith Incorporated has been appointed under a Remarketing Agreement with the Authority dated as of September 1, 2008 (the "Remarketing Agreement") to serve as the initial Remarketing Agent for the Bonds. See "THE BONDS - The Remarketing Agent" herein.

The Bonds are limited obligations of the Authority payable solely from Revenues of the Authority, consisting primarily of certain lease payments (the "Lease Payments") to be received by the Authority from the City of Pasadena (the "City") pursuant to a Lease Agreement dated as of September 1, 2008 (the "Lease"), by and between the Authority and the City. The Lease Payments to be made by the City to the Authority pursuant to the Lease will be in amounts calculated to be sufficient to pay principal of and interest on the Bonds when due. The Lease Payments to be made by the City pursuant to the Lease are payable by the City from its general fund for the right to use and possession by the City of the Leased Premises. The City has agreed in the Lease to make all Lease Payments subject to the abatement of such Lease Payments in the event of material damage to or destruction of the Leased Premises or a taking of the Leased Premises in whole or in part.

Payment of the Purchase Price of the Bonds tendered or deemed tendered for purchase but not remarketed in an amount equal to the principal amount thereof and up to [34] days of accrued interest at a maximum rate of 12% per annum will initially be made pursuant to and subject to the terms of a 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 "Liquidity Bank").



UNDER CERTAIN CIRCUMSTANCES DESCRIBED HEREIN, THE OBLIGATION OF THE LIQUIDITY BANK TO PURCHASE BONDS TENDERED BY THE HOLDERS THEREOF OR SUBJECT TO MANDATORY PURCHASE MAY BE TERMINATED OR SUSPENDED, AND, IN SOME OF SUCH CIRCUMSTANCES, THE TERMINATION OR SUSPENSION OF SUCH OBLIGATION WILL BE IMMEDIATE AND WITHOUT NOTICE TO BONDHOLDERS. IN SUCH EVENT, SUFFICIENT FUNDS MAY NOT BE AVAILABLE TO PURCHASE SUCH BONDS.

THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY, OR A PLEDGE OF THE FAITH AND CREDIT, OF THE CITY OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY, WHICH SHALL ONLY BE OBLIGATED TO PAY THE BONDS SOLELY FROM THE REVENUES AND FUNDS AS PROVIDED IN THE TRUST AGREEMENT. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE CITY TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR FOR THEIR PAYMENT. THE CITY HAS NOT PLEDGED THE FULL FAITH AND CREDIT OF THE CITY, THE STATE OF CALIFORNIA OR ANY AGENCY

OR DEPARTMENT THEREOF TO THE PAYMENT OF LEASE PAYMENTS, ADDITIONAL PAYMENTS AND RESERVE REPLENISHMENT RENT OR ANY OTHER PAYMENTS DUE UNDER THE LEASE.

In the opinion of Sidley Austin LLP, San Francisco, California, Bond Counsel, based on existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is exempt from personal income taxes imposed by the State of California. Interest on the Bonds will be includable in gross income for Federal income tax purposes. See "TAX MATTERS" herein.

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval as to their legality by Sidley Austin LLP, San Francisco, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Authority, the Commission and the City by the City Attorney of the City of Pasadena and Sidley Austin LLP, San Francisco, California, as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by its Counsel, Hawkins Delafield & Wood LLP, Los Angeles, California. Certain legal matters will be passed upon for the Liquidity Bank by its Counsel, Chapman and Cutler LLP, Chicago, Illinois. It is anticipated that the Bonds will be available for delivery through the DTC book entry system in New York, New York, on or about _____, 2008.

MERRILL LYNCH & CO.

Dated: _____, 2008

No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriter to give any information or to make any representations other than those contained herein, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell to or the solicitation of an offer to buy from, nor shall there be any sale of the Bonds to, any person in any jurisdiction which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information or opinions set forth herein or in the affairs of the Authority or the City since the date hereof. The information in this Official Statement has been provided by the Authority, the City and sources the Authority considers reliable. The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with one or more repositories.

All summaries of documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

Certain statements included or incorporated by reference in the following information constitute "forward-looking statements". Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the Authority's or the City's forecasts in any way, regardless of the level of optimism communicated in the information. Neither the Authority nor the City plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

A continuing disclosure agreement shall be in effect only upon a conversion of the Bonds to Fixed Rate Mode.

**CITY OF PASADENA
and
PASADENA PUBLIC FINANCING AUTHORITY**

CITY COUNCIL/AUTHORITY BOARD OF DIRECTORS

Bill Bogaard, Mayor/Chairman
Steve Madison (District 6), Council Member/Board Member
Jacque Robinson (District 1), Council Member/Board Member
Margaret McAustin (District 2), Council Member/Board Member
Chris Holden (District 3), Council Member/Board Member
Steve Haderlein (District 4), Vice Mayor/Vice Chairman
Victor Gordo (District 5), Council Member/Board Member
Sidney F. Tyler, Jr. (District 7), Council Member/Board Member

CITY STAFF

Bernard K. Melekian, Interim City Manager
Michele Beal Bagneris, City Attorney/City Prosecutor
Steven B. Mermell, Acting Director of Finance
Vicken (Vic) Erganian, City Treasurer
Mark Jomsky, CMC, City Clerk

SPECIAL SERVICES

Bond and Disclosure Counsel

Sidley Austin LLP
San Francisco, California

Trustee and Tender Agent

Wells Fargo Bank, National Association

Remarketing Agent

Merrill Lynch, Pierce, Fenner & Smith Incorporated

SUMMARY STATEMENT

This Summary Statement is qualified in its entirety by reference to the more detailed information included and referred to elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used in this Summary Statement and not otherwise defined herein shall have the respective meanings assigned to them elsewhere in this Official Statement.

The City

The City of Pasadena (the "City") is located in Los Angeles County in the northwestern portion of the San Gabriel Valley. The City was incorporated in 1886 and became a freeholder charter city in 1901. The City operates under the city manager form of government and has approximately 147,000 residents. See "THE CITY" herein.

The Authority

The Authority is a joint exercise of powers authority created by and existing under the laws of the State of California established pursuant to that certain Joint Exercise of Powers Agreement dated April 24, 2000 between the City and the Pasadena Community Development Commission (the "Commission"). See "THE AUTHORITY" herein.

Purpose of the Issue

The Bonds are being executed and delivered (i) to refund the 2000 Bonds currently outstanding in the principal amount of \$ _____, (ii) to pay the costs of execution and delivery of the Bonds and (iii) to fund a reserve fund for the Bonds. See "THE REFUNDING PLAN" herein. In connection therewith, the Commission will lease the certain parking facilities and public properties (the "Leased Premises") to the Authority pursuant to the Authority Lease dated as of September 1, 2008 (the "Authority Lease"), by and between the Commission and the Authority. The Authority in turn will sublease the Leased Premises to the City pursuant to the Lease Agreement dated as of September 1, 2008 (the "Lease"), by and between the Authority and the City. Pursuant to the Lease, the City agrees to pay specified Lease Payments, Additional Payments and Reserve Replenishment Rent. The City has not pledged the full faith and credit of the City, the State of California or any agency or department thereof to the payment of Lease Payments, Additional Payments and Reserve Replenishment Rent or any other payments due under the Lease, nor is the City obligated to levy or pledge any form of taxation whatever for their payment.

Security and Sources of Payment of the Bonds

The Bonds are secured under the terms of the Trust Agreement as described herein. The Authority agrees to punctually pay, but only out of Revenues and pledged funds, the principal, premium, if any, and interest to become due in respect of every Bond issued under the Trust Agreement at the times and places and in the manner provided in Trust Agreement and in the Bonds, according to the true intent and meaning thereof. The Revenues comprise: (i) all amounts received by the Authority or the Trustee pursuant to or with respect to the Lease, including without limitation, Lease Payments (including both timely and delinquent payments, any late charges and whether paid from any source), prepayments, insurance proceeds and condemnation proceeds, but not including any Additional Payments or Reserve Replenishment Rent and (ii) investment income with respect to any moneys held by the Trustee under the Trust Agreement (except the Purchase Fund). No assurance can be given as to the amount and source of funds available to the Authority at any particular time. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" for information regarding the sources of payment available to make payments on the Bonds. THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY, OR A PLEDGE OF THE FAITH AND CREDIT, OF THE CITY, THE COMMISSION OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY, WHICH SHALL ONLY BE OBLIGATED TO PAY THE BONDS SOLELY FROM THE REVENUES AND FUNDS AS PROVIDED FOR IN THE TRUST AGREEMENT. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE CITY TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR FOR THEIR PAYMENT.

