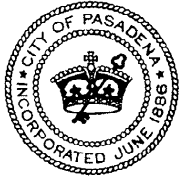


PRELIMINARY OFFICIAL STATEMENT DATED _____, 2008

NEW ISSUE—FULL BOOK-ENTRY

RATINGS: _____
(See "RATINGS" herein)

In the opinion of Sidley Austin LLP, Special Counsel, based on existing statutes, regulations, rulings and judicial decisions and, assuming compliance with certain covenants in the documents pertaining to the 2008C Certificates and requirements of the Internal Revenue Code of 1986, as amended, as described herein, the portion of each Base Rental Payment due under the Sublease designated as and comprising interest with respect to the 2008C Certificates is not includable in the gross income of the holders of the 2008C Certificates for federal income tax purposes. In the further opinion of Special Counsel, the portion of each Base Rental Payment due under the Sublease designated as and comprising interest with respect to the 2008C Certificates is not treated as an item of tax preference in calculating the federal alternative minimum taxable income of individuals and corporations. Such portion of each Base Rental Payment, however, is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability. In the further opinion of Special Counsel, the portion of each Base Rental Payment due under the Sublease designated as and comprising interest with respect to the 2008C Certificates is exempt from personal income taxes imposed by the State of California. See "TAX MATTERS" herein.



\$ _____ *
Refunding Certificates of Participation, Series 2008C
Evidencing and Representing Proportionate,
Undivided Interests of the Owners
Thereof in Base Rental Payments to Be Made by the
CITY OF PASADENA, CALIFORNIA

Dated: Date of Delivery

Due: February 1, as set forth on the inside front cover.

The Refunding Certificates of Participation, Series 2008C (the "2008C Certificates") are being delivered pursuant to the Amended and Restated Trust Agreement, dated as of January 1, 2003 (as amended and supplemented, the "Trust Agreement"), among the City of Pasadena (the "City"), the Pasadena Public Financing Authority (the "Authority") and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"). The 2008C Certificates are being delivered in fully registered form and, when delivered, will be registered in the name of Code & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as the Securities Depository for the 2008C Certificates and individual purchases of 2008C Certificates will be made in book-entry form only, in authorized denominations of \$5,000 or any multiple thereof. Interest represented by the 2008C Certificates will be payable on each February 1 and August 1, commencing February 1, 2009. Principal and interest represented by the 2008C Certificates will be payable by the Trustee to DTC, which is obligated in turn to remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the 2008C Certificates. See APPENDIX D - "BOOK-ENTRY SYSTEM" herein.

The 2008C Certificates are subject to optional and mandatory prepayment prior to their scheduled maturity under the circumstances described herein. See "THE 2008C CERTIFICATES—Prepayment" herein.

The 2008C Certificates are being executed and delivered (i) to refund the City's 2003 Variable Rate Demand Certificates of Participation (City Hall and Park Improvements Project) (the "Refunded Certificates"), on a current basis, (ii) to fund the Certificate Reserve Fund and (iii) to pay the costs of execution and delivery of the 2008C Certificates. See "THE REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The 2008C Certificates represent proportionate, undivided interests in base rental payments (the "Base Rental Payments") to be made by the City under the Amended and Restated Sublease, dated as of January 1, 2003 (as amended and supplemented, the "Sublease"), between the Authority and the City, for the lease of certain real property and improvements (the "Leased Property"). The Trust Agreement and the Sublease provide for the delivery of certificates of participation in the Base Rental Payments from time to time (all such certificates of participation, the "Certificates") as well as interest rate swap agreements, liquidity facilities and credit enhancement relating to Certificates which are payable from the Base Rental Payments. The 2008C Certificates are executed and delivered as parity obligations with all other Certificates.

Under the Sublease, Base Rental Payments are payable from any legally available funds of the City in amounts sufficient to pay the principal and interest represented by the Certificates, amounts due under liquidity facilities, credit enhancement and interest swap agreements relating to Certificates. The Base Rental Payments are subject to abatement under certain circumstances when there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof. See "SOURCE OF PAYMENT FOR THE 2008C CERTIFICATES—Rental Abatement" and "RISK FACTORS" herein.

MATURITY SCHEDULE

(See Inside Front Cover)

THE FULL FAITH AND CREDIT OF THE CITY IS NOT PLEDGED FOR THE PAYMENT OF THE BASE RENTAL PAYMENTS AND SUCH PAYMENT IS NOT SECURED BY A PLEDGE OF ANY REVENUES OR FUNDS OF THE CITY. THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE 2008C CERTIFICATES NOR THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

For a discussion of certain risk factors which should be evaluated prior to purchase of the 2008C Certificates, see "RISK FACTORS" herein.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the 2008C Certificates. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The 2008C Certificates are offered when, as and if executed and delivered, subject to approval by Sidley Austin LLP, San Francisco, California, Special Counsel, and subject to certain other conditions. Certain legal matters will be passed upon for the City and the Authority by the City Attorney and by Sidley Austin LLP, San Francisco, California, as Disclosure Counsel. It is expected that the 2008C Certificates will be available for delivery through the facilities of DTC on or about July __, 2008.

E.J. De La Rosa & Co., Inc.

Wedbush Morgan Securities

Dated: July __, 2008

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

\$ _____ *

Refunding Certificates of Participation, Series 2008C
Evidencing and Representing Proportionate,
Undivided Interests of the Owners
Thereof in Base Rental Payments to Be Made by the
CITY OF PASADENA, CALIFORNIA

<u>Maturity Date</u> <u>(February 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield or</u> <u>Price</u>	<u>CUSIP</u> <u>Number</u> [†]
---	-----------------------------------	--------------------------------	---------------------------------	--

\$ _____ % Term Certificates due February 1, 2038 @ ___%

* Preliminary. Subject to change.

† A registered trademark of the American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for the convenience of reference only. The City takes no responsibility for the accuracy of such numbers.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained herein and, if given or made, such other information or representation may not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or a solicitation or an offer to buy nor shall there be any sale of the 2008C Certificates by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 2008C Certificates. Statements contained in this Official Statement which involve estimates, 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 set forth herein has been obtained from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters. The information and expression of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the City since the date hereof.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "anticipate," "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 City's forecasts in any way, regardless of the level of optimism communicated in the information. The City is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations change, or events, conditions or circumstances on which such statements are based, occur.

In connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the 2008C Certificates at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The 2008C Certificates have not been registered under the Securities Act of 1933, as amended, in reliance upon the exemption contained in Section 3(a)(2) of such Act. The Trust Agreement has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exemption contained in such Act.

