

POMA. Pursuant to the POMA, certain parking spaces will be allocated for the exclusive use of occupants of certain apartment residential units located within development project known as Paseo Colorado, which is bordered by Marengo Avenue on the west, Colorado Boulevard on the north, Los Robles Avenue on the east and Green Street on the south.

Management. The Commission is the manager of the Leased Premises, which properties are to be operated, maintained and repaired in good order, condition and repair.

Parking Operation Net Income. All parking operation revenues and all parking operation expenses will be owned by the Commission and will be assigned to the Authority, pursuant to the Authority Lease, and re-assigned to the City, pursuant to the Lease Agreement.

Amendment. The Commission and the City is contemplating an amendment to the POMA in order to increase the parking rates charged at certain parking structures comprising the Leased Premises. The proposed increase in parking rates is expected to generate additional parking operation revenues. No assurances can be made that the POMA will be amended to reflect the increase in parking rates or that such increase in parking rates will generate additional parking operation revenues.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the Bonds. However, it does not purport to be an exhaustive list of risks or other considerations which may be relevant to an investment in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

No Pledge of General Tax Revenues

The City has covenanted in the Lease to take such action as may be necessary to include all Lease Payments, Additional Payments and Reserve Replenishment Rent (to the extent such Additional Payments and Reserve Replenishment Rent are 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.

The obligation of the City to pay Lease Payments, Additional Payments and Reserve Replenishment Rent under the Lease constitutes a current expense of the City and shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor shall anything contained in the Lease constitute a pledge of the general tax revenues, funds or moneys of the City. Lease Payments, Additional Payments and Reserve Replenishment Rent due under the Lease shall be payable only from current funds which are budgeted and appropriated or otherwise legally available for the purpose of paying Lease Payments, Additional Payments and Reserve Replenishment Rent or other payments due under the Lease as consideration for the use of the Leased Premises. The City has not pledged the full faith and credit of the City, the Commission, the State of California or any agency or department thereof to the payment of the Lease Payments, Additional Payments and Reserve Replenishment Rent or any other payments due under the Lease.

The City has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the City, the funds available to make Lease Payments may be decreased. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other activities before making Lease Payments and other payments due under the Lease.

Abatement of Lease Payments

The obligation of the City to pay Lease Payments is 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. See "SECURITY AND SOURCES OF REPAYMENT FOR THE BONDS – The Lease – Abatement" above.

Seismic Risks; Earthquake Insurance

The City is in a seismically active region of California. Major fault systems traversing Southern California and affecting the Pasadena area include the San Andreas and Newport-Inglewood fault systems. A major earthquake along these regional systems, local faults, or as yet unknown faults has the potential to result in seismic-induced ground shaking in Pasadena. Much of the City, including the Lease Premises, overlies sandy, stony or gravelly soil. This soil is more porous and loosely compacted than bedrock and thus subject to greater impacts from seismic ground shaking than bedrock. The Lease Premises lie approximately four miles from the Sierra Madre fault to the north and approximately two miles from the Raymond Hill fault to the south. These faults are the only faults considered active within the City. No known faults traverse the Lease Premises. A significant earthquake along one or more of these or other faults is probable during the period the Bonds will be outstanding.

Earthquake insurance is only required to be provided to the extent such insurance is commercially available from reputable insurance companies. (See APPENDIX E – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE LEASE”). In the event that the City does not obtain earthquake insurance and the Leased Premises are damaged or destroyed by earthquake, the City’s obligation to make Lease Payments would be abated, subject to the availability of rental interruption insurance and the amounts deposited in the Reserve Fund. In the event of a serious earthquake affecting the City, it is possible that the Federal Emergency Management Agency (“FEMA”) would provide financing to aid the Commission in rebuilding the Leased Premises; however, there can be no assurance that FEMA would provide such aid or that, if provided, it would cover one hundred percent of the cost of reconstruction.

Self-Insurance

The City may self-insure for casualty loss insurance and comprehensive liability insurance and for the deductibles relating thereto. Should the City self-insure for such losses, no assurance can be given that such self-insurance at the time of any casualty or loss will be adequate to cover any claims that may arise. A detailed description of (i) the insurance requirements of the City under the Lease and (ii) the conditions under which the City is permitted to self-insure is contained in the Lease.

Limited Recourse on Default

The enforcement of any remedies provided in the Lease and Trust Agreement could prove both expensive and time-consuming. Although the Lease provides that, if the City defaults the Authority may repossess the Property and relet it, portions of the Leased Premises may not be easily recoverable. Additionally, the Authority may have limited ability to relet the Premises to provide a source of rental payments sufficient to pay the principal and interest represented by the Bonds. See APPENDIX E – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - THE LEASE - Default and Remedies.”

Limitation of Remedies

The rights of the owners of the Bonds are subject to the limitations on legal remedies against cities in the State, including applicable bankruptcy, insolvency, reorganization, laws affecting the enforcement of creditors’ rights generally, now or moratorium or similar hereafter in effect, and to the application of general principles of equity, including without limitation, concepts of materiality, reasonableness, good faith and fair dealing, and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or in law. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy proceedings or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

REMARKETING AGENT

Merrill Lynch, Pierce, Fenner & Smith Incorporated has been appointed to serve as the initial Remarketing Agent (the “Remarketing Agent”) for the Bonds pursuant to the Trust Agreement and the Remarketing Agreement. The Remarketing Agent may resign or be removed and a successor Remarketing Agent may be appointed in accordance with the Trust Agreement and the Standby Bond Purchase Agreement.

Special Considerations Relating to Remarketing of the Bonds

The Remarketing Agent is Paid by the Authority. The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing the Bonds that are subject to optional or mandatory tender (subject to the terms of the Remarketing Agreement), all as further described in this Official Statement. The Remarketing Agent is appointed by the Authority and is paid by the Authority for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of the Bonds.

The Remarketing Agent May Purchase the Bonds for its Own Account. The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Bonds for its own account and, in its sole discretion, may acquire tendered Bonds for which it acts as the Remarketing Agent to achieve a successful remarketing of the Bonds (i.e., because there otherwise are not enough buyers to purchase such Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase the Bonds, and may cease doing so at any time without notice. If a Remarketing Agent ceases to purchase the Bonds, it may be necessary for the Tender Agent to draw on the Standby Bond Purchase Agreement or subsequent Liquidity Facility, if any. The Remarketing Agent may also make a market in the Bonds by purchasing and selling such Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales must be at fair market value, and sales of such Bonds may be at or below par. However, the Remarketing Agent is not required to make a market in the Bonds. The Remarketing Agent may also sell any Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Bonds. The purchase of the Bonds by the Remarketing Agent, as described above, may create the appearance that there is greater third party demand for the Bonds in the market than is actually the case. The practices described above also may result in fewer Bonds being tendered in a remarketing.