Liquidity Facility

The Authority, the City, the Trustee and the Liquidity Bank have entered into a Standby Bond Purchase Agreement dated as of September 1, 2008, which provides for the purchase of Bonds that have not been remarketed upon the optional or mandatory tender for purchases thereof under the Trust Agreement. The Trustee is instructed to request payment under the Standby Bond Purchase Agreement or any Alternate Liquidity Facility at the times, in the manner and for the purposes set forth in the Trust Agreement and in the Standby Bond Purchase Agreement or Alternate Liquidity Facility to pay the purchase price of the Bonds. No principal or interest shall be payable from the Standby Bond Purchase Agreement or Alternate Liquidity Facility, except as part of the purchase price of any Bonds. The Authority shall use its best efforts to cause a Liquidity Facility to be provided with respect to the Bonds at all times during and on the first day following a Weekly Rate Period. The Liquidity Facility shall be available solely to pay the purchase price of the Bonds. The Standby Bond Purchase Agreement terminates on ___, 2011, unless extended or terminated sooner in accordance with its terms. See "LIQUIDITY FACILITY" herein. Under certain circumstances an Alternate Liquidity Facility may be provided. See APPENDIX E "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE TRUST AGREEMENT."

In addition, under circumstances described herein, the obligation of the Liquidity Bank to purchase the Bonds tendered by the owners thereof or subject to mandatory purchase may be terminated or suspended without notice. In such event, no funds may be available pursuant to the Standby Bond Purchase Agreement to purchase the Bonds. For additional information, see "LIQUIDITY FACILITY" herein.

Abatement

The obligation of the City to pay Lease Payments shall be abated during any period in which by reason of damage, destruction or taking by eminent domain or condemnation with respect to any item or portion of the Leased Premises there is substantial interference with the use and possession of such item or portion of the Leased Premises by the City. The amount of any abatement shall be determined by the City such that the resulting Lease Payments represent fair rental value for the use and possession of the item or portion of the Leased Premises not damaged, destroyed or taken.

The Bonds

The Bonds will be issued in the aggregate initial principal amount of \$ _____. The Bonds are subject to optional and mandatory tender and redemption prior to maturity. The Bonds will be dated the date of original delivery thereof. The Bonds will bear interest payable initially at the Weekly Rate for a Weekly Rate Period commencing on the Closing Date during which interest shall be paid at a Weekly Rate as determined by the Underwriter. Thereafter, the Bonds shall bear interest at a Weekly Rate determined from time to time by the Remarketing Agent in accordance with the terms of the Trust Agreement or the Fixed Rate determined by the Remarketing Agent in accordance with the terms of the Trust Agreement. The Bonds in the Weekly Mode will be issued in denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof and Bonds in the Fixed Rate Mode will be issued in denominations of \$5,000 and integral multiples thereof.

Bond Registration and Book-Entry

The Bonds will be issued in fully registered form, and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. Principal of, interest, and premium, if any, on the Bonds will be paid by the Trustee to DTC, which is obligated in turn to remit such principal and interest, and premium, if any, to its DTC Participants for subsequent disbursement to the beneficial owners of the Bonds.

Tax Matters

In the opinion of Sidley Austin LLP, San Francisco, California, Bond Counsel, based on existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is exempt from personal income taxes imposed by the State of California. Interest on the Bonds will be includable in gross income for Federal income tax purposes. See "TAX MATTERS" herein.

Additional Information

Additional information may be obtained from:

Pasadena Public Financing Authority
100 North Garfield Avenue, Room S353
Pasadena, California 91109
Attention: Treasurer
(626) 744-4350
(626) 744-7093 (Fax)

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OFFICIAL STATEMENT

§ _____
**PASADENA PUBLIC FINANCING AUTHORITY
TAXABLE VARIABLE RATE DEMAND LEASE REVENUE REFUNDING BONDS
(PASEO COLORADO PARKING FACILITIES),
SERIES 2008**

INTRODUCTION

This Introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement, and the offering of the Bonds to potential investors is made only by means of the entire Official Statement. Definitions of certain capitalized terms used in this Official Statement are set forth in APPENDIX E – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Purpose

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to set forth certain information concerning the issuance and sale by the Pasadena Public Financing Authority (the “Authority”) of its Taxable Variable Rate Demand Lease Revenue Refunding Bonds (Paseo Colorado Parking Facilities), Series 2008 (the “Bonds”) in the aggregate principal amount of [\$ _____].

The Bonds are being issued pursuant to Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “State”) and a Trust Agreement, dated as of September 1, 2008 (the “Trust Agreement”), by and between the Authority and the Trustee. The Trustee has also been appointed as tender agent (the “Tender Agent”) for the Bonds pursuant to the Trust Agreement.

Security and Sources of Payment for the Bonds

The Bonds are limited obligations of the Authority payable solely from Revenues of the Authority, consisting primarily of certain lease payments (the “Lease Payments”) to be received by the Authority from the City pursuant to the Lease by and between the Authority and the City. The Lease Payments to be made by the City to the Authority pursuant to the Lease will be in amounts calculated to be sufficient to pay principal of and interest on the Bonds when due. The Lease Payments to be made by the City pursuant to the Lease are payable by the City from its general fund for the right to use and possession by the City of the Leased Premises. The City has agreed in the Lease to make all Lease Payments, subject to the abatement of such Lease Payments in the event of damage, destruction or taking by eminent domain or condemnation of the Leased Premises in whole or in part.

The Bonds are secured under the terms of the Trust Agreement as described herein. The Authority agrees to punctually pay, but only out of Revenues and pledged funds, the principal, premium, if any, and interest to become due in respect of every Bond issued under the Trust Agreement at the times and places and in the manner provided in Trust Agreement and in the Bonds, according to the true intent and meaning thereof. The Revenues comprise: (i) all amounts received by the Authority or the Trustee pursuant to or with respect to the Lease, including without limitation, Lease Payments (including both timely and delinquent payments, any late charges and whether paid from any source), prepayments, insurance proceeds and condemnation proceeds, but not including any Additional Payments or Reserve Replenishment Rent and (ii) investment income with respect to any moneys held by the Trustee under the Trust Agreement (except the Purchase Fund). No assurance can be given as to the amount and source of funds available to the Authority at any particular time.

THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY, OR A PLEDGE OF THE FAITH AND CREDIT, OF THE CITY, THE COMMISSION OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY, WHICH SHALL ONLY BE OBLIGATED TO PAY THE BONDS SOLELY FROM THE REVENUES AND FUNDS PROVIDED FOR IN THE TRUST AGREEMENT. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE CITY TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR FOR THEIR PAYMENT.

Summaries Not Definitive

Brief descriptions of the Bonds, the Authority, the City, the Commission, the Trust Agreement, the Lease, the Standby Bond Purchase Agreement and certain other documents and entities are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Bonds, the Trust Agreement, the Standby Bond Purchase Agreement and the other documents are qualified in their entirety by reference to the actual documents, or with respect to the Bonds, the forms thereof included in the Trust Agreement, copies of all of which are available for inspection at the offices of the City and will be available upon request and payment of duplication costs from the Trustee.

THE REFUNDING PLAN

A portion of the proceeds of the Bonds, [together with other available moneys,] will be deposited with Wells Fargo Bank, National Association, as escrow agent (the "Escrow Agent"), into an escrow fund (the "Escrow Fund"), established pursuant to the Trust Agreement and applied to the refunding of the 2000 Bonds on ____, 2008, at a redemption price equal to 100% of the principal amount thereof, plus any accrued interest to the date thereof. Upon such deposit, the 2000 Bonds will no longer be deemed to be outstanding except as to the rights of the owners of such 2000 Bonds to receive payment from the amounts on deposit in the Escrow Fund therefore.

ESTIMATED SOURCE AND USES OF FUNDS

The estimated source and uses of funds with respect to the Bonds are set forth below:

Source

Proceeds of Bonds	
[Releases from ___ Funds]	_____
Total Sources	=====

Uses

Deposit to Escrow Fund	
Deposit to Reserve Fund	
Deposit to Cost of Issuance Fund ¹	_____
Total Uses	=====

⁽¹⁾ Includes Underwriter's discount, legal fees, printing costs, rating agencies fees, fees of the Liquidity Bank and other miscellaneous expenses.

THE BONDS

General

The Bonds shall be issued as fully registered Bonds without coupons in Authorized Denominations. The Bonds shall be dated as of their date of original issuance and delivery, and shall mature (subject to prior redemption) on June 1, 2038.

Pursuant to the Trust Agreement, the Bonds are being issued in "Authorized Denominations", which means (i) with respect to any Bonds in a Weekly Mode, \$100,000 and any integral multiple of \$5,000 in excess thereof; and (ii) with respect to any Bonds in the Fixed Rate Mode, \$5,000 and integral multiples thereof.

The Bonds will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as security depository for the Bonds. So long as the Bonds are held in book-entry form through DTC, DTC or its nominee will be the registered owners of the Bonds for all purposes of the Trust Agreement, the Bonds and this Official Statement and all payments of principal of, interest on and premium, if any, with respect to the Bonds will be made pursuant to DTC's rules and procedures. See APPENDIX D – "BOOK-ENTRY SYSTEM" herein.

