

REVISED

EXHIBIT "A"

SUPPLEMENT TO BOND RESOLUTION
TERMS AND PROVISIONS OF THE BONDS

CITY OF PASADENA
ANNANDALE CANYON OPEN SPACE BENEFIT ASSESSMENT DISTRICT
LIMITED OBLIGATION IMPROVEMENT BONDS, SERIES 2009

IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED
ONE MILLION THREE HUNDRED SIXTY-FOUR THOUSAND DOLLARS

02/09/2009
5.B.1.

TABLE OF CONTENTS

		Page
SECTION 1.	Authority for this Resolution	1
SECTION 2.	Definitions.....	1
SECTION 3.	Interpretation.....	6
SECTION 4.	Resolution Constitutes Contract	△ ¹ <u>6</u> ²
SECTION 5.	Authorization of Bonds.....	△ ³ <u>6</u> ⁴
SECTION 6.	Terms of Bonds.....	△ ⁵ <u>6</u> ⁶
SECTION 7.	△ ⁷ Transfer and Exchange of Bonds.....	△ ⁸ <u>7</u> ⁹
SECTION 8.	Bond Register.....	△ ¹⁰ <u>8</u> ¹¹
SECTION 9.	Execution of Bonds.....	△ ¹² <u>8</u> ¹³
SECTION 10.	Authentication of Bonds	△ ¹⁴ <u>8</u> ¹⁵
SECTION 11.	Temporary Bonds.....	9
SECTION 12.	Bonds Mutilated, Lost, Destroyed or Stolen.....	9
SECTION 13.	Limited Obligation.....	△ ¹⁶ <u>9</u> ¹⁷
SECTION 14.	No Acceleration	10
SECTION 15.	Refunding of Bonds	10
SECTION 16.	Ownership of Bonds Permitted.....	10
SECTION 17.	Application of Proceeds of the Bonds	10
SECTION 18.	Optional Redemption.....	△ ¹⁸ <u>10</u> ¹⁹
SECTION 19.	Mandatory Redemption from Prepayments.....	△ ²⁰ <u>10</u> ²¹
SECTION 20.	△ ²² Mandatory Sinking Payment Redemption	△ ²³ <u>10</u> ²⁴
SECTION 21.	Notice of Redemption.....	11
SECTION 22.	Selection of Bonds for Redemption.....	△ ²⁵ <u>11</u> ²⁶
SECTION 23.	Partial Redemption of Bonds.....	△ ²⁷ <u>11</u> ²⁸
SECTION 24.	Effect of Notice of Redemption.....	△ ²⁹ <u>11</u> ³⁰
SECTION 25.	Pledge and Assignment.....	12
SECTION 26.	Special Fund.....	△ ³¹ <u>12</u> ³²
SECTION 27.	Prepayment Account.....	13
SECTION 28.	Administrative Expense.....	△ ³³ <u>13</u> ³⁴
SECTION 29.	Investment of Moneys.....	△ ³⁵ <u>13</u> ³⁶
SECTION 30.	Collection and Application of Assessments	△ ³⁷ <u>13</u> ³⁸
SECTION 31.	Punctual Payment.....	△ ³⁹ <u>14</u> ⁴⁰
SECTION 32.	Extension of Payment of Bonds.....	△ ⁴¹ <u>14</u> ⁴²
SECTION 33.	Against Encumbrances.....	15
SECTION 34.	Power to Issue Bonds and Make Pledge and Assignment	15
SECTION 35.	Accounting Records and Financial Statements.....	15
SECTION 36.	Waiver of Laws.....	△ ⁴³ <u>15</u> ⁴⁴
SECTION 37.	Tax Covenants and Continuing Disclosure.....	△ ⁴⁵ <u>15</u> ⁴⁶
SECTION 38.	Supplemental Resolutions With Consent of Owners.....	△ ⁴⁷ <u>15</u> ⁴⁸
SECTION 39.	Effect of Supplemental Resolution	△ ⁴⁹ <u>16</u> ⁵⁰
SECTION 40.	Defeasance	△ ⁵¹ <u>16</u> ⁵²
SECTION 41.	Unclaimed Moneys	△ ⁵³ <u>17</u> ⁵⁴
SECTION 42.	Disqualified Bonds.....	△ ⁵⁵ <u>17</u> ⁵⁶

TABLE OF CONTENTS
(continued)

	Page
SECTION 43. Payment on Non-Business Days.....	18
SECTION 44. Waiver of Personal Liability.....	18
SECTION 45. Conflict with Act or 1915 Act	18
 APPENDIX A-1 FORM OF BOND	

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SECTION 1. Authority for this Resolution. This Resolution is entered into pursuant to the provisions of the Authorizing Law.

SECTION 2. Definitions. Unless the context otherwise requires, the terms defined in this Section 2 shall for all purposes of this Resolution, of any Supplemental Resolution and of any certificate, opinion or other document herein or therein mentioned, have the meanings herein specified.