Bonds May be Offered at Different Prices on Any Date Including a Rate Determination Date. Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the rate of interest that, in its judgment, is the minimum interest rate necessary to be borne by any Bonds for the relevant Interest Rate Period to enable the Remarketing Agent to remarket such Bonds at a price (without regard to accrued interest) equal to the principal amount thereof; provided, however, that in no event shall any rate so determined exceed the Maximum Interest Rate. [At the time the new rate becomes effective, the Remarketing Agent is required to use its best efforts to remarket the Bonds at par.] The interest rate will reflect, among other factors, the level of market demand for the Bonds (including whether the Remarketing Agent is willing to purchase such Bonds for its own account). There may or may not be any Bonds tendered and remarketed on a rate determination date, the Remarketing Agent may or may not be able to remarket any such Bonds tendered for purchase on such date at par and the Remarketing Agent may sell such Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if they do not have third party buyers for all of the Bonds at the remarketing price. In the event the Remarketing Agent owns any Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Bonds on any date, including a rate determination date, at a discount to par to some investors.

The Ability to Sell the Bonds other than through Tender Process May Be Limited. The Remarketing Agent may buy and sell the Bonds other than through the tender process. However, the Remarketing Agent is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender the Bonds to tender such Bonds through the Tender Agent with appropriate notice. Thus, investors who purchase the Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Bonds other than by tendering the Bonds in accordance with the tender process described herein.

Under Certain Circumstances, the Remarketing Agent May Be Removed, Resign or Cease Remarketing the Bonds. Under certain circumstances the Remarketing Agent may cease its remarketing efforts, subject to the terms of the Remarketing Agreement. In addition, as provided in the Remarketing Agreement and the Trust Agreement, the Remarketing Agent may resign or be removed.

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 Commission. The Authority is a public entity separate from the City and the Commission. The debts, liabilities and obligations of the Authority do not constitute debts, liabilities or obligations of the City or the Commission. The Authority is administered by a Governing Board which consists of the members of the City Council of the City.

THE CITY

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

THE COMMISSION

The Commission was established on April 27, 1981 to succeed the Pasadena Redevelopment Agency, to eliminate deterioration of the community and promote economic revitalization within the City. The City provides management assistance to the Commission, and the members of the City Council act as the Commission’s governing body.

CONTINUING DISCLOSURE

Pursuant to the Lease, upon conversion of the Bonds to a Fixed Rate Mode, the City has agreed to execute and deliver a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”), in accordance with the continuing disclosure requirements promulgated under Securities and Exchange Commission Rule 15c2-12(b)(5), as may from time to time hereafter be amended or supplemented. The Authority has no liability to the Bondholders or any other person with respect to such disclosure matters.

TAX MATTERS

In the opinion of Sidley Austin LLP, San Francisco, California, Bond Counsel, interest on the Bonds will be exempt from personal income taxes imposed by the State of California.

Internal Revenue Service Circular 230 Notice

Any discussion of federal tax issues set forth in this Official Statement was written in connection with the promotion and marketing of the transactions described in this Official Statement. Such discussion is not intended or written to be used, and cannot be used by any person for the purpose of avoiding any U.S. federal tax penalties that may be imposed on such person. Each investor should seek advice based on its particular circumstances from an independent tax advisor.

In General

Interest on the Bonds will be includable in the gross income of the owners thereof for purposes of federal income taxation. See "Certain U.S. Federal Income Tax Considerations" below. Under existing law, interest on the Bonds will be exempt from personal income taxes imposed by the State of California.

Certain U.S. Federal Income Tax Considerations

The following is a summary of certain United States federal income tax consequences of the purchase, ownership and disposition of the Bonds is based on laws, regulations, rulings and decisions now in effect, all of which are subject to change (including changes in effective dates) or possible differing interpretations. It deals only with Bonds held as capital assets and does not purport to deal with persons in special tax situations, such as financial institutions, insurance companies, regulated investment companies, dealers in securities or currencies, persons holding the Bonds as a hedge against currency risks or as a position in a "straddle" for tax purposes, or persons whose functional currency is not the U.S. dollar. It also does not deal with holders other than investors who purchase the Bonds in the initial offering at the first price at which a substantial amount of such substantially identical Bonds are sold to the general public (except where otherwise specifically noted). Persons considering the purchase of the Bonds should consult their own tax advisors concerning the application of U.S. federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Bonds arising under the laws of any other taxing jurisdiction.

As used herein, the term "U.S. Holder" means a beneficial owner of a Bond that is for U.S. federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate, the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or (b) the trust was in existence on August 20, 1996 and properly elected to continue to be treated as a United States person. Moreover, as used herein, the term "U.S. Holder" includes any holder of a Bond whose income or gain in respect of its investment in a Bond is effectively connected with a U.S. trade or business.

Certain U.S. Federal Income Tax Considerations

Payments of interest on a Bond generally will be taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received (in accordance with the U.S. Holder's regular method of tax accounting).

Disposition of a Bond

Except as discussed above, upon the sale, exchange or retirement of a Bond, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (other than amounts representing accrued and unpaid interest) and such U.S. Holder's adjusted tax basis in such Bond. A U.S. Holder's adjusted tax basis in a Bond generally will equal such U.S. Holder's initial investment in such Bond. Such gain or loss generally will be long-term capital gain or loss if such Bond has been held by the U.S. Holder at the time of disposition for more than one year.

Backup Withholding

Backup withholding of United States Federal income tax may apply to payments made in respect of the Bonds to registered holders who are not "exempt recipients" and who fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Payments made in respect of the Bonds to a U.S. Holder must be reported to the IRS, unless the U.S. Holder is an exempt recipient or otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the IRS.

Future Tax Developments

Future legislative proposals, if enacted into law, regulations, rulings or court decisions may cause interest on the Bonds to be subject to State income taxation. Further, legislation or regulatory actions and proposals may affect the economic value of the State tax exemption or the market value of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed State tax legislation, regulations, rulings or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

Legal matters incident to the authorization, issuance, sale and delivery by the Authority of the Bonds are subject to the approving opinion of Sidley Austin LLP, San Francisco, California, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX C hereto. Bond Counsel undertakes no responsibility to the Bondholders for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Authority, the Commission and the City by the City Attorney and by 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.