Merrill Lynch, Pierce, Fenner & Smith Incorporated has been appointed under a Remarketing Agreement with the Authority dated as of September 1, 2008 (the "Remarketing Agreement") to serve as the initial Remarketing Agent for the Bonds. See "THE BONDS - The Remarketing Agent" herein.

There are a number of provisions in the Trust Agreement relating to the terms of Bank Bonds (*i.e.*, Bonds purchased by the Liquidity Bank pursuant to the Standby Bond Purchase Agreement) which are not described in the forepart of this Official Statement. All references to the terms of the Bonds describe only Bonds which are not owned by the Liquidity Banks unless expressly indicated herein.

Determination of Weekly Interest Rates

The Bonds shall initially bear interest at a Weekly Rate determined by the Underwriter for a Weekly Rate Period commencing on the Closing Date. Thereafter, during each Weekly Rate Period, the Bonds shall bear interest at the applicable Weekly Rate, which shall be determined by the Remarketing Agent by 10:00 a.m. New York City time, on the Rate Determination Date of each week during such Weekly Rate Period, or if such day shall not be a Business Day, then on the next preceding Business Day. The first Weekly Rate determined for the initial Weekly Rate Period shall apply to the period commencing on the first day of such Weekly Interest Period and ending on the next succeeding Wednesday. Thereafter, each Weekly Rate shall apply to the period commencing on Thursday and ending on the next succeeding Wednesday; provided however, that in the case of a conversion from a Weekly Mode to the Fixed Rate Mode, the last Weekly Rate Period prior to the conversion shall end on the last day immediately preceding the Fixed Rate Date. The Weekly Rate shall be the lowest rate of interest not in excess of the Maximum Interest Rate that, in the judgment of the Remarketing Agent, would cause the Bonds to have a market value equal to the principal amount thereof, plus accrued interest thereon, if applicable, under prevailing market conditions as of the Rate Determination Date.

The Rate Determination Date means for Bonds in a Weekly Mode, each Thursday or if Thursday is not a Business Day, the next Business Day succeeding such Thursday.

If the Remarketing Agent fails for any reason to determine or notify the Trustee of the interest rate for any Weekly Rate Period when required under the Trust Agreement, the interest rate for such period shall be deemed to be the interest rate then in effect. In no event shall the interest rate on any Bonds, except Bank Bonds, for any Weekly Rate Period, exceed the Maximum Interest Rate, which is the lesser of 12% per annum or the maximum interest rate permitted by law.

Notice of each Weekly Rate shall be given by the Remarketing Agent to the Trustee, the Tender Agent, the Liquidity Bank, the Authority and the City by telecopier, or other electronic means acceptable to the parties, not later than 10:00 a.m., New York City time on the Rate Determination Date. The Trustee shall inform any Owner of the Bonds of the rates determined upon reasonable request of such Owner.

The Authority, the City, the Trustee, the Tender Agent, and the Remarketing Agent shall not be liable to any Owners for failure to give any notice required above or for failure of any Owners to receive any such notice.

Fixed Rate Conversion

At the direction of the Authority and at the Written Request of the City, after the initial Weekly Rate Period, the Bonds in a Weekly Mode may be converted to be payable at a Fixed Rate to their final maturity or earlier redemption. Prior to any such conversion, the Authority shall furnish the Trustee with a letter from S&P and Fitch stating that such conversion will not result in a withdrawal or reduction of the long-term rating on the Bonds by S&P or Fitch. Any such conversion shall be made as follows:

(i) The Fixed Rate Date shall be an Interest Payment Date on which interest is payable for the Bonds to be converted.

(ii) The Authority shall give written notice of any such conversion to the Remarketing Agent, the Trustee, the Tender Agent, the Liquidity Bank, S&P and Fitch not fewer than 45 days prior to the proposed Fixed Rate Date. Such notice shall specify the Proposed Fixed Rate Date.

(iii) Notice of conversion shall be given not less than 30 days prior to the Proposed Fixed Rate Date, by first-class mail, by the Trustee to the Owners of all Outstanding Bonds as their addresses appear on the registration books of the Trustee on the date the Trustee receives the notice of conversion from the Authority. The notice of conversion mailed to Bondholders shall set forth the information required by the Trust Agreement.

(iv) Not later than 3:30 p.m., New York City time, on a Business Day that is at least seven (7) and not more than 20 Business Days prior to the Proposed Fixed Rate Date, the Remarketing Agent shall determine the Fixed Rate for the Bonds. The Fixed Rate shall be the rate of interest on the Bonds on and after the Fixed Rate Date and shall be the lowest rate of interest (not in excess of the Maximum Interest Rate) that, in the judgment of the Remarketing Agent as of the date of determination and under prevailing market conditions, would cause the Bonds to have a market value equal to the principal amount thereof. Such determination shall be conclusive and binding upon the Authority, the City, the Trustee, the Remarketing Agent and the Owners of the Bonds. Not later than 4:00 p.m., New York City time on the date of the determination of such Fixed Rate, the Remarketing Agent shall communicate such Fixed Rate by telex, telecopy or other similar electronic means of communication, followed by mailed written notice, to the Trustee, the Authority and the City.

Notwithstanding the Authority's delivery of notice of the exercise of its option to effect a Fixed Rate conversion pursuant to the Trust Agreement, conversion to a Fixed Rate shall not take effect if: (1) the Authority, at the request of the City, withdraws such notice of conversion not later than the Rate Determination Date; (2) the Remarketing Agent fails to determine the Fixed Rate; (3) the notice of conversion to Bondholders required by the Trust Agreement is not given when required; or (4) the Authority fails to furnish the Trustee with written evidence that such conversion will not result in a withdrawal or reduction of the long-term rating on the Bonds by S&P or Fitch. In any of such events, the interest rate on the Bonds shall continue to be payable at a Weekly Rate commencing on the Proposed Fixed Rate Date; provided that the mandatory tender for purchase pursuant to the Trust Agreement shall nevertheless be carried out if notice of conversion to the Fixed Rate has been given to the Bondholders. Withdrawal of a conversion notice shall be given by the Authority to the Trustee, the Tender Agent, the Remarketing Agent, the Liquidity Bank, S&P and Fitch by telephone, promptly confirmed in writing.

The Remarketing Agent

Under the Trust Agreement, the Remarketing Agent may be removed by the Authority, upon written notice to such Remarketing Agent, the Trustee, the Tender Agent, the Liquidity Bank and the City. The Remarketing Agent may resign at any time and be discharged of the duties and obligations created by the Remarketing Agreement by giving at least thirty (30) days' notice to the Authority, the Trustee, the Tender Agent and the Liquidity Bank. The Remarketing Agent may be removed at any time, at the direction of the Authority, so long as a successor has assumed the duties thereof by the effective date of such removal.

Tenders of Bonds

Optional Tenders During Weekly Rate Periods. The Owners of the Weekly Rate Bonds may elect to have their Bonds, or portions thereof such that the portion tendered and the portion retained are each in Authorized Denominations, purchased at a purchase price equal to 100% of the principal amount of such Bonds (or portions thereof), plus accrued interest, if any, to the Optional Tender Date on any Business Day on or prior to conversion from a Weekly Mode to the Fixed Rate Mode upon delivery of a written notice of tender to the Tender Agent and the Remarketing Agent on a Business Day not fewer than seven (7) days prior to the date designated in such notice as the purchase date (each such date, an "Optional Tender Date").

Mandatory Tender Upon Conversion. The Bonds are subject to mandatory tender for purchase on the Proposed Fixed Rate Date (a "Mandatory Tender Date") at a purchase price equal to the principal amount thereof, plus accrued interest, if any.

Mandatory Tender for Purchase Upon Termination, Expiration, Reduction, Replacement or Modification of the Terms of or Default Under the Liquidity Facility. The Bonds are subject to mandatory tender for purchase upon (a) (i) the termination or expiration of the term of any Liquidity Facility or (ii) such Liquidity Facility being reduced, replaced or modified with the effect that any Outstanding Bond (which is not a Bank Bond) shall no longer be subject to purchase under such Liquidity Facility or (b) the Liquidity Bank notifying the Trustee of an event of default under the Liquidity Facility giving rise to a right on the part of the Liquidity Bank to direct a mandatory tender of the bonds and directing the Trustee to effect a mandatory purchase of the Bonds. The Bonds are subject to mandatory tender for purchase on the last Business Day which is at least five (5) calendar days prior to any termination, expiration, reduction, replacement or modification of the Liquidity Facility, and on a Business Day not less than fifteen (15) days or more than thirty (30) days after receipt by the Trustee from the Liquidity Bank of notice of an event of default under the Liquidity Facility and directing the Trustee to effect a mandatory purchase of the Bonds. The purchase price for such Bonds will be equal to the principal amount thereof, plus accrued interest, if any.