City of Pasadena
100 N. Garfield, Room S353
Pasadena, California 91109

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
Jane L. Rodriguez, CMC, City Clerk

SPECIAL SERVICES

SPECIAL AND DISCLOSURE COUNSEL
Sidley Austin LLP
San Francisco, California

TRUSTEE
The Bank of New York Trust Company, N.A.
Los Angeles, California

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
General	1
The City.....	1
The Trust Agreement and the Certificates	2
Base Rental Payments.....	2
Purpose of 2008C Certificates	3
Summaries Not Definitive.....	3
Additional Information	3
THE REFUNDING PLAN	3
THE 2008C CERTIFICATES.....	4
General	4
Prepayment.....	4
Notice of Prepayment.....	5
SCHEDULE OF 2008C CERTIFICATE PAYMENTS	6
SOURCE OF PAYMENT FOR THE 2008C CERTIFICATES.....	6
General	6
Rental Payments.....	6
Covenant to Budget and Appropriate.....	7
Pledge of Base Rental Payments.....	7
Base Rental Payment Funds.....	8
Certificate Reserve Funds	9
Insurance	10
Substitution, Addition or Removal of Leased Property	11
Damage, Destruction, Title Defect and Condemnation; Use of Net Proceeds.....	12
Rental Abatement.....	12
OUTSTANDING INDEBTEDNESS	13
Other Certificates	13
Additional Certificates	13
Swap Agreement	13
BASE RENTAL PAYMENTS	14
ESTIMATED SOURCES AND USES OF FUNDS.....	17
THE LEASED PROPERTY	17
Civic Auditorium	17
Fire Station No. 33	17
Fire Station No. 31	18
Rose Bowl Aquatics Center	18
Pasadena City Hall.....	18
Health Center	19
Corporation Yards.....	19
Hale Building.....	19
Conference Center.....	19
THE AUTHORITY.....	19
THE CITY.....	20
General	20
City Council	20
City Staff.....	20
Population	22

	<u>Page</u>
Education	22
Employment	23
Major Employers.....	24
Housing	25
Building Permit Activity	25
Taxable Sales	26
Community Facilities.....	27
Transportation	27
Employee Relations	27
Retirement Systems.....	28
Post Retirement Medical Benefits.....	28
Insurance	29
CITY FINANCIAL INFORMATION	29
Budget Preparation and Approval Process.....	29
Budgetary Principles and Developments	30
General Fund Comparative Operating Budget.....	32
Tax Revenue Sources.....	33
General Fund Comparative Financial Statements.....	37
Investment Practices	39
General Obligation Debt	42
Estimated Direct and Overlapping Bonded Debt.....	42
RISK FACTORS.....	43
Lease Obligation—No Tax Pledge	43
No Pledge of City Funds.....	43
Sublease Has No Limit on Additional Obligations.....	43
Rental Abatement.....	44
Limited Recourse on Default; Reletting of the Leased Property	44
Limitation on Enforcement of Remedies	44
Reserve Funds	45
No Acceleration	45
Bankruptcy	45
Substitution, Addition or Removal of Leased Property	45
Earthquakes and Natural Disasters.....	46
Certain Risks with Respect to the Leased Property	46
Risks Involving the State Budget and Legislation	47
Hazardous Substances.....	47
Investment of Funds.....	47
Change in Law	47
CONSTITUTIONAL AND STATUTORY LIMITS ON TAXES AND APPROPRIATIONS.....	48
Article XIII A of the California Constitution.....	48
Article XIII B of the California Constitution	49
Article XIII C and Article XIII D of the California Constitution	49
Proposition 1A	50
Proposition 62	51
Future Initiatives	52
STATE OF CALIFORNIA BUDGET INFORMATION	52
2008 Budget Act	53
Proposed 2008-09 Governor’s Budget.....	54
Impact of the State Budget on the City	56

	<u>Page</u>
FINANCIAL STATEMENTS	56
TAX MATTERS.....	56
Original Issue Discount.....	57
Original Issue Premium	58
Information Reporting and Backup Withholding.....	58
Future Developments	58
APPROVAL OF LEGALITY	59
LITIGATION.....	59
CONTINUING DISCLOSURE.....	59
RATING.....	60
UNDERWRITING.....	60
EXECUTION AND DELIVERY	61
APPENDIX A – EXCERPTS FROM AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY OF PASADENA FOR FISCAL YEAR ENDED JUNE 30, 2007.....	A-1
APPENDIX B – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS	B-1
APPENDIX C – PROPOSED FORM OF OPINION OF SPECIAL COUNSEL	C-1
APPENDIX D – BOOK-ENTRY SYSTEM	D-1
APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT	E-1

OFFICIAL STATEMENT

\$ _____
**Refunding Certificates of Participation, Series 2008C
Evidencing and Representing Proportionate,
Undivided Interests of the Owners
Thereof in Base Rental Payments to Be Made by the
CITY OF PASADENA, CALIFORNIA**

INTRODUCTION

General

The purpose of this Official Statement, including the cover page and appendices hereto, is to provide certain information concerning the City of Pasadena (the "City") and the sale and delivery of \$ _____ aggregate principal amount of Refunding Certificates of Participation, Series 2008C (the "2008C Certificates"), evidencing and representing proportionate, undivided interests of the registered owners thereof (the "Owners") in base rental payments (the "Base Rental Payments") to be made by the City as the rental for certain real property and improvements (the "Leased Property") pursuant to the Amended and Restated Sublease, dated as of January 1, 2003 (as the same has been and may be amended and supplemented, the "Sublease"), including as supplemented by Supplement No. 5 to Amended and Restated Sublease, dated as of ____ 1, 2008 ("Supplement No. 5 to Sublease"), each between the Pasadena Public Financing Authority (the "Authority") and the City.

Definitions of certain terms used in this Official Statement are set forth in APPENDIX B – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Definitions of Certain Terms."

The City

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

The City's basic financial statements for the fiscal year ended June 30, 2007 are attached hereto in APPENDIX A – "EXCERPTS FROM AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY OF PASADENA FOR FISCAL YEAR ENDED JUNE 30, 2007." These financial statements, including Management's Discussion and Analysis, the auditor's report and the notes thereto, should be read in their entirety.

* Preliminary, subject to change.

The Trust Agreement and the Certificates

The 2008C Certificates are being delivered pursuant to the Amended and Restated Trust Agreement, dated as of January 1, 2003 (as the same has been and may be amended and supplemented, the “Trust Agreement”), including the Fifth Supplemental Trust Agreement, dated as of ____ 1, 2008 (the “Fifth Supplemental Trust Agreement”), each among the City, the Authority and The Bank of New York Trust Company, N.A., as trustee (the “Trustee”). Pursuant to the Trust Agreement and the Sublease, the Trustee is authorized to deliver certificates of participation from time to time evidencing and representing proportionate, undivided interests in the Base Rental Payments (all such certificates of participation delivered under the Trust Agreement being referred to as the “Certificates”). Upon the execution and delivery of the 2008C Certificates, there will remain Outstanding under the Trust Agreement, in addition to the 2008C Certificates, four Series of Certificates, in the aggregate principal amount of \$ _____ and one Swap Agreement. See “OUTSTANDING INDEBTEDNESS.”