OTHER MATTERS

Litigation

No litigation is pending or threatened concerning the validity of the Bonds, the Lease, or the Trust Agreement. The Authority is not aware of any litigation pending or threatened questioning the political existence of the Authority or the City or contesting the City's ability to make Lease Payments under the Lease. In the normal course of business, the City and the Commission have been named as defendants or co-defendants in several lawsuits and claims. These claims against the City and the Commission have been evaluated and City Management believes that the ultimate resolution of such claims will not have a material adverse impact on the financial conditions of the City or the Commission.

There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best knowledge of the City, threatened against or affecting the City: (i) which would materially and adversely impact the City's ability to complete the transactions described in or contemplated by this Official Statement; (ii) to restrain or enjoin the delivery of any of the Bonds or the payments to be made by the City

pursuant to the Lease; (iii) in any way contesting or affecting the validity of the Trust Agreement, the Lease, any of the Bonds or the transactions relating to the Leased Property or contesting in any way the completeness or accuracy of this Official Statement; or (iv) wherein an unfavorable decision, ruling or finding would materially and adversely affect the City or the validity or enforceability of the Trust Agreement, the Lease or the Bonds.

A number of suits and claims are pending against the City and related entities. In the opinion of the City, the results of such legal activities will not have a material adverse effect on the financial position or results of operations of the City or such entities.

Ratings

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") and Fitch Ratings ("Fitch") have assigned the Bonds ratings of [_____] and [_____] , respectively, and with the understanding that upon delivery of the Bonds, the Standby Bond Purchase Agreement will be delivered by the Liquidity Bank. In addition, S&P and Fitch have assigned the Bonds an underlying rating of ___ and ___, respectively. Such ratings reflect only the view of each such organization and explanations of the significance of such ratings may be obtained from such ratings agencies at: Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041 and Fitch Ratings, One State Street Plaza, New York, New York 10004. There is no assurance that such ratings will continue for any given period or that they will not be revised downward or withdrawn entirely by the respective rating agencies, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

Underwriting

The Bonds are being purchased by Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriter") at a purchase price of \$____ (which represents the aggregate principal amount of the Bonds, \$_____, less an underwriter's discount of \$_____). The Purchase Contract for the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Purchase Contract.

EXECUTION AND DELIVERY

The execution and delivery of this Official Statement have been duly authorized by the Authority.

PASADENA PUBLIC FINANCING AUTHORITY

By: _____
Treasurer

APPENDIX A

THE CITY OF PASADENA

General

The City of Pasadena was incorporated in 1886 and became a freeholder charter city in 1901. The City adopted its city manager form of government by amendments to the City Charter in 1921. The City Council is responsible for the administration of the City.

The City covers approximately 23 square miles and is located in the County of Los Angeles in the northwestern portion of the San Gabriel Valley. The City is bounded on the west by the cities of Los Angeles, La Cañada and Glendale, on the south by South Pasadena and San Marino, on the east by Arcadia and Sierra Madre, and on the north by the unincorporated community of Altadena and the San Gabriel Mountains.

The City provides its approximately 147,000 residents with power, water and refuse services. The Southern California Gas Company supplies natural gas, and the County provides sewage services.

While the City consistently receives international recognition for the Rose Parade and Rose Bowl events, the City has achieved significant success in blending urban amenities with suburban neighborhoods. Engineering, finance and health care comprise the primary industry sectors. In addition, the academic and research pursuits of the California Institute of Technology, the Jet Propulsion Laboratory and the Art Center College of Design bring a unique combination of resources to the City. The City's downtown continues to serve as the corporate and entertainment center for the San Gabriel Valley's 1.8 million residents.

City Council

All powers of the City are vested in the City Council which is empowered to carry out the provisions of the City Charter and perform all duties and obligations of the City as imposed by State law. The City has an eight-member City Council comprised of members elected in seven City Council districts and a City-wide elected mayor. Each Council member and the mayor are elected for four-year staggered terms. The Council members elect the vice-mayor from their membership, who traditionally serves two consecutive one-year terms.

City Staff

Bernard K. Melekian was appointed Interim City Manager effective January 8, 2008 upon the retirement of Cynthia J. Kurtz. Previously, Bernard K. Melekian served as the Pasadena Chief of Police beginning on April 30, 1996. Prior to joining the City of Pasadena, Chief Melekian served with the Santa Monica Police Department for 23 years. He was awarded the Medal of Valor in 1978 and the Medal of Courage in 1980.

Chief Melekian served as the President for the Los Angeles County Police Chiefs' Association from January 1, 2000 to December 31, 2001. From 2000 to 2002 he served as Chair of Attorney General's Blue Ribbon Committee S.W.A.T. Team Task Force, and authored the Commission on Special Tactics (SWAT) final report. He was selected by Chief Bratton to serve on the SWAT panel to make recommendations to the Los Angeles Police Department with respect to that unit. He served on the national Board of Directors for the Police Executive Research Forum (PERF) from 2002 until 2006. He also serves as a senior advisor for the Police Assessment Resource Center in Los Angeles.

Chief Melekian holds a Bachelor's degree in American History and a Master's degree in Public Administration, both from California State University, Northridge. He is a graduate of the 150th session of the FBI National Academy and the 20th class of the California Command College. He was selected as the valedictorian of his Command College class. He is currently a Doctoral candidate in Public Policy at the University of Southern California.

Steven B. Mermell, Acting Director of Finance, joined the City in February 1989 and served as Acting Director of Finance from January 2006 to September 2006. Effective April 7, 2008, he was reappointed Acting Director of Finance. His responsibilities include management of the financial affairs of the City and the Commission, which include: preparation of the annual operating budget; preparation of the Comprehensive Annual

Financial Report; purchasing; collections; workers' compensation; general liability; payroll; employee benefits; investments; debt management and financing of major City and Commission capital improvements. Prior to becoming Acting Director of Finance, he served in a number of capacities, including Acting Assistant City Manager, Deputy Finance Director and Budget Administrator. Mr. Mermell has a Bachelor's degree in political science and a Master's degree in public administration from California State University, Northridge.