In the event that in connection with any reduction, replacement or modification of the terms of the Liquidity Facility, the Authority shall deliver to the Trustee, the Tender Agent and the Remarketing Agent, prior to the date that notice of such reduction, replacement or modification of the terms of the Liquidity Facility is required to be given by the Trustee, written evidence from S&P and Fitch to the effect that such reduction, replacement or modification of the terms of the Liquidity Facility, as the case may be, in and of itself, will not result in the withdrawal or reduction of the rating(s) then applicable to the Bonds, then the Bonds shall not be subject to mandatory tender for purchase solely as a result of such reduction, modification or replacement.

Notice of Mandatory Tender for Purchase. In connection with any mandatory tender for purchase of Bonds, the Trustee shall give notice of a mandatory tender for purchase as set forth in the Trust Agreement.

Irrevocable Notice Deemed to be Tender of Bond; Undelivered Bonds. The giving of an optional tender notice by a Bondholder shall constitute the irrevocable tender for purchase of each such Bond with respect to which such notice shall have been given, regardless of whether such Bond is delivered to the Tender Agent for purchase on the relevant purchase date.

The Tender Agent may refuse to accept delivery of any Bonds for which a proper instrument of transfer has not been provided; such refusal, however, shall not affect the validity of the purchase of such Bond as herein described. If any Bondholder who shall have given an optional tender notice or which is subject to mandatory tender shall fail to deliver such bond to the Tender Agent, accompanied by an instrument of transfer thereof, at the place and on the applicable date and at the time specified, such Bond shall constitute an Undelivered Bond.

If funds in the amount of the purchase price of the Undelivered Bonds are available for payment to the Bondholder thereof on the date and at the time specified, from and after the date and time of that required delivery, (i) each Undelivered Bond shall be deemed to be purchased, and shall no longer be deemed to be Outstanding under the Trust Agreement; (ii) interest shall no longer accrue thereon; (iii) funds in the amount of the purchase price of each such Undelivered Bond shall be held by the Tender Agent for the benefit of the Owner thereof (provided, that the Owner shall have no right to any investment proceeds derived from such funds), to be paid on delivery (together with an instrument of transfer) of such Undelivered Bond to the Tender Agent; and (iv) the Owner shall have no right to the payment of the purchase price of such Undelivered Bond except from such funds held by the Tender Agent pursuant to the Trust Agreement for such purposes. Any such funds held by the Tender Agent shall be held uninvested and not commingled.

Remarketing of Bonds; Notice of Interest Rates. Upon notice of the tender for purchase of Bonds, the Remarketing Agent shall offer for sale and use its best efforts to sell such Bonds at a price equal to the principal amount thereof plus accrued interest thereon, if any, any such sale to be made on the date of such purchase. Any Bond which is tendered for purchase after such Bond has become subject to mandatory tender for purchase shall be sold by the Remarketing Agent only to a purchaser who specifically agrees in writing that such Bond is so subject to mandatory tender for purchase on the applicable Mandatory Tender Date and agrees to hold such Bond only to such Mandatory Tender Date. The Remarketing Agent agrees that it shall not sell any Bonds purchased to the Authority, or to any person who controls, is controlled by, or is under common control with, the Authority, and the Authority agrees that it will not purchase any Bonds remarketed by the Remarketing Agent. The Remarketing Agent shall not be obligated to remarket Bonds during a Weekly Rate Period if the Liquidity Facility is not in full force and effect.

The Remarketing Agent shall use its best ongoing efforts to remarket Bank Bonds, at a price equal to the principal amount of such Bank Bonds plus accrued interest, if any, thereon to the date of sale (calculated at the rates such Bonds would have borne had they not been Bank Bonds). When the Remarketing Agent obtains a purchaser for any Bank Bond, not later than 11:00 a.m. (New York City time) on the Business Day for the sale of such Bank Bond, it shall so advise the Trustee, the Tender Agent, the Authority, the City and the Liquidity Bank by telex, telephone, telecopier or other electronic means acceptable to the parties, promptly confirmed in writing.

Redemption of Bonds

Optional Redemption. While any Weekly Rate is in effect, the Bonds are subject to optional redemption prior to their stated maturity, as a whole or in part on any Business Day (from such maturities as are designated in writing by the Authority to the Trustee at the direction of the City) from any prepayments made by the City to the Trustee pursuant to the Lease and deposited in the Optional Redemption Account, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, without premium.

After the Fixed Rate Date, the Bonds are subject to optional redemption prior to their stated maturity, as a whole or in part, on any Business Day, (from such maturities as are designated in writing by the Authority to the Trustee at the direction of the City) at such dates and upon such terms as shall be specified in a schedule to be delivered to the Trustee on or prior to the Fixed Rate Date.

Mandatory Redemption from Sinking Fund Payments. The Bonds are also subject to redemption prior to their stated maturity, in part, from mandatory sinking fund payments deposited in the Bond Fund pursuant to the provisions of the Trust Agreement, on each June 1, from and after June 1, 2009, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, without premium as set forth below:

Mandatory Sinking Fund Payment Dates (<u>June 1</u>)	Principal Amount of Mandatory Sinking Fund <u>Payment</u>
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Extraordinary Redemption Due to Damage, Destruction or Condemnation. The Bonds are subject to redemption prior to their stated maturity, at the option of the Authority, as a whole or in part by lot from within every stated maturity in integral multiples of Authorized Denominations on any Business Day from prepayments made by the City pursuant to the Lease from Net Proceeds received with respect to the Leased Premises and deposited in the Optional Redemption Account, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, without premium. Whenever less than all of the Outstanding Bonds are to be redeemed on any one date, the Trustee shall select the Bonds to be redeemed in part from the Outstanding Bonds so that the aggregate annual principal amount of and interest on Bonds which shall be payable after such redemption date shall be as nearly proportional as practicable to the aggregate annual principal amount of and interest on Bonds Outstanding prior to such redemption date.

Redemption of Bank Bonds. Any outstanding Bank Bonds shall be redeemed prior to any other Bonds.

Notice of Redemption. Notice of redemption shall be given by the Trustee to (i) the respective Owners of any Bonds designated for redemption at their addresses appearing on the Bond registration books of the Trustee, (ii) the Information Services and (iii) the Securities Depositories. Each notice of redemption shall state the date of such notice, the redemption date (which redemption date shall not be less than 45 days after notice of redemption shall have been delivered to the Trustee by the Authority at the request of the City pursuant to the Lease), the Redemption Price (including any premium), the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number (if any) of the maturity, and, if less than all the Bonds are to be redeemed, the distinctive bond numbers of the Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with

interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice.

With respect to any notice of optional redemption of Bonds unless, upon the giving of such notice, such Bonds shall be deemed to have been paid pursuant to the terms of the Trust Agreement or unless the Trustee has cash or securities meeting the requirements of the Trust Agreement sufficient to pay the Redemption Price of such Bonds called for redemption, such notice may state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal or, premium, if any, due with respect to such Bonds and interest thereon, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Trustee shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Any notice of redemption shall be mailed by first-class mail, postage prepaid, to Bondholders, not less than 30 days or more than 60 days prior to the date fixed for redemption, except in the case of redemptions of the Bonds that bear interest at a Weekly Rate, in which case not less than 25 days or more than 45 days prior to the date fixed for redemption. Notices to the Information Services shall be mailed by the Trustee by first-class, certified, registered or overnight mail at the time of the mailing of notices to Bondholders. Notices to the Securities Depositories shall be given by telecopy or by first-class, certified, registered or overnight mail at least one Business Day before the mailing of notices to Bondholders. So long as DTC is acting as security depository for the Bonds, notice of redemption will be mailed to DTC or its nominee, not to the beneficial owners of the Bonds. See APPENDIX D – “BOOK-ENTRY SYSTEM” herein.

Neither failure to receive any notice nor any defect in such notice so given shall affect the sufficiency of the proceedings for the redemption of such Bonds.

Partial Redemption of Bonds; Selection of Bonds for Redemption. Upon surrender of any Bond redeemed in part only, the Authority shall execute, and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of Authorized Denominations equal in aggregate principal amount to the unredeemed portion of the Bond surrendered. In the event of an optional redemption or extraordinary redemption, mandatory sinking fund payments will be reduced in the order specified by the Authority.

Whenever provision is made in the Trust Agreement for the redemption of Bonds and less than all Outstanding Bonds are called for redemption, the Trustee shall select Bonds for redemption first from Bank Bonds, and then by lot in such manner as the Trustee shall reasonably determine among all other Bonds.

Effect of Redemption. Moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice and interest accrued thereon to the redemption date, interest on the Bonds so called for redemption shall cease to accrue from and after the redemption date, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Trust Agreement, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest to the redemption date. All Bonds redeemed pursuant to the provisions of the Trust Agreement shall be cancelled upon surrender thereof.