Base Rental Payments

Under the Sublease, the City is to pay the Base Rental Payments in consideration of the City’s right to the use and possession, and the quiet use and enjoyment, of the Leased Property. The City’s obligation to make Base Rental Payments is subject to abatement during any period in which, by reason of title defect, material damage or destruction, there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof. See “RISK FACTORS—Rental Abatement” herein. The Authority has assigned its rights to receive Base Rental Payments and substantially all of its other rights under the Sublease to the Trustee pursuant to the Amended and Restated Assignment Agreement, dated as of January 1, 2003 (the “Assignment Agreement”), between the Authority and the Trustee.

Base Rental Payments are to be paid to the Trustee for deposit in Base Rental Payment Funds established under the Trust Agreement with respect to each Series of Certificates. The Base Rental Payments made by the City are to be applied to amounts due with respect to the Certificates, including payments to Liquidity Providers, Credit Providers, and Qualified Swap Providers. The rights to the Base Rental Payments and the amounts held by the Trustee under the Trust Agreement (other than the Rebate Fund) have been pledged to the Owners of the Certificates, the Credit Providers, the Liquidity Providers and the Qualified Swap Providers on a parity basis. The Base Rental Payments are to be applied as provided in the Trust Agreement. See “SOURCE OF PAYMENT OF THE 2008C CERTIFICATES—Base Rental Payment Funds.”

Under the Sublease, Base Rental Payments are to be made in an amount sufficient to pay the principal and interest with respect to all Certificates, including the 2008C Certificates, and amounts due under all Liquidity Facilities, Credit Enhancement and Swap Agreements. While the Base Rental Payments are payable from any legally available funds, the City expects to make Base Rental Payments from amounts in its General Fund to the extent revenues of affiliated entities operating portions of the Leased Property are not available. The City has entered into agreements to make payments from its General Fund in addition to the Base Rental Payments. See “CITY FINANCIAL INFORMATION” and Notes 9 through 16 of the Notes to Basic Financial Statements included in APPENDIX A – “EXCERPTS FROM AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY OF PASADENA FOR FISCAL YEAR ENDED JUNE 30, 2007.” None of the Base Rental Payments or any of such other payments are secured by a pledge of amounts in the General Fund or any other revenues or funds of the City. The City has covenanted to include the Base Rental Payments due in each fiscal year in the City operating budget for such fiscal year. See “SOURCE OF PAYMENT FOR THE 2008C CERTIFICATES—Covenant to Budget and Appropriate.”

THE FULL FAITH AND CREDIT OF THE CITY IS NOT PLEDGED FOR THE PAYMENT OF THE BASE RENTAL PAYMENTS AND SUCH PAYMENT IS NOT SECURED BY A PLEDGE OF ANY REVENUES OR FUNDS OF THE CITY. THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE 2008C CERTIFICATES NOR THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE AUTHORITY HAS NO TAXING POWER.

Purpose of 2008C Certificates

The 2008C Certificates are being executed and delivered (i) to refund the City's 2003 Variable Rate Demand Certificates of Participation (City Hall and Park Improvement Projects) (the "Refunded Certificates") on a current basis, (ii) to fund the Certificate Reserve Fund and (iii) to pay the costs of execution and delivery of the 2008C Certificates. See "THE REFUNDING PLAN" herein.

Summaries Not Definitive

Brief descriptions of the 2008C Certificates, the City and the Leased Property are included in this Official Statement, together with summaries of the Trust Agreement, the Sublease, the Lease, and the Assignment Agreement. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the 2008C Certificates, the Trust Agreement, the Lease, the Sublease and the Assignment Agreement are qualified in their entirety by reference to the actual documents, copies of which are available for inspection at the corporate trust office of the Trustee at The Bank of New York Trust Company, 700 South Flower Street, Los Angeles, California 90017.

Additional Information

The City regularly prepares a variety of publicly available reports, including audits, budgets and related documents. Any Owner may obtain a copy of any such report, as available, from the City. The City may charge a fee for copying, handling and postage in connection with such requests. Additional information regarding this Official Statement may be obtained by contacting the Acting Director of Finance of the City at the following address:

Mr. Steven B. Mermell
Acting Director of Finance
City of Pasadena
100 North Garfield Avenue, Room S353
Pasadena, California 91109
(626) 744-4350
(626) 744-7093 (Fax)

See "CONTINUING DISCLOSURE" herein.

THE REFUNDING PLAN

A portion of the proceeds of the 2008C Certificates will be used to refund on a current basis the City's 2003 Variable Rate Demand Certificates of Participation (City Hall and Park Improvement

Projects) (the "Refunded Certificates"), currently outstanding in the aggregate principal amount of \$ _____ and will be deposited in a prepayment fund (the "2003 Prepayment Fund") to be held by the Trustee under the provisions of the Trust Agreement. The Trustee will be instructed to call the Refunded Certificates for prepayment on _____, 2008 (the "Prepayment Date") and to apply moneys on deposit in the 2003 Prepayment Fund to pay the principal amount of the Refunded Certificates, without premium, plus accrued interest, if any on the Prepayment Date. The Refunded Certificates will be legally defeased as of the delivery date of the 2008C Certificates.

The City intends to terminate the Swap Agreement entered into with Ambac Financial Services, L.P. on January 28, 2003 with an expiration date of February 1, 2033 prior to the delivery of the 2008C Certificates.

THE 2008C CERTIFICATES

General

The 2008C Certificates will be dated as of their date of delivery and will be payable as to interest from such date, semiannually on each February 1 and August 1, commencing _____ 1, 20__ (each, an "Interest Payment Date"). Interest evidenced by the 2008C Certificates will be calculated on the basis of a 360-day year comprised of twelve 30-day months. The 2008C Certificates will be delivered in authorized denominations of \$5,000 or any multiple thereof. The 2008C Certificates will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, ("DTC"), which will act as securities depository for the 2008C Certificates. Payments of principal and interest evidenced by the 2008C Certificates will be paid by the Trustee to DTC, which is obligated in turn to remit such principal and interest with respect to the 2008C Certificates. See APPENDIX D - "BOOK-ENTRY SYSTEM" attached hereto.