Michele Beal Bagneris, City Attorney, was named the City Attorney in May 1997. At that time, she was a shareholder in the law firm of Richards, Watson & Gershon, where she specialized in public law since joining the firm in 1983. Initially, while serving as City Attorney, she continued to practice law as a member of the law firm, advising public clients in a wide range of areas, including land use, general advisory matters, litigation, labor and employment, code enforcement and nuisance abatement matters. She also served as the City Attorney for the City of Monrovia from 1992 through September 1999 when she became the City Attorney for Pasadena. She currently serves in that position and is also the City Prosecutor. As the City Attorney/City Prosecutor, she is responsible for managing all legal matters for the City, including supervision of in-house lawyers and any outside counsel engaged to advise the City. Ms. Bagneris received her Bachelor's degree in International Relations from Stanford University in 1980 and her Juris Doctorate degree in 1983 from Boalt Hall School of Law, University of California, Berkeley. She is active in professional and community organizations including past President of the City Attorney's Association of Los Angeles County; Los Angeles County Bar Association; American Bar Association; Langston Bar Association; Black Women Lawyers Association of Los Angeles; and Henry McNeal Turner A.M.E. Church. She is admitted to practice law in California State Court, United States District Court and the U.S. Court of Appeals, Ninth Circuit.

Population

The following table presents a history of the population of the City as of January 1 for the past ten years.

**CITY OF PASADENA
POPULATION
For Years 1998 through 2007**

Year	Population
1998	140,400
1999	142,500
2000	133,936
2001	135,587
2002	138,904
2003	142,214
2004	143,797
2005	145,314
2006	146,138
2007	147,262

Source: State of California, Department of Finance.

Education

Total enrollment within the Pasadena Unified School District as of June 30 is shown below for the last ten years.

**PASADENA UNIFIED SCHOOL DISTRICT
TOTAL ENROLLMENT⁽¹⁾
Fiscal Years 1998 through 2007**

<u>Fiscal Year Ended June 30</u>	<u>Total Enrollment</u>
1998	22,696
1999	23,068
2000	23,059
2001	23,685
2002	23,582
2003	23,726
2004	22,669
2005	22,336
2006	21,321
2007	20,826

Source: Pasadena Unified School District.

⁽¹⁾ Includes students from the town of Sierra Madre and Altadena, an unincorporated area of the County of Los Angeles.

Employment

No annual information is regularly compiled on employment and unemployment in the City alone. The following table shows employment, unemployment and labor force information for Los Angeles County for calendar years 2003 through 2007.

**LOS ANGELES COUNTY
EMPLOYMENT, UNEMPLOYMENT AND LABOR FORCE
Averages for Calendar Years 2003 through 2007
(Figures in Thousands)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
County Employment	4,448	4,494	4,565	4,641	4,714
County Unemployment	334	316	257	246	254
County Civilian Labor Force	4,782	4,810	4,821	4,886	4,960
County Unemployment Rate	7.0%	6.6%	5.3%	4.2%	5.1%
State Unemployment Rate	6.8%	6.2%	5.4%	4.8%	5.4%

Source: State of California Employment Development Department. Current Labor Force and Industry Employment updated September, 2007. Los Angeles-Long Beach Metropolitan Statistical Area.

Major Employers

Industry in the City is diversified. Some of the leading industries include higher education, research and development, health care, financial services and communications. The major employers within the City as of June 2007 are listed below.

CITY OF PASADENA MAJOR EMPLOYERS As of June 2007

Company	Number of Employees	Business Line
Jet Propulsion Laboratory	5,200	Aerospace Research
Pasadena City College	3,647	Education
Kaiser Permanente	3,300	Health Care
Huntington Memorial Hospital	3,257	Hospital
SBC/AT&T	2,600	Communications
California Institute of Technology	2,553	Education
Pasadena Unified School District	2,500	Government
The City of Pasadena	2,167	Government
IndyMac Bank Corp., Inc.	1,850	Financial
Bank of America	1,200	Financial
Parsons Corporation	824	Engineering/Construction
Art Center College of Design	810	Education
The Ritz-Carlton Huntington Hotel	597	Hotel
Pacific Clinics Administration	550	Medical Clinics
The Sycamores	530	Social Services
San Gabriel Valley Newspapers	525	Newspaper

Source: Pasadena Chamber of Commerce, June 2007.

Housing

The following table presents a ten-year history of total available housing units within the City from 1998 through 2007.

CITY OF PASADENA HOUSING UNITS⁽¹⁾ Fiscal Years 1998 through 2007

June 30,	Housing Units
1998	54,171
1999	54,236
2000	54,132
2001	54,136
2002	54,770
2003	55,521
2004	55,791
2005	56,255
2006	56,520
2007	56,753

Source: California Department of Finance.

⁽¹⁾ As of year end. Includes single family dwellings and multifamily units, including rental units and condominiums.

Building Permit Activity

In September of 1992, the City Council adopted a draft of a new General Plan to replace a 1989 voter-approved Initiative. In November of 1992, the voters approved a ballot measure for the City's new General Plan. The City's General Plan targets development in the City, providing for growth in employment and housing. Since 1992, there have been seven specific plan areas established and approved by the City Council for the following areas: North Lake, West Gateway, the South Fair Oaks, the East Pasadena, East Colorado, Fair Oaks/Orange Grove and the Central District. The Land Use and Mobility Elements of the General Plan were updated in 2004 at the same time the City's Zoning Code was updated.

The following table shows the value of building permits issued in the City for the fiscal years ended 2003 through 2007. The housing downturn is reflected in recent building permit activity through March 31, 2008.

**CITY OF PASADENA
BUILDING PERMIT VALUATION AND PERMIT ACTIVITY
Fiscal Years 2003 through 2007 and Nine Months ending March 31, 2008
(Valuation in Millions)**

	<u>Fiscal Year Ended June 30,</u>					<u>Nine Months Ending March 31, 2008</u>
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	
Total Value of New Construction	\$232.1	\$253.1	\$264.4	\$196.6	\$218.5	\$195.8
Number of Building Permits Issued						
Commercial	691	678	738	728	702	544
Residential	<u>2,308</u>	<u>2,405</u>	<u>2,550</u>	<u>2,718</u>	<u>2,531</u>	<u>1,739</u>
TOTAL	<u><u>2,999</u></u>	<u><u>3,083</u></u>	<u><u>3,288</u></u>	<u><u>3,446</u></u>	<u><u>3,233</u></u>	<u><u>2,283</u></u>

Source: City of Pasadena, Planning and Permitting Department.

Taxable Sales

The following table indicates taxable transactions in the City by type of business for the 12 month period ending September 30 in the years 2003 through 2006 and for the 9 month period ending June 30, 2007.