SECURITY AND SOURCES OF REPAYMENT FOR THE BONDS

Pledge of Revenues; Assignment of Rents

The Bonds are payable from and secured by a pledge of and lien on the Revenues and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to the Trust Agreement. “Revenues” are defined in the Trust Agreement to include (i) all amounts received by the Authority or the Trustee pursuant to or with respect to the Lease, including without limitation, Lease Payments (including both timely and delinquent payments, any late charges and whether paid from any source), prepayments, insurance

proceeds and condemnation proceeds, but not including any Additional Payments or Reserve Replenishment Rent and (ii) investment income with respect to any moneys held by the Trustee under the Trust Agreement (except the Purchase Fund). The Trust Agreement provides, subject to the terms thereof, all of the Revenues and any other amounts held in any fund or account established pursuant to the Trust Agreement are pledged in the Trust Agreement to secure the payment of principal and interest on the Bonds. Pursuant to the Trust Agreement, the Authority transfers, assigns and sets over to the Trustee, for the benefit of the Owners of the Bonds, all of the Authority's rights under the Lease, including, without limitation, (1) the right to receive and collect all of the Lease Payments (including any Excess Amount), prepayments, Additional Payments and Reserve Replenishment Rent from the City under the Lease or the Trust Agreement, as applicable, (2) the right to receive and collect any proceeds of any insurance maintained thereunder, or any condemnation award rendered with respect to the Leased Premises, or of any lease or sale of the Leased Premises in the event of a default by the City under the Lease, (3) the right to take all actions and give all consents under the Lease, (4) the right to exercise such rights and remedies conferred on the Authority pursuant to the Lease as may be necessary or convenient (i) to enforce payment of the Lease Payments (including any Excess Amount), prepayments, Additional Payments and Reserve Replenishment Rent and any other amounts required to be deposited in the Bond Fund or the Insurance and Condemnation Fund, or (ii) otherwise to protect the interests of the Authority in the event of a default by the City under the Lease and (5) the right of the Authority to receive rental in excess of Lease Payments as compensation for re-leasing the Leased Premises upon events of default under the Lease.

The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee without any set-off whatsoever. The Trustee is entitled to (subject to the provisions of the Trust Agreement) take all steps, actions and proceedings following any Event of Default reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority assigned to the Trustee and all of the obligations of the City under the Lease.

All Revenues shall be held in trust for the benefit of the Owners from time to time of the Bonds, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes set forth in the Trust Agreement.

THE BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY, OR A PLEDGE OF THE FAITH AND CREDIT, OF THE CITY, THE COMMISSION OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY, WHICH SHALL ONLY BE OBLIGATED TO PAY THE BONDS SOLELY FROM THE REVENUES AND FUNDS PROVIDED FOR IN THE TRUST AGREEMENT. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE CITY TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR FOR THEIR PAYMENT.

Bond Fund

Upon the receipt thereof, the Trustee shall deposit all Revenues in the Bond Fund, except that all moneys received by the Trustee and required under the Trust Agreement or the Lease to be deposited in the Reserve Fund or the Insurance and Condemnation Fund will be deposited in such funds. The Trustee will, subject to the terms of the Trust Agreement, disburse and apply amounts in the Bond Fund as described below.

On each Interest Payment Date, the Trustee will apply moneys in the Bond Fund (whether or not Lease Payments are then in abatement) to pay the interest on the Bonds as such interest shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Trust Agreement).

On each principal payment date, the Trustee will apply moneys in the Bond Fund (whether or not Lease Payments are then in abatement) to pay the principal of the Bonds as such principal becomes due and payable.

On each mandatory sinking fund payment date, the Trustee shall apply moneys in the Bond Fund (whether or not Lease Payments are then in abatement) to the redemption of Bonds in the principal amounts and on the applicable mandatory sinking fund payment dates. See "THE BONDS – Redemption of Bonds" above.

Reserve Fund

Pursuant to the Trust Agreement, the Trustee shall maintain a Reserve Fund. Pursuant to the Trust Agreement, the Reserve Requirement is [\$_____]. On the Closing Date, there shall be deposited in the Reserve Fund an amount equal to the Reserve Requirement. All moneys in the Reserve Fund shall be held by the Trustee in trust for the benefit of the Owners of the Bonds, as a reserve for the payment when due of all the Lease Payments paid pursuant to the Lease and of all payments on the Bonds.

The Trust Agreement provides that the Reserve Fund shall be replenished in the following priority: (i) any Reserve Credit Facility shall be paid from first available Reserve Replenishment Rent; (ii) after all such amounts are paid in full, amounts necessary to fund the Reserve Fund to the required level, after taking into account the amounts available under any Reserve Credit Facility shall be deposited from next available Reserve Replenishment Rent.

The Lease

General. Revenues of the Authority pledged under the Trust Agreement consist primarily of the Lease Payments to be made by the City to the Authority under the Lease. The obligation of the City to pay Lease Payments to the Authority when due is a general fund obligation of the City. **The City has not pledged the full faith and credit of the City, the State of California or any agency or department thereof, to the payment of the Lease Payments or any other payments due under the Lease.**

Pursuant to the Lease, the Authority leases to the City (without option to purchase and subject to the Permitted Encumbrances) the real property where the Leased Premises are located, together with improvements thereon (defined in the Lease and sometimes referred to in this Official Statement as the "Leased Premises"), upon the terms and conditions set forth in the Lease.

The (i) Amended and Restated Operation and Reciprocal Easement Agreement dated May 1, 2000 (the "REA"), among the Commission, Developers Diversified Realty (successor in interest to H-CHH Associates) (the "Developer") and Federated Western Properties, Inc., an Ohio Corporation and (ii) the Parking Operation and Maintenance Agreement dated May 1, 2000 (the "POMA") among the Commission, the Developer and Federated Western Properties, Inc., an Ohio Corporation will have been recorded before the Lease is recorded, and accordingly the Lease and the rights of the parties under the Lease will be subject to the terms and conditions of the REA and the POMA. See "THE LEASED PREMISES – Existing Encumbrances on the Leased Premises" herein.

Lease Payments. Subject to the provisions of the Lease regarding abatement in event of loss of use of any component of the Leased Premises (See "RISK FACTORS - Abatement of Lease Payments" below) and regarding prepayment of Lease Payments, the City agrees to pay to the Authority, its successors and assigns, as annual rental for the use and possession of the Leased Premises, the Lease Payments plus any undischarged portion of the Excess Amount (as described below); provided that the aggregate Lease Payments (including any Excess Amount), Additional Payments (as described below) and Reserve Replenishment Rent (as described below) shall not exceed the Maximum Annual Lease Payments in any Lease Year, which shall represent all sums necessary for the payment of debt service on the Bonds. In addition to the Lease Payments, the City shall also pay Additional Payments as shall be required for the payment of all administrative costs relating to the Bonds, including without limitation all expenses, compensation and indemnification of the Trustee (including its counsel) payable by the Authority under the Trust Agreement, fees of the Remarketing Agent, fees of auditors, accountants, attorneys or engineers, amounts owed to the Liquidity Bank and all other necessary administrative costs of the Authority or charges required to be paid by the Authority in order to maintain its existence or to comply with the terms of the Bonds or of the Trust Agreement, including premiums on insurance maintained pursuant to the Lease to indemnify the Authority and its officers and directors.

The difference in each Lease Year between the Maximum Annual Lease Payments and the Lease Payments, Additional Payments and Reserve Replenishment Rent actually paid by the City in such Lease Year, to the extent that such Lease Payments, Additional Payments and Reserve Replenishment Rent actually paid are less than the Maximum Annual Lease Payments (the "Excess Amount"), will remain an obligation of the City to be paid in any future Lease Year or for any past Lease Year as and when needed to pay Lease Payments, including amounts payable to the Liquidity Bank pursuant to the Standby Bond Purchase Agreement, as and when the aggregate of such rental payments exceeds or exceeded the Maximum Annual Lease Payments in such Lease Year. Except to the

extent of such Excess Amount, the City has no obligation to pay Lease Payments, Additional Payments and Reserve Replenishment Rent for the Leased Premises, including amounts payable to the Liquidity Bank under Standby Bond Purchase Agreement, in any Lease Year in an amount greater than the Maximum Annual Lease Payments; provided, however, that in the event that the sum of the Lease Payments, Additional Payments and Reserve Replenishment Rent and the Excess Amount is less than the amount necessary to pay the Lease Payments, Additional Payments and Reserve Replenishment Rent due under the Lease, amounts on deposit in the Reserve Fund shall be used, to the extent available, to make up any such deficiency.