The 2008C Certificates are being delivered as a Series of Additional Certificates pursuant to the Trust Agreement. Each Owner of 2008C Certificates will have the same rights upon an Event of Default as the Owner of any other Series of Certificates, except as any such rights of the Owners of future Series of Additional Certificates may be limited as provided in the Supplemental Trust Agreement under which such Additional Certificates are executed and delivered. See "SOURCE OF PAYMENT FOR THE 2008C CERTIFICATES," "OUTSTANDING INDEBTEDNESS-Additional Certificates," APPENDIX B - "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

DTC will act as securities depository for the 2008C Certificates. The 2008C Certificates are being delivered in fully registered form and, when issued, will be registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered 2008C Certificate will be executed and delivered for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC. So long as Cede & Co. is the registered owner of the 2008C Certificates, as nominee of DTC, references herein to the Owners of the 2008C Certificates shall mean Cede & Co. and shall not mean the actual purchasers of the 2008C Certificates (the "Beneficial Owners"). The information under this caption and in Appendix D concerning DTC and DTC's book-entry system is based solely on information provided by DTC, and no representations can be made by the City or the Trustee concerning the accuracy thereof. See APPENDIX D - "BOOK-ENTRY SYSTEM" attached hereto for a further description of DTC and its book-entry system.

Prepayment

Optional Prepayment. The 2008C Certificates maturing on or after February 1 20__, are subject to optional prepayment by the City on or after February 1, 20__, in whole, or in part, at the direction of

the City, on any date, at the prepayment price of 100% of the principal amount of the 2008C Certificates to be prepaid, plus accrued interest represented thereby to the date fixed for prepayment.

Mandatory Prepayment From Net Proceeds. The 2008C Certificates are subject to prepayment on any date prior to their respective principal payment dates, as a whole, or in part, at the direction of the City, from the net proceeds of any insurance or condemnation award with respect to the Leased Property or portions thereof, at a prepayment price equal to the sum of the principal amount represented thereby plus accrued interest represented thereby to the date fixed for prepayment, without premium; provided, however, that notwithstanding the foregoing, such prepayment may be effected with respect to the 2008C Certificates by defeasing such 2008C Certificates or portions thereof to maturity pursuant to the Trust Agreement.

Mandatory Sinking Account Payments. The 2008C Certificates maturing on February 1, 20__ are subject to mandatory sinking fund prepayment in the amount of the principal thereof, without premium, in the years and amounts as set forth below.

Mandatory Prepayment Dates (February 1)	Principal Amount	Mandatory Prepayment Dates (February 1)	Principal Amount
--	-------------------------	--	-------------------------

* Final Maturity

The amount of each prepayment required by the Trust Agreement with respect to the 2008C Certificates will be reduced proportionately as directed by Certificate of the City in the event and to the extent of any and all optional prepayments of 2008C Certificates pursuant to the Trust Agreement.

Notice of Prepayment

The Trustee will give the Securities Depository at least two Business Days' notice of the record date selected by it for the purpose of a prepayment of 2008C Certificates, which will comply with the requirements of the Trust Agreement. The Trustee will give notice of the prepayment of 2008C Certificates, not less than 30 nor more than 60 days prior to the prepayment date to the respective Owners of any 2008C Certificates designated for prepayment at their addresses appearing on the registration books of the Trustee. So long as DTC or its nominee is the registered owner of the 2008C Certificates, all notices of prepayment will be sent only to DTC.

SCHEDULE OF 2008C CERTIFICATE PAYMENTS

The following table shows the annual debt service due with respect to the 2008C Certificates.

Year Ending (February 1)	Principal	Interest	Total
_____	_____	_____	_____
_____	_____	_____	_____

SOURCE OF PAYMENT FOR THE 2008C CERTIFICATES

General

For the right to the use and possession of, and the continued quiet use and enjoyment of, the Leased Property, the City covenants under the Sublease to pay Base Rental Payments. The full faith and credit of the City is not pledged for the payment of the Base Rental Payments and such payment is not secured by a pledge of or lien on any revenues or funds of the City. While the Base Rental Payments are payable from any legally available funds of the City, the City expects to pay the Base Rental Payments from amounts in its General Fund to the extent revenues of affiliated entities operating portions of the Leased Property are not available. The City covenants in the Sublease to include each fiscal year’s Base Rental Payments in that fiscal year’s operating budget. The City has in the past, and may in the future, incur obligations payable from its General Fund in addition to the obligation to make Base Rental Payments.

For information regarding the City, including financial information, see “THE CITY” herein and APPENDIX A – “EXCERPTS FROM AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY OF PASADENA FOR FISCAL YEAR ENDED JUNE 30, 2007.” The City’s audited financial statements for the year ended June 30, 2007, should be read in their entirety. See also “RISK FACTORS” and “CONSTITUTIONAL AND STATUTORY LIMITS ON TAXES AND APPROPRIATIONS” herein.

Rental Payments

Base Rental Payments. The Sublease requires the City to pay Base Rental Payments with respect to the Leased Property at the times and in the amounts set forth in the Sublease, a portion of which Base Rental Payments will be applied to the payment of interest represented by the Certificates and to amounts due under any swap agreements. In connection with the delivery of the 2006B Certificates, the City entered into a Swap Agreement which, upon the refunding of the 2006B Certificates, was re-associated

with the City's Variable Rate Demand Refunding Certificates of Participation, Series 2008A (the "Swap Agreement"). Payments by the City under the Swap Agreement are to be made from Base Rental Payments as provided in the Trust Agreement. See "OUTSTANDING INDEBTEDNESS-Swap Agreement" herein. The interest components of the Base Rental Payments will be paid by the City as, and will constitute interest paid on, the principal components of the Base Rental Payments to be paid by the City under the Sublease.

Additional Rental. The Sublease also requires the City to pay, as rental under the Sublease in addition to the Base Rental Payments, to the Authority or the Trustee, such amounts ("Additional Rental") in each year as will be required for the payment of all costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of the Sublease or the assignment thereof, the Trust Agreement or the respective interests in the Leased Property and the lease of the Leased Property by the Authority to the City under the Sublease, including, but not limited to, all fees, costs and expenses and all administrative costs of the Authority relating to the Leased Property, including, without limiting the generality of the foregoing, salaries and wages of employees, overhead, insurance premiums, taxes and assessments (if any), expenses, compensation and indemnification of the Trustee (to the extent not paid or otherwise provided for out of the proceeds of the sale of any Certificates), fees of auditors, accountants, attorneys or engineers, insurance premiums, and all other reasonable and necessary administrative costs of the Authority or charges required to be paid by it to comply with the terms of the Certificates or the Trust Agreement.

Total Rental. The Base Rental Payments and Additional Rental for each Lease Year or portion thereof during the term of the Sublease will constitute the total rental for such Lease Year or portion thereof for the lease of the Leased Property.