**CITY OF PASADENA
TAXABLE TRANSACTIONS BY TYPE OF BUSINESS
2003 through 2007
(\$ in Thousands)**

	<u>2003⁽¹⁾</u>	<u>2004⁽¹⁾</u>	<u>2005⁽¹⁾</u>	<u>2006⁽¹⁾</u>	<u>2007⁽²⁾</u>
Apparel Stores	\$ 127,672	\$ 145,732	\$ 159,898	\$ 190,935	\$ 163,562
General Merchandise Stores	258,178	282,655	281,004	312,841	255,238
Food Stores	91,405	89,074	98,324	202,998	107,549
Eating and Drinking Places	321,090	350,254	364,950	440,760	374,050
Home Furnishings & Appliances	130,301	142,692	142,129	171,790	132,195
Building Materials & Farm Implements	62,144	74,868	88,609	117,390	109,424
Auto Dealers & Auto Supplies	426,575	419,904	474,052	461,551	351,708
Service Stations	101,933	110,510	127,293	137,634	103,104
Other Retail Stores	356,441	384,098	411,646	369,241	230,027
Retail Stores Total	<u>1,875,739</u>	<u>1,999,787</u>	<u>2,147,905</u>	<u>2,405,140</u>	<u>1,826,857</u>
All Other Outlets	842,195	864,687	860,069	745,956	538,236
TOTAL ALL OUTLETS	<u>\$2,717,934</u>	<u>\$2,864,474</u>	<u>\$3,007,974</u>	<u>\$3,151,096</u>	<u>\$2,365,093</u>

Source: State Board of Equalization, City of Pasadena: MBIA MuniServices Company.

⁽¹⁾ For 12-month period ending September 30.

⁽²⁾ For 9-month period ending June 30.

Community Facilities

The City has a central library and eight branch libraries, four community centers, 24 parks and 33 playgrounds. Other entertainment and cultural facilities include the Rose Bowl, the Norton Simon Museum, the Pacific Asia Museum, the Gamble House, the Wrigley Estate, California Institute of Technology, Beckman Auditorium, the Pasadena Civic Auditorium and the Pasadena Playhouse. The City has long enjoyed a reputation as a community rich in culture, traditions and quality of life. The City is also home to the Tournament of Roses, sponsors of the well-known New Year's Day Rose Parade and Rose Bowl football game held in the City each January.

Transportation

The City is served by an extensive surface and air transportation network. Several major freeways make the City accessible to the entire Los Angeles Basin. The City is served by three commercial airports: Bob Hope Airport, located in nearby Burbank, is within 15 miles, Los Angeles International Airport is within 35 miles and Ontario International Airport is within 45 miles. Continental Trailways and Greyhound bus lines have local depots in the City. The City supplements the local Metropolitan Transit Authority and Foothill Transit Authority bus routes with the Pasadena Area Rapid Transit Services ("ARTS") bus service to expand the covered area. The ARTS buses provide convenient and nominal-fare transportation between many of the City's residential neighborhoods, retail, business and entertainment centers within the City. There are currently two ARTS routes that offer service seven days per week. In addition, the City provides Dial-A-Ride bus services for the elderly and disabled which is available for a nominal usage fee.

The nearest port facilities are the Los Angeles and Long Beach harbors which are approximately 30 and 35 miles away, respectively. The \$1 billion partially completed Alameda Corridor East project, being undertaken by the Alameda Corridor East Construction Authority, consists of safety upgrades, traffic signal control measures, road widening and grade separation projects to improve traffic conditions along the railroad facilities connecting the Ports of Los Angeles and Long Beach with the transcontinental rail network through the San Gabriel Valley, creating a faster more efficient method of distributing trade.

In addition the Gold Line of the Metro Line light rail system runs from Union Station in the City of Los Angeles, through the City and terminates in the City of Sierra Madre. The Gold Line began operations in 2003.

Employee Relations

City employees are represented by various unions and labor relations have been generally amicable. The City has experienced no major strikes, work stoppages or other incidents. Currently, most City employees are represented by unions. Set forth below is a table indicating the various unions representing employees within the City. The number of employees represented by these unions as of October 31, 2007 and the dates on which the current labor agreements expire (there are no provisions for the reopening of wage or benefit levels prior to expiration) are as follows:

CITY OF PASADENA EMPLOYEE UNION REPRESENTATION

Name of Union	Number of Employees Represented as of October 31, 2007	Expiration of Contract
American Federation of State, County and Municipal Employees	312	July 3, 2010
International Brotherhood of Electrical Workers	113	June 30, 2010
International Union of Operating Engineers	22	March 27, 2009
Service Employee International Union	27	April 26, 2009
Pasadena Association of Clerical and Technical Employees/Laborers International Union of North America	378	September 30, 2008
International Union of North America	378	September 30, 2008
Pasadena Fire Fighters Association	150	August 24, 2009
Pasadena Police Officers Association	191	April 24, 2009
Pasadena Police Sergeants Association	35	April 25, 2010
Pasadena Fire Fighters Management Association	8	March 31, 2010
Pasadena Management Association	518	March 31, 2008 ⁽¹⁾

⁽¹⁾ Under negotiation.

Source: City of Pasadena. Human Resources Department.

Retirement Systems

Almost all permanent City employees, except police and fire personnel hired after July 1, 1977, are members of the Public Employees' Retirement System ("PERS"), administered by the State, to which contributions are made by both the City and the employees. As of June 30, 2006, the actuarial staff of PERS reported unfunded liability of \$38.7 million for the City's miscellaneous employees as compared to an underfunding of \$22.6 million the previous year. As of June 30, 2006, the City reported that its PERS obligation with respect to the City's miscellaneous employees was 98.5% funded.

Police and Fire personnel hired prior to July 1, 1977 are covered by the City's Fire and Police Retirement System ("FPRS"). As of June 30, 2007, there was one active member in FPRS. As of June 30, 2007, FPRS was actuarially underfunded by \$44 million and had a funded ratio of 72%. Under a supplemental contribution agreement between the City and FPRS, there is a specific funding plan whereby the City will provide supplemental payments to FPRS to ensure that all benefits will be paid.

The City provides pension benefits for employees not covered by PERS or FPRS through the Public Agency Retirement System (PARS), a defined contribution plan. The City's payroll for employees covered by PARS for the year ended June 30, 2007, was \$3,598,700. Both the City and the covered employees made the total required 7.5% contributions of \$143,948 from the City and \$125,954 from the covered employees.

Post Retirement Medical Benefits

Other than the pension benefits from the applicable retirement system, the City does not provide medical or other post-retirement benefits to its employees.