Covenant to Budget. The City covenants to take such action as may be necessary to include all Lease Payments, Additional Payments and Reserve Replenishment Rent (to the extent the amount of such Additional Payments and Reserve Replenishment Rent is known to the City at the time its annual budget is proposed) due under the Lease in the City's annual budget, to maintain such amounts to the extent unpaid in that Fiscal Year in its budget throughout such Fiscal Year, and to make the necessary annual appropriations therefor. To the extent the amounts of such payments become known after the adoption of the City's annual budget, such amounts shall be included and maintained in such budget as amended. During the term of the Lease, the City will annually on or before July 1 of each year furnish to the Trustee certification that the City has complied with these requirements.

Abatement

Period. The obligation of the City to pay Lease Payments shall be abated during any period in which by reason of damage, destruction or taking by eminent domain or condemnation with respect to any item or portion of the Leased Premises there is substantial interference with the use and possession of such item or portion of the Leased Premises by the City. Under the Lease the City waives the benefits of Civil Code Sections 1932(2) and 1933(4) and any and all other rights to terminate the Lease by virtue of any such interference and the Lease shall continue in full force and effect.

Amount. The amount of any abatement shall be determined by the City such that the resulting Lease Payments represent fair rental value for the use and possession of the item or portion of the Leased Premises not damaged, destroyed, or taken. The City shall obtain an independent appraisal of the value of the Leased Premises in making such determination. Such abatement shall commence with such damage, destruction or taking and end with the substantial completion of the replacement or repair; provided, however, that during abatement, available moneys on deposit in the Reserve Fund and the Bond Fund and other special fund sources of money, including without limitation proceeds of rental interruption insurance, shall be applied to pay the Lease Payments. Upon the cessation of the occurrence of any abatement event during the term of the Lease, the City, shall deliver to the Trustee a Certificate of the City, accompanied by a written appraisal from a qualified appraiser, who may but need not be an employee of the City, stating the then current fair rental value. In the event such fair rental value is greater than the fair rental value on the date of original issuance of the Bonds, the Lease Payments shall be increased to reflect such incremental value so that all amounts abated shall, to the extent possible, be recouped during the remaining term of the Lease.

Insurance

Fire, Extended Coverage and Earthquake Insurance. The City shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of the Lease insurance against loss or damage to any structures constituting any part of the Leased Premises by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance, and, following completion of construction, sprinkler system leakage insurance, boiler explosion insurance (to the extent applicable), earthquake insurance (but as to earthquake insurance only to the extent insurance is commercially available on the open market from reputable insurance companies) and debris removal insurance. Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Leased Premises, excluding the cost of excavations, grading and filling of the land and of other usual exclusions (except that such insurance may be subject to deductible clauses for any one loss of not to exceed \$250,000 or, in the case of earthquake insurance, the lowest reasonably available deductible) or, in the alternative, shall be in an amount and in a form sufficient in the event of total or partial loss, to enable all Bonds then Outstanding to be redeemed.

As an alternative to providing such casualty insurance or deductible clauses, the City may provide a self-insured deductible or a self-insurance method or plan of protection (which must include earthquake protection) (but only from a special fund of the City for which the general fund of the City is not in any fashion obligated nor to which the City is otherwise obligated to make payments), but only if (i) the City obtains and provides to the Trustee, the Commission, the Authority and the Liquidity Bank a certificate of an Insurance Consultant to the effect that such deductible or method and plan (and the amount contained in the related self-insurance fund) is actuarially sufficient to provide the deductibles or coverages in the scope and amounts contemplated by the Lease and (ii) the utilization of such self-insured deductible or method or plan will not preclude the obtaining of the rental interruption insurance required by the Lease or cause the cancellation of any such insurance. In the event such a certificate and the required consents are so obtained and delivered, the self-insured deductible or self-insurance method or plan described therein may be implemented, but only for a period of twelve months from the date of any such certificate of an Insurance Consultant, and thereafter for each additional twelve month period which is immediately preceded by delivery to the Trustee, the Commission and the Authority of a new certificate of an Insurance Consultant.

In the event of any damage to or destruction of any part of the Leased Premises caused by the perils covered by such insurance, the Authority, the Commission and the City, shall cause the proceeds of such insurance to be deposited in the Insurance and Condemnation Fund. In either event, the proceeds of such insurance shall be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Leased Premises.

Liability Insurance. The City shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of the Lease a standard comprehensive general liability (including automobile liability) insurance policy or policies in protection of the Commission and the Authority and their respective members, officers, agents and employees and the Trustee, indemnifying said parties against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the operation of the Leased Premises, with minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of \$200,000 (subject to a deductible clause of not to exceed \$5,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks subject to the adjustment specified in the preceding sentence. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance carried by or on behalf of the City.

As an alternative to providing such liability insurance, the City may provide a self-insurance method or plan of protection (but only from a special fund of the City to which the general fund of the City is not in any fashion obligated), but only if the City obtains and provides the Trustee, the Authority and the Commission with a certificate of an Insurance Consultant to the effect that such insurance method and plan (and the amount of the self-insurance plan) is actuarially sufficient to provide the coverages in the scope and amounts contemplated by the Lease. In the event such a certificate is so obtained and delivered, the self-insurance method or plan described therein may be continued, but only for a period of one year after the date of any certificate of an Insurance Consultant, and thereafter for annual periods so long as there is a new certificate of an Insurance Consultant obtained and delivered to the Trustee, the Commission and the Authority at annual intervals.

Rental Interruption Insurance. The City shall procure or cause to be procured and maintain or cause to be maintained throughout the term of the Lease rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Leased Premises as the result of any of the hazards covered by the insurance required by the Lease, payable over a period of at least [two] years in an amount sufficient to pay the total rent under the Lease for a period of at least [two] years.

Worker's Compensation. The City shall also maintain worker's compensation insurance to insure its employees against liability for compensation under the Worker's Compensation Insurance and Safety Act. As an alternative, such insurance may be maintained as part of or in conjunction with any other insurance carried by the City. Such insurance may be maintained by the City in the form of self-insurance.

Title Insurance. The City shall obtain upon the execution and delivery of the Lease title insurance on the Leased Premises, in an amount equal to the aggregate principal amount of the Bonds, issued by a company of recognized standing duly authorized to issue the same, subject only to Permitted Encumbrances.

Default and Remedies Under the Lease

If the City fails to pay any rental payable under the Lease when the same becomes due and payable, or the City fails to keep, observe or perform any other term, covenant or condition contained in the Lease to be kept or performed by the City, the City shall be deemed to be in default under the Lease and it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to the Lease, provided that the Leased Premises continue to be operated and maintained as a public off-street vehicular parking facility. Upon any such default, the Authority, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(1) Terminate the Lease on account of default by the City, notwithstanding any re-entry or re-letting of the Leased Premises and remove all persons in possession thereof and all personal property wheresoever situated upon the Leased Premises and place such personal property in storage in any warehouse or other suitable place in the County of Los Angeles, State of California, provided that the Leased Premises continue to be operated and maintained as a public off-street vehicular parking facility. In the event of such termination, the City agrees to surrender immediately possession of the Leased Premises and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Leased Premises and removal or storage of such property by the Authority or its duly authorized agents in accordance with the Lease. The City covenants and agrees that no surrender of the Leased Premises or of the remainder of the term of the Lease or any termination of the Lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(2) Without terminating the Lease, (i) to collect each installment of rent as it becomes due and enforce any other term or provision hereof to be kept or performed by the City or (ii) to exercise any and all rights of entry and re-entry upon the Leased Premises as provided in the Lease. In the event the Authority does not elect to terminate the Lease, the City shall remain liable and agrees to keep or perform all covenants and conditions to be kept or performed by the City and, if the Leased Premises are not re-let, to pay the full amount of the rent annually to the end of the term of the Lease or, in the event that the Leased Premises are re-let, to pay any deficiency in rent that results therefrom; and further agrees to pay said rent and/or rent deficiency punctually at the same time and in the same manner as provided in the Lease for the payment of rent (without acceleration).

Upon the occurrence of an event of default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease.

LIQUIDITY FACILITY

Provisions in Trust Agreement Concerning the Liquidity Facility

The Authority shall use its best efforts to cause a Liquidity Facility to be provided with respect to the Bonds at all times during and on the first day following a Weekly Rate Period. The Liquidity Facility shall be available solely to pay purchase price of the Bonds. See APPENDIX E – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE TRUST AGREEMENT.”

Pursuant to the Trust Agreement the Trustee is instructed to request payment under the Standby Bond Purchase Agreement or any Alternate Liquidity Facility at the times, in the manner and for the purposes set forth in the Trust Agreement and in the Standby Bond Purchase Agreement or Alternate Liquidity Facility to pay the purchase price of the Bonds. No principal or interest shall be payable from the Standby Bond Purchase Agreement or Alternate Liquidity Facility, except as part of the purchase price of any Bonds.