Covenant to Budget and Appropriate

Under the Sublease, the City covenants to take such action as may be necessary to include all Base Rental Payments and Additional Rental payments in its operating budget for each fiscal year and to make all necessary appropriations for such Base Rental Payments and Additional Rental payments. In addition, to the extent permitted by law, the City covenants to take such action as may be necessary to amend or supplement the budget appropriations for payments under the Sublease at any time and from time to time during any fiscal year in the event that the actual Base Rental Payments and Additional Rental paid in any fiscal year exceeds the pro rata portion of the appropriations then contained in the City's budget. The Sublease provides that the City's agreements and covenants thereunder shall be deemed to be and shall be construed to be duties imposed by law and that it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the agreements and covenants in the Sublease agreed to be carried out and performed by the City.

Pledge of Base Rental Payments

The Authority and the City have irrevocably pledged and transferred to the Trustee, for the benefit of the Owners and each Credit Provider, Liquidity Provider and Qualified Swap Providers with respect to Certificates, all of their right, title and interest in and to all amounts on deposit from time to time, in the funds and accounts established under the Trust Agreement (other than the Rebate Fund) and in and to the Base Rental Payments, which will be used for the punctual payment of the interest and principal represented by the Certificates, or to reimburse any Credit Provider for payment of any such amounts and to pay the amounts payable under any Swap Agreement, as such payments will become due and payable in the amounts specified in writing by the applicable Qualified Swap Provider, and the Base Rental Payments will not be used for any other purpose while any of the Certificates remain Outstanding

or the City has any obligation to any Credit Provider, Liquidity Provider or Qualified Swap Provider. The pledge constitutes a first and exclusive lien on the funds established under the Trust Agreement and the Base Rental Payments in accordance with the terms thereof subject in all respects to the power of the City to cause the delivery of Additional Certificates pursuant to the Trust Agreement which will be on a parity with the Outstanding 1993 Certificates, 2006A Certificates, 2008A Certificates and 2008B Certificates.

Base Rental Payment Funds

All Base Rental Payments will be paid directly by the City to the Trustee and if received by the Authority at any time, will be deposited by the Authority with the Trustee within one Business Day after the receipt thereof. A pro rata amount of Certificates, based on the aggregate amount Outstanding of all Base Rental Payments, the proceeds of rental interruption insurance and liquidated damages, if any, will be deposited by the Trustee in each Base Rental Payment Fund and all amounts on deposit therein will be held in trust by the Trustee, which funds the Trustee agrees to establish and maintain for the benefit of the Owners, each Credit Provider, Liquidity Provider and Qualified Swap Provider, until all required Base Rental Payments are paid in full pursuant to the Sublease and until such date as the Certificates are no longer Outstanding and no amounts remain owing to any Credit Provider, Liquidity Provider or Qualified Swap Provider; provided, however, and notwithstanding the foregoing, if the Trustee receives a Base Rental Payment in excess of the amount necessary to pay the amount due and owing on the next Interest Payment Date, Principal Payment Date or Mandatory Sinking Account Payment Date, as the case may be, after giving effect to the funds then on deposit in each Base Rental Payment Fund not needed for any other purpose under the Trust Agreement, and if the amount then in all Certificate Reserve Funds is at least equal to the Certificate Reserve Fund Requirement, and no amounts are then due to any related Credit Provider, Liquidity Provider or Qualified Swap Provider and there exists no Event of Default under the Trust Agreement, then amounts in the Base Rental Payment Funds not needed to make such payments may be utilized by the Trustee to make any regular periodic payment due to a Reserve Agreement Provider under a Reserve Agreement.

The Trust Agreement provides that the Trustee is to deposit the amounts on deposit in the Base Rental Payment Funds at the time and in the priority in the following respective funds:

Interest Fund. The Trustee, on each Interest Payment Date, shall deposit in each Interest Fund that amount of moneys representing the portion of the Base Rental Payments designated as the interest component with respect to the related Series of Certificates coming due on such Interest Payment Date. Moneys in the Interest Fund shall be used and withdrawn by the Trustee for the purpose of paying the interest represented by the Certificates when due and payable or for reimbursing any Credit Provider for such payment and for making any payment due to any Qualified Swap Provider not including any amounts owing to any Qualified Swap Provider as a result of the early termination of its Qualified Swap.

Principal Fund. The Trustee, on each Principal Payment Date and Mandatory Sinking Account Payment Date, shall deposit in each Principal Fund that amount of moneys representing the portion of the Base Rental Payments designated as the principal component coming due on such Principal Payment Date.

Mandatory Sinking Account Payment Date. Moneys in the Principal Funds shall be used and withdrawn by the Trustee for the purpose of paying the principal represented by the Certificates when due and payable at maturity or upon earlier prepayment from Mandatory Sinking Account Payments.

Prepayment Fund. The Trustee, on the prepayment date specified in the Written Request of the City filed with the Trustee at the time that any prepaid Base Rental Payment is paid to the Trustee pursuant to the Sublease, shall deposit in the Prepayment Fund established with respect to the Certificates

of a Series to be prepaid that amount of moneys representing the portion of the Base Rental Payments designated as prepaid Base Rental Payments. Moneys in a Prepayment Fund shall be used and withdrawn by the Trustee for the purpose of paying the principal, premium, if any, and interest represented by the Certificates to be prepaid or for reimbursing the related Credit Provider for such payment and for paying amounts owing to the related Qualified Swap Provider as a result of the early termination of its Qualified Swap.

All Base Rental Payment Funds, all Interest Funds and all Principal Funds are secured and pledged to the payment of all Certificates and to the obligations owing to each Credit Provider, Liquidity Provider and Qualified Swap Provider. To the extent amounts on deposit in any Base Rental Payment Fund, Interest Fund or Principal Fund are insufficient to pay the interest or principal represented by all Certificates or reimburse any Credit Provider for such payment and to pay all amounts owing to any Qualified Swap Provider, the Trustee shall transfer from such other Base Rental Payment Funds, Interest Funds or Principal Funds, if available, so that all Certificates and all amounts owing to such providers shall be on a parity, and no Owner of any Certificate shall enjoy any payment or security in excess of those received by any other Owner. No amounts drawn or paid under any Qualified Swap, Credit Enhancement or Liquidity Facility by the provider thereof with respect to any Series of Certificates shall be applied to the payment of any amounts owed to any Owners of any unrelated Series of Certificates or to any unrelated Qualified Swap Provider, Credit Provider or Liquidity Provider.

Certificate Reserve Funds

Under the Trust Agreement, there are separate Certificate Reserve Funds for each of the 1993 Certificates, 2006A Certificates and 2008B Certificates. However, all such Certificate Reserve Funds secure all Outstanding Certificates and are funded, in the aggregate, in an amount equal to the Certificate Reserve Fund Requirement. As of the delivery date of the 2008C Certificates, the amount of the Certificate Reserve Fund Requirement will be \$_____.