Insurance

The City funds a self-insured and self-administered program for workers' compensation claims exposures and general liability claims. The city funds a self-insurance program for liability claims. Losses and expenses paid averaged about \$1,936,000 per year for the past 10 years and, when existing "reserves" are added, averaged around \$2,509,000 in liability exposure per year over the past 10 years. The City anticipates these expenses annually and includes funding for them in its operating budget. There is no "excess liability" policy, and any liability losses above the budgeted amount are funded by the City's contingency reserve budget or other means. The amount of self-insured liability claim expenditures and remaining reserves with respect to claims made in each of the fiscal years ended June 30, 1998 through 2007 are reflected in the following table:

**CITY OF PASADENA
LIABILITY CLAIM EXPENDITURES AND REMAINING RESERVES
Fiscal Years 1998 through 2007⁽¹⁾
(Unaudited)**

Fiscal Year⁽²⁾ Ended June 30	Loss Paid	Expense Paid	Total Paid	Remaining Reserves for Unpaid Claims⁽²⁾
1998	\$1,196,628	\$1,790,173	\$2,986,801	\$0
1999	1,499,536	943,369	2,442,905	75,111
2000	621,495	337,636	959,131	298,104
2001	1,125,905	563,714	1,689,620	0
2002	426,254	492,793	919,047	35,927
2003	2,312,941	871,847	3,184,788	156,837
2004	1,429,037	1,409,112	2,838,148	445,598
2005	429,728	843,538	1,273,265	2,418,916
2006	885,576	583,490	1,469,067	1,168,496
2007	761,036	838,355	1,599,391	1,130,289

Source: City of Pasadena.

⁽¹⁾ As of November 2, 2007.

⁽²⁾ Reserves reflect fiscal year in which claim occurred. Payments reflect money spent on all claims during a fiscal year.

The City maintains commercial property insurance and boiler and machinery insurance on all City-owned buildings of an insurable nature (unless lease agreements require the occupant to carry such insurance) with current basic limits of \$1 billion per occurrence per location subject to a \$25,000 deductible. Exclusions include earthquake, corrosion, sabotage, terrorism, electronic data processing electronic erasure, asbestos and mold. There are various sub-limits and/or higher deductibles on specified types of property.

CITY FINANCIAL INFORMATION

Budget Preparation and Approval Process

No later than January of each year, the Mayor must present a thematic budget message for the upcoming fiscal year to the City Council and the community. The City Council must establish procedures whereby public suggestions and comments on the Mayor's budget proposals may be received and considered prior to the preparation and submission of budget requests by the City Departments to the City Manager.

On or before the third Monday in May of each year, the City Manager must submit to the City Council the recommended balanced budget for the following fiscal year, as required by the City Charter. Also at this time, a public hearing is opened for residents and businesses to make any comments or suggestions regarding the recommended budget. Copies of the recommended budget are available for inspection by the public in the office of the City Clerk and at the City's libraries at least ten days prior to the hearing.

At the conclusion of the public hearing, the City Council further considers the recommended budget and makes any revisions. On or before June 30, the City Council adopts a balanced budget with revisions, if any, by the affirmative vote of at least five members of the City Council.

From the effective date of the budget, funds become appropriated to City departments for the objects and purposes named. At any subsequent City Council meeting following the adoption of the budget, the City Council may amend or supplement the budget by motion adopted by the affirmative vote of a minimum of five members of the City Council.

The Director of Finance prepares the City's financial statements and submits them to the City Council within four months after the close of each fiscal year. The City Council employs an independent certified public accounting firm to review the City's financial statements for conformity with generally accepted accounting principles for municipal governments and issues an opinion letter regarding the accuracy and fairness of the financial information presented in the City's Comprehensive Annual Financial Report.

Budgetary Principles and Developments

Budgetary Principles and Policies. In preparing the City's budget for fiscal year ending June 30, 2009, City staff was guided by certain principles and goals set by the City Council. Among them, staff was directed to match revenues with expenditures when developing a balanced operating budget, and minimize reliance on "carry-forward" fund balances from previous years to fund expenditures in future years.

General Fund Cash Reserve Policy. As part of the adoption of the fiscal year 2009 operating budget, the City Council approved an increase in the General Fund operating reserve policy from 8% to 10% of the current year's appropriations. The Adopted Operating Budget for fiscal year 2009 includes additional funds which bring the reserve to 10%. The City does not use the operating reserve to fund anticipated operating requirements. Under current City policy, only under emergency conditions does the City use the reserve fund. Cash reserves may be in the form of actual cash or investments and do not refer to any other form of current or long-term assets, such as receivables, inventory, equipment, etc.

Fiscal Year 2009 Operating Budget. The budget preparation process for the fiscal year ending June 30, 2009 began in November 2007. In February and March 2008, the City Manager and the Department of Finance met with each department and operating company to review their estimated revenues, expenditures and budgetary requests for fiscal year ending June 30, 2009. Projected expenditures and revenues, reorganizations, performance measures, performance targets, results statements and mission statements and new program requests were discussed at these meetings. Upon completion of the City Manager's review, the City Manager submitted the recommended operating budget to the City Council for a public hearing from which to obtain comments from the City's residents.

The City Council adopted the appropriation budget for fiscal year ending June 30, 2009 on June 23, 2008. The General Fund portion of the budget for fiscal year ending June 30, 2009 is \$230,834,504. The budget includes funding for new and enhanced programs and services.

Accounting Policies, Reports and Audits. The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual requirements. The minimum number of funds is maintained consistent with legal and contractual requirements.

Capital assets (including infrastructure greater than \$10,000) are capitalized and recorded at cost or at the estimated fair value of the assets at the time of acquisition where complete historical records have not been maintained. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, streets, sidewalks, medians and sewer and storm drains.

The City's funds and capital assets are classified for reporting purpose as follows:

Government Funds

General Fund

Special Revenue Funds

Debt Services Funds

Capital Projects Funds

Proprietary Funds

Enterprise Funds

Internal Service Funds

Fiduciary Funds

Trust and Agency Funds

Capital Assets

Capital Assets used in the operation
of Governmental Funds

The City follows the modified accrual method of accounting for governmental, expendable trusts and agency funds. Under the modified accrual method of accounting, revenues are susceptible to accrual when they become both measurable and available. Expenditures are recorded when a current liability is incurred. Liabilities are considered current when they are normally expected to be liquidated with expendable available financial resources. The proprietary, nonexpendable trust and pension trust funds are accounted for using the accrual method of accounting.