The Trustee shall give notice by mail to the Bondholders of the Bonds (1) on or before the 15th day preceding the termination or expiration of any Liquidity Facility in accordance with its terms, or any reduction, replacement or material modification of the terms of the Liquidity Facility, or (2) in the case of receipt by the Trustee of notice from the Liquidity Bank that an event of default has occurred under the Liquidity Facility and directing the Trustee to effect a mandatory purchase of the Bonds, within two Business Days following the receipt of such notice of an event of default, which notice shall, to the extent applicable, (a) describe generally the Liquidity Facility in effect prior to such termination, expiration or replacement, and the Alternate Liquidity Facility, if any, to

be in effect upon such termination, expiration or replacement, (b) state the date of such termination, expiration, reduction, replacement or modification, (c) describe any reduction or modification of the Liquidity Facility, (d) specify the rating, if any, to be applicable to the Bonds after such termination, expiration, reduction, replacement or modification of the Liquidity Facility or state that no ratings have been obtained with respect to the Bonds for the period subsequent to such termination, expiration, reduction, replacement or modification, and (e) unless the Liquidity Facility has been replaced by an Alternate Liquidity Facility, state that the Bonds will be purchased on the second Business Day preceding such termination, expiration, reduction, replacement or modification or, in the case of a mandatory purchase due to the occurrence of an event of default under the Liquidity Facility, on the date determined as provided in the Trust Agreement. The Authority will give the Trustee written notification of any termination, expiration, reduction, replacement or modification, of the terms of or event of default under the Liquidity Facility as soon as practicable after receiving knowledge thereof. The Authority shall provide the Trustee with written notice of any information required to enable the Trustee to give the foregoing notice and shall provide the Trustee with the form of such notice; provided, however, that in the event the Authority fails to provide such notice, the Trustee shall provide such notice.

The Standby Bond Purchase Agreement

The following summarizes certain provisions of the Standby Bond Purchase Agreement, to which document, in its entirety, reference is made for the complete provisions thereof. The provisions of any Alternate Liquidity Facility may be different from those summarized below.

The Authority, the City, the Trustee and the Liquidity Bank have entered into a Standby Bond Purchase Agreement dated as of September 1, 2008, which provides for the purchase of Bonds which have not been remarketed upon the optional or mandatory tender for purchases thereof under the Trust Agreement.

The Standby Bond Purchase Agreement will be executed and delivered by the Liquidity Bank with an initial available commitment of \$_____. The Trustee, upon compliance with the terms of the Standby Bond Purchase Agreement, is authorized and directed to pay the portion of the purchase price of Weekly Rate Bonds delivered for purchase pursuant to a demand for purchase by the owner thereof or a mandatory tender for purchase and not remarketed equal to the principal amount of such Weekly Rate Bonds, plus an amount not to exceed [34] days of accrued interest on such Bonds at a rate of 12% per annum to pay interest on Weekly Rate Bonds when due.

The Liquidity Bank's available commitment under the Liquidity Facility (the "Available Commitment") will terminate on the earliest to occur of (i) September __, 2011; (ii) the close of business on the Business Day immediately succeeding the date on which an Alternate Liquidity Facility has become effective pursuant to the terms of the Trust Agreement; (iii) the date that the interest rate on the Bonds is converted to a Fixed Rate (but only if all the Bonds then bear interest at a Fixed Rate and only after the Liquidity Bank has purchased any Bonds required to be purchased on such date as provided in the Trust Agreement); (iv) the date which is 30 days after the Liquidity Bank delivers a Notice of Mandatory Tender (as defined in the Standby Bond Purchase Agreement);(v) the date on which an Event of Termination (as defined below) occurs and (vi) the date on which no Bonds are Outstanding.

(i) Upon the occurrence of an Event of Termination (as defined below), the Available Commitment shall immediately be reduced to zero, in which case the obligations of the Liquidity Bank under the Standby Bond Purchase Agreement will immediately terminate and expire without the requirement of notice by the Liquidity Bank. After such termination or expiration, the Liquidity Bank will deliver, within two (2) Business Days, to the Authority, the City, the Trustee and the Remarketing Agent written notice of such termination or expiration; provided, that the Bank will incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure to provide such written notice will have no effect on the validity or enforceability of such termination or expiration.

(ii) Upon the occurrence of any Event of Default (as defined below), the Liquidity Bank may give written notice of such Event of Default and termination of the Standby Bond Purchase Agreement (a "Notice of Termination") and request a Default Tender, to the Trustee, the Authority, the City and the Remarketing Agent specifying the date on which the Available Commitment and the Commitment Period terminates, which date shall not be earlier than the thirtieth (30th) day (or if such day is not a Business Day, the next following Business Day) after such Notice of Termination is received by the Trustee. On such date the Available Commitment will terminate

and the Liquidity Bank shall be under no obligation under the Standby Bond Purchase Agreement to purchase Weekly Rate Bonds.

(iii) Upon the occurrence of an Event of Termination described in (d)(ii) below, the obligations of the Liquidity Bank to purchase Weekly Rate Bond will be immediately and automatically suspended from the time of the occurrence of such Event of Termination, and in the event any provision of the Standby Bond Purchase Agreement, the Bonds, the Authority Lease, the Lease Agreement or the Trust Agreement relating to the ability or obligation of the Authority or the City to make payments of principal or interest in the Bonds (including Bank Bonds) is declared to be null and void, or it is determined that the Authority or the City has no liability under the Standby Bond Purchase Agreement, the Bonds, the Authority Lease, the Lease Agreement or the Trust Agreement, in any case, by a court or other Governmental Authority with competent jurisdiction, then the obligations of the Liquidity Bank under the Standby Bond Purchase Agreement will terminate in accordance with the provisions of the Standby Bond Purchase Agreement; provided, however, that if such provisions are upheld in their entirety, then the Liquidity Bank's obligations under the Standby Bond Purchase Agreement will be automatically reinstated and the terms of the Standby Bond Purchase Agreement will continue in full force and effect (unless the Standby Bond Purchase Agreement will have otherwise expired or been terminated in accordance with its terms) as if there had been no such suspension. If the Event of Termination which gave rise to the suspension of the obligations of the Liquidity Bank under the Standby Bond Purchase Agreement has not been cured or does not cease to exist prior to the three (3) year anniversary of such occurrence, the obligations of the Liquidity Bank under the Standby Bond Purchase Agreement will be terminated upon written notice from the Liquidity Bank, to the Authority, and thereafter the Liquidity Bank shall have no further obligations under the Standby Bond Purchase Agreement.

(iv) Upon the occurrence of a Default (as defined in the Standby Bond Purchase Agreement) described in (c)(ii) or (c)(iii) below, the obligation of the Liquidity Bank to purchase Bonds under the Standby Bond Purchase Agreement shall be immediately suspended until the proceeding referred to therein is terminated prior to the court entering an order granting the relief sought in such proceeding. In the event such proceeding is terminated prior to the expiration of the grace period set forth therein, the obligations of the Liquidity Bank to purchase Bonds under the Standby Bond Purchase Agreement shall be reinstated and the terms of the Standby Bond Purchase Agreement will continue in full force and effect (unless the obligations of the Liquidity Bank to purchase Bonds under the Standby Bond Purchase Agreement shall have otherwise terminated in accordance with the terms of the Standby Bond Purchase Agreement) as if there had been no such suspension. Upon the lapse of the grace period set forth in Sections (c)(ii) and (c)(iii) below or upon the court entering an order granting the relief sought in such proceeding, the obligations of the Bank under the Standby Bond Purchase Agreement will terminate in accordance with (i) above.

In addition to the rights and remedies set forth in immediately four preceding paragraphs, in the case of any Event of Termination under the Standby Bond Purchase Agreement or in the case of any Event of Default under the Standby Bond Purchase Agreement, the Liquidity Bank shall have all the rights and remedies available to it under the Standby Bond Purchase Agreement, the Financing Documents or otherwise pursuant to law or equity; provided, however, that the Liquidity Bank shall not have the right to terminate its obligation to purchase Bonds or to declare any amount due under the Standby Bond Purchase Agreement due and payable except as expressly provided therein.