The term "Certificate Reserve Fund Requirement" is defined under the Trust Agreement to mean, as of any date of calculation, the least of: (i) maximum prospective annual Base Rental Payments with respect to Outstanding Certificates to be made by the City under the Sublease; (ii) 10% of the outstanding principal amount of the Certificates; or (iii) 125% of the average annual Base Rental Payments with respect to Outstanding Certificates to be made by the City under the Sublease, in accordance with the Tax Certificate. For purposes of the foregoing, it shall be assumed that the interest component of the Base Rental Payments relating to any Series of the Certificates for which a Qualified Swap is in effect will be equal to the swap rate and that the interest component of the Base Rental Payments relating to any Series of Certificates evidencing interest at a variable or auction rate (for which No Qualified Swap is in effect) will be equal to the Insured "AAA" MMD (Municipal Market Data) scale on the date of initial calculation of the Certificate Reserve Fund Requirement in connection with the delivery of such Series of Certificates (which date of calculation shall be not more than 30 days prior to the date of delivery of such Series of Certificates). See APPENDIX B – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Trust Agreement – Certificate Reserve Fund."

Moneys in the Certificate Reserve Funds will be used and withdrawn by the Trustee solely for the purposes provided in the Trust Agreement. If, on any Interest Payment Date, the amount on deposit in any Interest Fund is insufficient to pay the interest due with respect to the related Certificates on such Interest Payment Date, or to reimburse any Credit Provider for payment of such interest and to pay any obligation of the City then due under a related Qualified Swap, the Trustee will transfer from any Certificate Reserve Fund and deposit in the related Interest Fund an amount sufficient to make up such deficiency. If, on any Principal Payment Date or any Mandatory Sinking Account Payment Date, the amount on deposit in any Principal Fund is insufficient to pay the principal due with respect to the related

Certificates on such Principal Payment Date or Mandatory Sinking Account Payment Date, the Trustee will transfer from any Certificate Reserve Fund and deposit in the related Principal Fund an amount sufficient to make up such deficiency. Subject to the conditions of the Trust Agreement, moneys on deposit in any Certificate Reserve Fund will be withdrawn and applied by the Trustee for the final payment on any Outstanding Certificates and then to pay any amounts owing to any related Credit Provider, Liquidity Provider or Qualified Swap Provider.

The Trust Agreement provides that if at any time the aggregate balance in all Certificate Reserve Funds shall be reduced below the Certificate Reserve Fund Requirement, the first Base Rental Payments thereafter payable by the City under the Sublease and not needed to pay the interest and principal components of the Certificates on the next Interest Payment Date, Principal Payment Date or Mandatory Sinking Account Payment Date shall be used to increase the aggregate balance in the Certificate Reserve Funds to such required Certificate Reserve Fund Requirement. The Trust Agreement further provides that if after the payment of principal and interest on any Interest Payment Date, the aggregate balance in the Certificate Reserve Funds is in excess of the Certificate Reserve Fund Requirement, the Trustee will, subject to certain investment requirements, transfer such excess to each Base Rental Payment Fund pro rata, based on the principal amount represented by the related Outstanding Certificates. At the termination of the Sublease in accordance with its terms, any balance remaining in any Certificate Reserve Fund, subject to the last sentence in the immediately preceding paragraph, shall be released and may be transferred to such other fund or account of the City, or otherwise used by the City for any other lawful purposes, as the City may direct. For purposes of determining the amount on deposit in each Certificate Reserve Fund, all investments shall annually be valued at the cost thereof (exclusive of accrued but unpaid interest, but inclusive of commissions). **The City shall have no obligation to replenish any Certificate Reserve Fund, except, as described in this paragraph, from Base Rental Payments not needed to pay the interest and principal components of the Certificates.**

The City, upon notice to the Rating Agencies and the applicable Credit Provider, may substitute one or more Reserve Facilities from a financial institution, the long-term unsecured obligations of which (at the time of substitution) are rated not less than “Aa” by Moody’s and “AA” by S&P in substitution for or in place of all or any portion of any cash then on deposit in a Certificate Reserve Fund, under the terms of which the Trustee is unconditionally entitled to draw amounts when required under the Trust Agreement. “Reserve Facility” means one or more letters of credit, lines of credit, liquidity facilities or other credit enhancement issued by a financial institution or other form of credit enhancement and any replacements thereto, including, but not limited to insurance, surety bonds and guarantees delivered to the Trustee which alone or in the aggregate, together with the cash in the Certificate Reserve Funds, provides for satisfaction of the Certificate Reserve Fund Requirement in accordance with the Trust Agreement. See APPENDIX B – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—The Trust Agreement—Certificate Reserve Fund” for a summary of the procedures the Trustee will follow if all or a portion of the Certificate Reserve Fund Requirement is satisfied by one or more Reserve Facilities.

Notwithstanding anything in the Trust Agreement to the contrary, all Certificate Reserve Funds shall be deemed to be one fund which fund secures and is pledged to the payment of all Certificates and to the obligations owing to each Credit Provider, Liquidity Provider and Qualified Swap Provider.

Insurance

The Sublease requires the City to maintain specified insurance coverage with respect to the Leased Property, including title insurance, property damage insurance, use and occupancy insurance, workers’ compensation insurance and public liability insurance. There will be no new title insurance policy issued in connection with the Series 2008C Certificates, although a title insurance policy was issued in connection with the Refunded Certificates. The Trust Agreement permits the issuance of

refunding certificates of participation without obtaining a new policy of title insurance. In the Lease the City has represented that it is the fee owner of the Leased Property free and clear of all liens, claims or encumbrances which affect marketability. See APPENDIX B – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—The Sublease—Insurance.” The insurance required by the Sublease is part of the City’s overall risk management program described under “THE CITY—Insurance.” The City believes that its current risk management program satisfies the requirements of the Sublease.

As an alternative to providing the workers’ compensation insurance and public entity liability insurance required by the Sublease, the City may provide a self-insurance or self-funding method or plan of protection for any part or all of the requirements for such insurance and, through such a plan or method, provide for deductible or retention amounts greater than those contemplated by the Sublease. Any such self-insurance or self-funding maintained by the City will comply with certain terms set forth in the Sublease.

The City will collect, adjust and receive all moneys which may become due and payable under any insurance against loss or damage to the Leased Property and use and occupancy insurance, may compromise any and all claims thereunder and will transfer the proceeds of such insurance to the Trustee for application as provided in the Sublease or in the Trust Agreement. The Trustee will not be responsible for the sufficiency of any insurance required by the Sublease. The Trustee will be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the City.