The City's Director of Finance maintains the accounting system and records of accounts for all City funds. The City Charter requires an independent audit of the financial statements of all accounts of the City by an independent certified public accountant. All audits are reviewed by the Finance Committee of the City Council, which is comprised of four members of the City Council.

General Fund Comparative Operating Budget

The following table shows a three-year summary history of the City's Comparative Operating Budget.

**CITY OF PASADENA
GENERAL FUND
COMPARATIVE OPERATING BUDGET
Fiscal Years 2007 through 2009**

	Adopted General Fund Operating Budget for Fiscal Year Ending June 30,		
	2007	2008	2009
Requirements			
Operating Expenditures	\$161,473,882	\$172,454,483	\$183,198,084
Capital Expenditures	1,100,000	-	5,288,260
Debt Service	25,563,113	27,754,178	29,607,562
Transfers Out	11,411,912	12,129,759	12,740,598
TOTAL REQUIREMENTS	\$199,548,907	\$212,338,420	\$230,834,504
Available Funds			
Revenues	\$159,732,723	\$160,253,469	\$171,319,898
Transfers In	21,130,616	27,303,901	28,145,082
Utility Contribution	6,893,325	13,501,162	13,888,684
Proceeds of Capital Lease	-	-	2,068,985
Reserves	-	-	-
Fund Balance	11,792,243	11,279,888	15,411,855
TOTAL AVAILABLE FUNDS	\$199,548,907	\$212,338,420	\$230,834,504

Source: City of Pasadena, Department of Finance.

Pursuant to City Charter Sections 1407 and 1408, the City makes annual transfers from the City's Water Fund (the "Water Fund") and from the City's Light and Power Fund (the "Light and Power Fund") to the General Fund. The amount transferred from the Water Fund is not to exceed 6% of gross income received by the Water Department during the preceding fiscal year and shall not exceed net income. This transfer may be used for any municipal purpose. The amount transferred from the Light and Power Fund is not to exceed 16% of gross income received by the Light and Power Department during the preceding fiscal year and shall not exceed net income. Of the total 16% which may be transferred, up to 8% may be used for any municipal purpose and the remaining 8% is restricted for municipal improvements and bond redemption.

Set forth below is a table indicating the amount transferred from the Light and Power Fund and the Water Fund to the City's General Fund during each of the last five fiscal years, expressed in dollars and as a percentage of the prior year's gross income.

**CITY OF PASADENA
TRANSFERS FROM THE LIGHT AND POWER FUND AND
WATER FUND TO GENERAL FUND
Fiscal Years 2003 through 2007
(\$ in Thousands)**

	Fiscal Year Ended June 30,				
	2003	2004	2005	2006	2007⁽²⁾
Light and Power Fund					
Amount Transferred	\$11,788	\$10,903	\$16,658	\$21,167	\$5,898
As a Percentage of Prior Year's Gross Income ⁽¹⁾	7.50%	8.35%	12.42%	16.00%	3.60%
Water Fund					
Amount Transferred	\$2,021	\$2,188	\$1,916 ⁽³⁾	\$2,056	\$2,059
As a Percentage of Prior Year's Gross Income ⁽¹⁾	6.00%	6.00%	6.00%	6.00%	6.00%

Source: City of Pasadena, Department of Finance.

⁽¹⁾ Reflects percentage of prior fiscal year's gross revenue of the Water Fund and Light and Power Fund, respectively.

⁽²⁾ Includes Public Benefit Charge contribution to City Hall retrofit of \$1.1 million.

⁽³⁾ Does not include a transfer of \$540,000 relating to a lease of certain property.

Tax Revenue Sources

The City relies on a number of revenue sources that could be reduced or eliminated by State legislation, including, among others, sales and use taxes, property taxes and motor vehicle license fees. The State has in prior years experienced budgetary difficulties and has balanced its budget by requiring local political subdivisions to fund certain costs previously borne by the State. See "STATE OF CALIFORNIA BUDGET INFORMATION" herein.

Listed below is a historical summary of the City's five largest revenue sources resulting from taxes for various funds.

**CITY OF PASADENA
GENERAL TAX REVENUES
Fiscal Years 2003 through 2007
(\$ in Thousands)**

Tax	Fiscal Year Ended June 30,				
	2003	2004	2005	2006	2007
Property ⁽¹⁾	\$ 42,844	\$ 46,966	\$ 48,089	\$ 51,116	\$61,763
Sales	33,450	32,472	34,294	33,992	34,634
Utility Users	24,142	25,928	26,639	26,766	28,063
Transient Occupancy	6,610	7,022	8,883	10,246	10,358
Street Light and Traffic Signal	5,127	5,541	5,533	5,480	6,352
Total	\$112,173	\$117,929	\$123,438	\$129,405	\$141,170

Source: City of Pasadena, Department of Finance.

⁽¹⁾ Includes assessments.

Property Taxes. Property taxes are levied for each fiscal year on taxable real and personal property which is situated in the City as of the preceding March 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and property the taxes on which a lien on real property is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. If such taxes remain unpaid as of June 30 of the fiscal year in which the tax is levied, the property securing the taxes may only be redeemed by payment of the delinquent payment, plus a redemption penalty equal to 1-1/2% per month from the original June 30 date to the time of redemption. If taxes are unpaid for a period of five years or more, the property is then subject to sale by the County Treasurer and Tax Collector, as provided by law.

Property taxes on the unsecured roll are due as of the March 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty equal to 1-1/2% per month begins to accrue commencing on November 11 of the fiscal year. Collection of delinquent unsecured taxes is the responsibility of the County of Los Angeles, which may utilize any of several means legally available to it.

The tax roll for fiscal year ending June 30, 2008, reflects a total assessed valuation of approximately \$19.3 billion for the City, of which \$2.6 billion reflects the redevelopment project areas incremental assessed valuations of which the payable taxes are due to its redevelopment agency. Assessed net valuation for revenue purposes increased by approximately 12.61% for the fiscal year ended June 30, 2008 and the compounded average annual increase between assessed valuation for the fiscal year ended June 30, 2003 and the fiscal year ended June 30, 2008 was approximately 9.83%. Such assessed valuations include secured and unsecured utility property assessed by the State Board of Equalization.