"Events of Termination" under the Standby Bond Purchase Agreement include the following:

(a) Payments. Any principal of, or interest on any Bonds or Bank Bonds is not paid when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise); or

(b) Other Obligations. (i) The City or the Authority, as applicable, fails to pay when due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) any indebtedness of the Authority or the City, as applicable, which constitutes a general fund lease obligation of the City, and such failure continues beyond any applicable period of grace specified in any underlying resolution, indenture, contract or instrument providing for the creation of or concerning such indebtedness, or (ii) pursuant to the provisions of any resolution, indenture, contract or instrument providing for the creation of or concerning any indebtedness of the Authority or the City, as applicable, which constitutes a general fund lease obligation of the City, the maturity of any such indebtedness, as a result of the occurrence of any default by the Authority or the City, as applicable, under such resolution, indenture,

contract or instrument and the continuance of such default beyond any applicable period of grace set forth therein, such indebtedness is or may be accelerated, or may be required to be prepaid prior to the stated maturity thereof; or

(c) Insolvency. (i) The Authority or the City commences any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its Debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Authority or the City shall make a general assignment for the benefit of its creditors; or (ii) there will be commenced against the Authority or the City any case, proceeding or other action of a nature referred to in clause (i) above which (x) results in an order for such relief or in the appointment of a receiver or similar official or (y) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (iii) there will be commenced against the Authority or the City, any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets, which results in the entry of an order for any such relief which will not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (iv) the Authority or the City takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) the Authority or the City will generally not, or will be unable to, or so admit in writing its inability to, pay its Debts; or (vi) the Authority, the City or the State of California or any Governmental Authority having jurisdiction over the Authority or the City imposes a debt moratorium with respect to repayment when due and payable of the principal of or interest on any indebtedness of the Authority or the City; or

(d) Invalidity. (i) Any provision of the Standby Bond Purchase Agreement, the Bonds, the Authority Lease, the Lease Agreement or the Trust Agreement relating to the payment of principal or interest on Bonds or Bank Bonds shall at any time for any reason cease to be valid and binding on, or fully enforceable against, the Authority or the City as determined by any court or Governmental Authority having appropriate jurisdiction in a final nonappealable judgment, or (ii)(a) the validity or enforceability of any provision of the Standby Bond Purchase Agreement, the Bonds, the Authority Lease, the Lease Agreement or the Trust Agreement relating to the payment of principal or interest on Bonds or Bank Bonds shall be contested in writing by an authorized representative of the Authority or the City or (b) any Governmental Authority having appropriate jurisdiction over the Authority or the City makes a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or decree pursuant to which any material provision of the Standby Bond Purchase Agreement, the Bonds, the Authority Lease, the Lease Agreement or the Trust Agreement relating to the payments of principal or interest on Bonds or Bank Bonds will be null and void, invalid or unenforceable, or (c) an authorized representative of the Authority or the City denies in writing that the Authority or City, as applicable, has any or further liability or obligation under the Standby Bond Purchase Agreement or the Bonds; or

(e) Ratings Downgrade. The long term unenhanced rating by Fitch and S&P on any general fund lease obligation indebtedness of the City is withdrawn or suspended for credit related reasons or reduced below "Baa3" (or its equivalent), "BBB " (or its equivalent) and "BBB " (or its equivalent), respectively; or

"Events of Default" under the Standby Bond Purchase Agreement include the following:

(a) Other Payments. Nonpayment of other amounts payable under the Standby Bond Purchase Agreement (not otherwise referred to in paragraph (i) above, and such failure to pay continues for ten (10) days after the same has become due; or

(b) Representation. Any material representation or warranty made by the Authority or the City to the Bank in the Standby Bond Purchase Agreement, a Financing Document or in any certificate or statement delivered under the Standby Bond Purchase Agreement is incorrect or untrue in any material respect when made or deemed to have been made; or

(c) Certain Covenants. The Authority or the City, as applicable, defaults in the due performance or observance of certain covenants set forth in the Standby Bond Purchase Agreement; or

(d) Other Covenants. The Authority defaults in any material respect in the due performance or observance of any other term, covenant or agreement contained or incorporated by reference in the Standby Bond Purchase Agreement (other than those referred to in paragraph (a) under “Events of Termination”, paragraphs (a), (b) and (c) under “Events of Default”) and such default remains unremedied for a period of thirty (30) days or more; or

(e) Other Documents. Any “Event of Default” under the Trust Agreement or any “Event of Default” which is not cured within any applicable cure period under any of the other Financing Documents shall occur; or

(f) Other Invalidities. Any material provision of the Standby Bond Purchase Agreement, the Bonds, the Authority Lease, the Lease Agreement or the Trust Agreement, other than a provision described in paragraph(d)(i) under “Event of Termination”, at any time for any reason ceases to be valid and binding on the Authority, or is declared in a final nonappealable judgment by any court having jurisdiction over the Authority to be null and void, invalid, or unenforceable, or the validity or enforceability thereof is contested in writing by an Authorized Officer of the Authority; or

(g) Other Ratings Downgrade. The long term unenhanced rating by any of Fitch or S&P on any general fund lease obligation indebtedness of the City is reduced below “A3” (or its equivalent), “A-” (or its equivalent) or “A-” (or its equivalent), respectively.

“*Financing Documents*” means the Trust Agreement, the Lease, the Bonds, the Remarketing Agreement, the Authority Lease, the certificates of the City and the Authority delivered at closing pursuant to the Standby Bond Purchase Agreement and the Purchase Contract.

THE LIQUIDITY BANK

The following information concerning the Liquidity Bank has been provided by representatives of the Liquidity Bank and has not been confirmed or verified by either the Underwriter or the Authority. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date.

KBC Bank N.V., New York Branch (“KBC NYB”) is an unincorporated branch of KBC Bank N.V., a naamloze vennootschap (public company of limited liability) organized under the laws of Belgium, whose principal office is located in Brussels, Belgium. KBC Bank N.V. conducts operations through additional offices and agencies in the United States and around the world. Created on June 4, 1998 through the combination of two predecessor Belgian banks, Kredietbank N.V. and CERA Bank C.V., KBC Bank N.V. is subject to regulation by the Belgium Banking Commission and to Belgian banking and accounting law. KBC Bank N.V. maintains its records and prepares its financial statements in accordance with accounting principles generally accepted in Belgium. Such records and financial statements are maintained and prepared in Euro currency (EUR).

One of the largest commercial banks in Belgium, KBC Bank N.V. operates as a universal bank, engaged in commercial and investment banking, and offers comprehensive financial services. In contrast with the two other major Belgian banks, KBC Bank N.V.’s branches in Belgium are located exclusively in Flanders and Brussels. KBC Bank N.V. is indirectly represented through CBC Banque S.A., a majority-owned subsidiary with branches in the Walloon region and Brussels.

KBC NYB was originally established in 1977 as a New York Branch of Kredietbank N.V., and has been relicensed by the Banking Department of the State of New York as a New York Branch of KBC Bank N.V. to provide a full range of services in New York. In addition to handling foreign exchange transactions, KBC NYB is active in international payment transactions and the clearing of commercial payments and professional transactions in U.S. Dollars. KBC NYB is also involved in providing financial services, particularly credit, for European (including Belgian) companies operating in the United States, as well as for United States corporations.

Selected Consolidated Financial Data of KBC Bank N.V.

Year Ended
December 31, 2007
(EUR Millions)

Total Assets	EUR	355,597
Amounts Owed to Customers		192,135
Loans and Advances to Customers		147,051
Total Equity		17,348
Net Income		3,281

Conversion Rate: As of December 31, 2007, EUR 0.679 = US\$1.00

KBC NYB will provide, upon written request and without charge, a copy of KBC Bank N.V.'s Annual Report for the year ended December 31, 2007. Written requests should be directed to: KBC Bank N.V., New York Branch, 1177 Avenue of the Americas, New York, New York 10036, Attention: Controller.

The delivery of this Official Statement shall not create any implication that there has been no change in the affairs of KBC Bank N.V. since December 31, 2007 or that information contained or referred to under "THE LIQUIDITY BANK" is current as of any time subsequent to such date.

THE LEASED PREMISES

General

The Commission is the fee title owner of the Leased Premises, which consists of various parking facilities, pedestrian bridges and vehicular ramp. The Leased Premises include the Subterranean Garage Tract, the Los Robles Avenue Garage Tract, the Marengo Avenue Garage Tract, the Commission Mordisco Garage Tract, the Commission Bridge Tract and the Green Street Bridge.

[additional description needed]

Existing Encumbrances on the Leased Premises

The Amended and Restated Operation and Reciprocal Easement Agreement dated May 1, 2000 (the "REA"), among the Commission, Developers Diversified Realty (successor in interest to H-CHH Associates) (the "Developer") and Federated Western Properties, Inc., an Ohio Corporation and (ii) the Parking Operation and Maintenance Agreement dated May 1, 2000 (the "POMA") among the Commission, the Developer and Federated Western Properties, Inc., an Ohio Corporation provide for the use, operation and maintenance of the Leased Premises. Since the REA and the POMA will have been recorded prior to the recordation of the Authority Lease and the Lease, the rights of the parties thereunder will be subject to the terms and conditions of the REA and the POMA.

REA. Pursuant to the REA, the Commission grants non-exclusive easements to the Developer (and subsequent owners of properties abutting the Leased Premises) of the Leased Premises or portions thereof, for vehicular and pedestrian access and parking purposes consistent with the POMA and, to the extent reasonably necessary, for construction, support, utilities, maintenance and encroachment. The Leased Premises may only be used for the construction, operation and maintenance of parking facilities and related incidental uses in accordance with the terms of the POMA.