The Sublease provides that the required use and occupancy insurance may be part of the insurance for loss or damage to the Leased Property; provided that the City may apply amounts payable for the loss of use and occupancy only to make Base Rental Payments.

Substitution, Addition or Removal of Leased Property

The City may amend the Sublease and the Lease to substitute real property and/or improvements (the “Substituted Property”) for existing Leased Property, to add real property and/or improvements (the “Additional Property”) or to remove real property or improvements from the definition of Leased Property, upon compliance with all of the conditions set forth in the Sublease. After a Substitution or Removal, the part of the Leased Property for which the Substitution or Removal has been effected will be released from the leasehold under the Sublease and under the Lease.

The City will be required to deliver to the Authority, each Qualified Swap Provider and the Trustee: (i) a certificate of the City containing a description of all or part of the Leased Property to be released and, in the event of a Substitution or Addition, a description of the Substituted Property to be substituted in its place or the Additional Property to be added, as the case may be; (ii) a certificate of the City stating that the annual fair rental value of the Leased Property after a Substitution, Addition or Removal, in each year during the remaining term of the Sublease, is, with respect to a Substitution or Removal, at least equal to the maximum annual Base Rental Payments attributable to the Leased Property prior to said Substitution or Removal, or, with respect to an Addition, at least equal to the maximum annual Base Rental Payments attributable to the Leased Property after such Addition, as determined by the City on the basis of an appraisal of the Leased Property after said Substitution, Addition or Removal, conducted by a member of the American Institute of Real Estate Appraisers or the American Society of Appraisers designated by the City; (iii) an opinion of Counsel to the effect that the amendments to the Sublease and the Lease have been duly authorized, executed and delivered and constitute the valid and binding obligations of the City and the Authority enforceable in accordance with their terms; (iv) in the event of a Substitution or Addition, a policy of title insurance in an amount equal to the same proportion of the principal amount as the principal portion of Base Rental Payments for the Substituted or Additional

Property, as the case may be, bears to the total principal portion of Base Rental Payments, insuring the City's leasehold interest in the Substituted Property or Additional Property, as the case may be (except any portion thereof which is not real property), subject to Permitted Encumbrances, together with an endorsement thereto making said policy payable to the Trustee for the benefit of the Owners of the Certificates; (v) in the event of a Substitution or an Addition, an opinion of the City Attorney to the effect that the exceptions, if any, contained in the title insurance policy referred to (iv) above do not interfere with the beneficial use and occupancy of the Substituted Property or Additional Property, as the case may be, described in such policy by the City for the purposes of leasing or using the Substituted Property or Additional Property, as the case may be; (vi) an opinion of Counsel that the Substitution, Addition or Removal does not cause the interest represented by the Certificates to be includable in gross income of the Owners thereof for federal income tax purposes; (vii) a Certificate of the City stating that the City has complied with the insurance requirements of the Sublease with respect to any Substituted Property or Additional Property; (viii) evidence that the City has delivered to each of the Rating Agencies then rating any Certificates and each Credit Provider copies of the certificates and appraisal described in (i) and (ii) above; and (ix) in the case of a Substitution or Removal, written consent of each Credit Provider to such Substitution or Removal. See APPENDIX B – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Sublease" herein.

Damage, Destruction, Title Defect and Condemnation; Use of Net Proceeds

If prior to the termination of the term of the Sublease: (a) the Leased Property or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty; or (b) title to, or the temporary use of, the Leased Property, or any portion thereof, or the estate of the City or the Authority in the Leased Property, or any portion thereof, is defective or will be taken under the exercise of the power of eminent domain by any governmental body, or by any person, or firm or corporation acting under governmental authority, then the City and the Authority will cause the net proceeds of any insurance claim or condemnation award to be applied to the prompt repair, restoration, modification, improvement or replacement of the damaged, destroyed, defective or condemned portion of the Leased Property, and any balance of the net proceeds remaining after such work has been completed will be paid to the City; provided that the City, at its option, and provided that the proceeds of such insurance or condemnation award together with any other moneys then available for the purpose are at least sufficient to prepay the aggregate annual amount of principal and interest represented by Outstanding Certificates attributable to the portion of the Leased Property so destroyed, damaged, defective or condemned (determined by reference to the proportion which the annual fair rental value of the destroyed, damaged, defective or condemned portion thereof bears to the annual fair rental value of the entire Leased Property), may elect not to repair, reconstruct or replace the damaged, destroyed, defective or condemned portion of the Leased Property and thereupon will cause said proceeds to be used for the prepayment of Outstanding Certificates pursuant to the Trust Agreement. In the event that the proceeds, if any, of said insurance or condemnation award are insufficient either: (i) to repair, rebuild or replace the Leased Property so that the fair rental value of the Leased Property would be at least equal to the Base Rental Payments; or (ii) to prepay the Outstanding Certificates, together with any payment then due to any Qualified Swap Provider, as provided above, then the City may, in its sole discretion, budget and appropriate an amount necessary to effect such repair, rebuilding or replacement or prepayment; provided that the failure of the City to so budget and/or appropriate will not be a breach of or default under the Sublease.

Rental Abatement

Except to the extent of (i) amounts held by the Trustee in any Base Rental Payment Fund or any Certificate Reserve Fund; (ii) amounts received in respect of use and occupancy insurance; and (iii) amounts, if any, otherwise legally available to the Trustee for payments in respect of the Certificates, or to any Credit Provider, Liquidity Provider or Qualified Swap Provider, during any period in which, by

reason of material damage, destruction, title defect or condemnation there is substantial interference with the use and possession by the City of any portion of the Leased Property, rental payments due under the Sublease will be abated to the extent that the annual fair rental value of the portion of the Leased Property in respect of which there is no substantial interference is less than the annual Base Rental Payments and Additional Rental, in which case rental payments will be abated only by an amount equal to the difference. In the event that rental is abated, in whole or in part, due to damage, destruction, title defect or condemnation of any part of the Leased Property and the City is unable to repair, replace or rebuild the Leased Property from the proceeds of insurance, if any, the City agrees to apply for and to use its best efforts to obtain any appropriate state and/or federal disaster relief in order to obtain funds to repair, replace or rebuild the Leased Property. See "RISK FACTORS—Rental Abatement."

OUTSTANDING INDEBTEDNESS

Other Certificates

Upon the execution and delivery of the 2008C Certificates, there will also remain Outstanding four Series of Certificates, the 1993 Certificates, the 2006A Certificates, the 2008A Certificates and the 2008B Certificates, in the aggregate principal amount of \$ _____ (the "Prior Certificates") and one Swap Agreement in effect.