**CITY OF PASADENA
ASSESSED VALUATION OF TAXABLE PROPERTY
Fiscal Years 1999 through 2008
(\$ in Thousands)**

Fiscal Year Ended June 30,	Secured Valuations	Homeowner Exemption	Net Secured Valuations	Unsecured Valuations	Total Assessed Valuation	Less PCDC⁽¹⁾ Increment	Net Valuation
1999	\$ 9,131,132	(\$137,558)	\$ 8,993,574	\$458,544	\$ 9,452,118	(\$1,276,437)	\$ 8,175,681
2000	9,620,391	(135,869)	9,484,522	465,739	9,950,261	(1,280,296)	8,669,965
2001	10,236,475	(134,430)	10,102,045	503,731	10,605,775	(1,333,644)	9,272,131
2002	10,781,460	(133,467)	10,647,993	577,896	11,225,889	(1,386,579)	9,839,310
2003	11,537,408	(132,466)	11,404,942	606,087	12,011,029	(1,552,121)	10,459,277
2004	12,667,923	(131,710)	12,536,213	587,938	13,124,151	(1,786,002)	11,338,149
2005	13,672,183	(134,055)	13,538,128	564,808	14,102,936	(1,946,336)	12,156,600
2006	15,071,976	(134,404)	14,937,572	598,396	15,535,968	(2,097,532)	13,438,436
2007	16,759,246	(133,112)	16,626,134	620,524	17,246,658	(2,405,375)	14,841,283
2008	18,839,519	(134,380)	18,705,139	607,798	19,312,937	(2,600,303)	16,712,634

Source: Los Angeles County Auditor-Controller and California Municipal Statistics, Inc. and the City of Pasadena.

⁽¹⁾ Pasadena Community Development Commission, the redevelopment agency for the City.

The following two tables reflect the typical property tax rate per \$100 of assessed value in various jurisdictions and the ten largest secured taxpayers in the City.

**CITY OF PASADENA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
For Fiscal Years 1998 through 2007**

Fiscal Year	General City	City Debt Service	Los Angeles County General	Pasadena School District	Pasadena Community College District	Flood Control District	Metropolitan Water District	Total
1998	1.000000%	0.017898%	0.001584%	0.000000%	0.000000%	0.002197%	0.008900%	1.030579%
1999	1.000000	0.019562	0.001451	0.029524	0.000000	0.001953	0.008900	1.061390
2000	1.000000	0.018060	0.001422	0.059910	0.000000	0.001705	0.008900	1.090057
2001	1.000000	0.016731	0.001314	0.067891	0.000000	0.001552	0.008800	1.096288
2002	1.000000	0.015297	0.001128	0.090396	0.000000	0.001073	0.007700	1.115594
2003	1.000000	0.014611	0.001033	0.070304	0.000000	0.000811	0.006700	1.093529
2004	1.000000	0.012515	0.000992	0.088903	0.006814	0.000462	0.006100	1.115786
2005	1.000000	0.011643	0.000923	0.086312	0.008786	0.000245	0.005800	1.113709
2006	1.000000	0.009792	0.000795	0.109911	0.004103	0.000049	0.005200	1.129850
2007	1.000000	0.011055	0.000663	0.040078	0.020801	0.000052	0.004700	1.077349

Source: County of Los Angeles Assessor and California Municipal Statistics, Inc.

**CITY OF PASADENA
TOP TEN PROPERTY TAXPAYERS
(Fiscal Year Ended June 30, 2007)**

Property Owner	Primary Land Use	Total Assessed Valuation	Percentage of Total Local Secured Assessed Valuation
Paseo Colorado Holdings LLC	Shopping Center	\$ 124,893,831	0.72%
Equity Office Properties Trust	Office Building	120,737,556	0.70
SSR Paseo Colorado LLC	Apartments	103,833,723	0.60
Pasadena Towers LLC	Office Building	102,122,205	0.59
Archstone Smith Operating Trust	Apartments	92,652,209	0.54
Kaiser Foundation Health Plan Inc.	Office Building	88,031,949	0.51
EWA LLC	Office Building	69,802,236	0.40
Holly Street LP	Apartments	69,293,883	0.40
Payne Gleeson L	Office Building	69,081,275	0.40
Operating Engineers Funds Inc.	Office Building	66,273,243	0.38
Total principal property taxpayers gross assessed value		\$ 906,722,110	5.24%
Total City assessed value		\$17,379,769,223	100.00%

Source: California Municipal Statistics, Inc.

General Fund Comparative Financial Statements

The following two tables describe the financial condition of the City's General Fund by showing a three-year history of the City's Comparative Balance Sheet and a three-year history of the City's Statement of Revenues, Expenditures and Changes in Fund Balances.

CITY OF PASADENA GENERAL FUND COMPARATIVE BALANCE SHEETS Fiscal Years 2005 through 2007

Assets	Fiscal Year Ended June 30,		
	2005	2006	2007
Cash and investments	\$64,036,515	\$71,316,176	\$59,168,047
Accounts receivable	13,538,166	15,265,750	15,663,096
Less allowance for uncollectible amounts	(712,267)	(638,934)	(1,035,905)
Notes receivable	379,584	380,403	386,403
Due from other funds	3,296,481	6,252,418	6,015,821
Prepays and other assets	517,778	564,497	588,887
Advances to other funds	15,000,001 ⁽¹⁾	15,117,050 ⁽¹⁾	15,237,831 ⁽¹⁾
Advances to component units	1,140,709	1,085,522	1,027,541
Allowance for uncollectible for long-term receivables	(10,532,096)	(10,936,952)	(11,341,808)
Total Assets	<u>\$86,664,871</u>	<u>\$98,405,930</u>	<u>\$85,709,913</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 8,277,126	\$10,307,288	\$11,046,824
Deposits	1,796,515	2,097,183	1,798,192
Due to other governments	27,733	24,035	272,928
Deferred revenue	7,482,071	6,511,012	6,104,256
Total Liabilities	<u>\$17,583,445</u>	<u>\$18,939,518</u>	<u>\$19,222,200</u>
Fund Balances:			
Reserved for:			
Encumbrances	\$ 579,198	\$ 855,095	\$ 1,072,213
Notes receivable	379,584	380,403	386,403
Prepays and other assets	517,778	564,497	588,887
Advances to other funds	5,608,614	5,265,620	4,923,564
Unreserved:			
General Fund	61,996,252	72,440,797	59,516,646
Total Fund Balances	<u>69,081,426</u>	<u>79,466,412</u>	<u>66,487,713</u>
Total Liabilities and Fund Balances	<u>\$86,664,871</u>	<u>\$98,405,930</u>	<u>\$85,709,913</u>

Source: Audited Basic Financial Statements of the City of Pasadena For Fiscal Year Ended June 30, 2007.

⁽¹⁾ See Note (7) of Notes to Audited Basic Financial Statements of the City of Pasadena under "General Fund Advances."