Additional Certificates

In addition to the Prior Certificates and the 2008C Certificates, the City, the Authority and the Trustee may, with prior notice to each Credit Provider, by execution of a Supplemental Trust Agreement without the consent of the Owners, provide for the delivery of Additional Certificates representing additional Base Rental Payments. See APPENDIX B – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—The Trust Agreement." Additional Certificates executed and delivered under the Trust Agreement will be on a parity with the Outstanding Prior Certificates and the 2008C Certificates and each Owner thereof will have the same rights upon an Event of Default as the Owner of any other Certificate executed and delivered under the Trust Agreement, except as any such rights of the Owners of any Additional Certificates may be limited as provided in any Supplemental Trust Agreement under which such Additional Certificates are executed and delivered.

Swap Agreement

In connection with the delivery of the 2006B Certificates, the City entered into the 2006 Swap Agreement with Depfa Bank plc. Upon the refunding of the 2006B Certificates, the City re-associated the 2006 Swap Agreement (the "Swap Agreement") with the City's Variable Rate Demand Refunding Certificates of Participation, Series 2008A. In general, the 2008A Swap Agreement provides that Depfa Bank plc. (the "Swap Provider") is obligated to pay to the City a variable interest rate based on one-month LIBOR and the City is obligated to pay to the 2008A Swap Provider a fixed interest rate, in each case calculated on an initial notional amount of \$133,000,000 which notional amount declines approximately proportionately with the outstanding principal amount of the 2008A Certificates.

The Swap Agreement provides protection to the City against interest rate fluctuations arising from the variable interest rate applicable to the 2008A Certificates. However, such Swap Agreement does not alter the City's obligation with respect to the payment of principal and interest with respect to the 2008A Certificates.

The City may at any time enter into a Qualified Swap with respect to one or more Series of Certificates. However, any such Qualified Swap requires approval by any Credit Provider providing

Credit Enhancement with respect to a Series of Certificates. "Qualified Swap" means any financial arrangement (i) that is entered into by the City with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (ii) which provides that the City will pay to such entity an amount based on the interest accruing at a fixed rate on an amount equal to the principal amount of an Outstanding Series, and that such entity will pay to the City an amount based on the interest accruing on the same amount, at a variable rate of interest computed according to a formula set forth in such arrangement (which may be, but need not be, the same as the actual rate of interest payable with respect to such Series) or that one will pay to the other any net amount due under such arrangement; and (iii) which has been designated in writing to the Trustee by the Treasurer or Director of Finance of the City as a Qualified Swap with respect to a Series. "Qualified Swap Provider" means an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability or whose payment obligations under a Qualified Swap are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability are rated (at the time the subject Qualified Swap is entered into) at least as high as the "Aa" rating category by Moody's and the "AA" rating category by S&P (without regard to any modifiers within such category), or the equivalent thereof by any successor thereto. The Authority and the City have pledged and transferred to the Trustee, for the benefit of the Owners and each Credit Provider, Liquidity Provider and Qualified Swap Provider, all of their right, title and interest in and to all amounts on deposit from time to time in the funds and accounts established under the Trust Agreement (other than the Rebate Fund) and in and to the Base Rental Payments and all Certificate Reserve Funds secure and are pledged to the payment of all Series and to the obligations owing to each Credit Provider, Liquidity Provider and Qualified Swap Provider. See "-Pledge of Base Rental Payments and Additional Rental; Base Rental Payment Fund" and "-Certificate Reserve Funds."

Amounts owed by the City to a Qualified Swap Provider under a Qualified Swap are payable from the Base Rental Payments owed under the Sublease. The City's obligation to make such payments is subject to the conditions applicable to its obligation to make Base Rental Payments as set forth in the Sublease. Amounts paid by the City under a Qualified Swap are to be deposited into the Base Rental Payment Fund established for the related Series of Certificates under the Trust Agreement and disbursed by the Trustee when required. Qualified Swaps provide for early termination in certain circumstances, which could result in the City being required to make an unanticipated termination payment which could be substantial. Such termination payment, if due, is payable by the City as a Base Rental Payment but the City's obligation to make such payment is generally subject to the same conditions applicable to its obligation to make Base Rental Payments as set forth in the Sublease. Since a Qualified Swap is subject to termination upon the occurrence of a number of events, no assurance can be given that any Qualified Swap will continue to be in existence. Accordingly, the Qualified Swaps do not provide a source of credit or security for the related Series of Certificates.

The City does not contemplate entering into a Qualified Swap with respect to the 2008C Certificates.

BASE RENTAL PAYMENTS

While the Base Rental Payments are payable from any legally available source of funds, the City expects to make such payments from its General Fund to the extent revenues of affiliated entities operating portions of the Leased Property are not available. The principal affiliated entity is the Pasadena Center Operating Company, a California nonprofit public corporation, which operates the Pasadena Civic Auditorium and the Pasadena Conference Center. In addition to the Sublease, the City has entered into a number of other agreements which provide that the City make rental and other payments from the General Fund and other available sources of funds. See generally Notes 9 through 16 of the Notes to Basic Financial Statements in APPENDIX A – "EXCERPTS FROM AUDITED BASIC FINANCIAL

STATEMENTS OF THE CITY OF PASADENA FOR FISCAL YEAR ENDED JUNE 30, 2007.” In addition in February 2006 the City entered into a Sublease, dated as of February 1, 2006, with the Authority with respect to the Authority’s \$47,300,000 aggregate principal amount of Variable Rate Demand Lease Revenue Bonds (Rose Bowl Refinancing and Improvement Projects), Series 2006 to refund certain obligations and finance improvements to City Hall, the Rose Bowl and other City facilities. The City is obligated to make the payments required by all such agreements relating to the Rose Bowl from its General Fund to the extent revenues of the Rose Bowl Operating Company are not available. See “CITY FINANCIAL INFORMATION” and APPENDIX A – “EXCERPTS FROM AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY OF PASADENA FOR FISCAL YEAR ENDED JUNE 30, 2007.”

The following table lists the scheduled Base Rental Payments with respect to the Prior Certificates, the Swap Agreement and the 2008C Certificates.

**CITY OF PASADENA
BASE RENTAL PAYMENT OBLIGATIONS ⁽¹⁾**

<u>Fiscal Year Ended June 30</u>	<u>Prior Certificates ⁽²⁾</u>	<u>2008C Certificates</u>	<u>Aggregate Base Rental Payments</u>
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
Total			

⁽¹⁾ Does not include any Additional Rental (including any termination fees under standby purchase agreements) or any termination payments with respect to the Swap Agreement or fees or expenses of trustees, remarketing agents, auction agents, broker-dealers or other professionals in connection with the Certificates.

⁽²⁾ Includes fixed interest payments by the City under the Swap Agreement of 3.536% per annum and assumes variable rate received by the City under the Swap Agreement will equal the interest represented by the 2008A Certificates.