“Act” means the Landscaping and Lighting Act of 1972, being Part 2 of Division 15 of the California Streets and Highways Code.

“Assessment” means the individual assessments levied within the Assessment District by the City in proceedings taken pursuant to the Resolution of Intention and the Act.

“Assessment Consultant” means Koppel & Gruber Public Finance or any other consultant or firm of consultants appointed by the City and who or each of whom: (a) is judged by the City to have experience with respect to the administration of assessment districts; (b) is in fact independent and not under the domination of the City; (c) does not have any substantial interest, direct or indirect, with the City; and (d) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

“Assessment District” means the taxable land within the area designated “Annandale Canyon Open Space Benefit Assessment District,” formed by the City under the Act and the Code.

“Auditor” means the auditor/controller of Los Angeles County, or such other official at the County who is responsible for preparing property tax bills.

“Authorized Representative” means the City Manager, Assistant City Manager, Finance Director, City Treasurer, Director of Planning or any other Person designated as an Authorized Representative of the City in a Written Certificate of City.

“Authorizing Law” means, collectively, (i) the Act, (ii) the Municipal Code and (iii) the 1915 Act.

“Bonds” means the City of Pasadena Annandale Canyon Open Space Benefit Assessment District, Limited Obligation Improvement Bonds, Series 2009.

“Bond Counsel” means a firm of nationally recognized bond counsel selected by the City.

“Bond Owner” means any person shown on the Bond Register as an owner of a Bond or Bonds.

“Bond Register” shall mean the books referred to in Section 8 of this Resolution.

“Bond Year” means each twelve-month period beginning on September 3 in each year and extending to the next succeeding September 2, both dates inclusive; except that the first Bond Year shall begin on the Closing Date and end on September 2, 2009.

“Business Day” means a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State of California or the City are closed.

“City” means the City of Pasadena, Los Angeles County, California.

“City Clerk” means person who is the duly appointed or elected and acting City Clerk of the City.

“City Council” means the legislative body of the City and the respective members thereof and their successors from time to time.

“Closing Date” means the date upon which the Bonds are delivered to the Original Purchaser.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the, date of issuance of the Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Costs of Issuance” means all of the costs of issuing the Bonds, including but not limited to, all printing and document preparation expenses in connection with this Resolution, the Bonds and any and all other agreements, instruments, certificates or other documents prepared in connection therewith; legal fees and expenses of counsel with respect to the financing; and other fees and expenses incurred in connection with the issuance of the Bonds or the implementation of the financing for the Project, to the extent such fees and expenses are approved by the Assessment District.

“County” means the County of Los Angeles, State of California.

“Dated Date” means the dated date of the Bonds.

“Engineer’s Report” means that certain report prepared by Koppel & Gruber Public Finance and preliminarily approved by the City on September 8, 2008, containing the matters specified in Section 22586 of the Act, the Code and Section 4 of Article XIID of the California Constitution.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “fair market value” means the acquisitions price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security -- State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State of California but only if at all times during which the investment is held in such fund its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

“Federal Securities” means any of the following which at the time of investment are legal investments under the laws of the State of California for the funds proposed to be invested therein: (a) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), and (b) obligations of any agency, department or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America including pre-refunded municipal obligations.

“Finance Director” means the person who is the duly appointed and acting Director of Finance of the City and any successor thereto or any other Person designated by the Treasurer to perform the duties of the Treasurer hereunder as provided in a Written Certificate of City.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the City designated in a Written Certificate of the City.

“Information Services” means Financial Information, Inc.’s “Daily Called Bond Service,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Service’s “Called Bond Service,” 55 Broad Street, 28th Floor, New York, New York 10004; Moody’s Investors Service’s “Municipal and Government,” 5250 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attention: Municipal News Reports; Standard & Poor’s “Called Bond Record,” 55 Water Street, New York, New York 10041; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such services providing information with respect to called bonds as the City may designate in a Written Certificate of the City.

“Interest Payment Dates” means March 2 and September 2 of each year, commencing March 2, 2010, so long as any Bonds remain Outstanding.

“List of Unpaid Assessments” means the list on file with the Finance Director showing the amounts of the unpaid individual Assessments secured by liens upon the respective parcels in the Assessment District.

“Moody’s” means Moody’s Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

“Municipal Code” means the City of Pasadena Municipal Code, including specifically Chapter 4.95 of Title 4 thereof.

“1915 Act” means the Improvement Bond Act of 1915, being Division 10 of the California Streets and Highways Code.

“Original Purchaser” means the City, as the original Purchaser of the Bonds.

“Outstanding” when used with reference to the Bonds, shall mean, as of any date, Bonds theretofore issued or thereupon being issued under this Resolution except:

- (a) Bonds canceled at or prior to such date;
- (b) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Section 12 hereof,
- (c) Bonds for the payment or redemption of which funds or eligible securities in the necessary amount shall have been set aside (whether on or prior to the maturity or redemption date of such Bonds), in accordance with Section 40 of this Resolution.

“Permitted Investments” means ⁵⁷[any investment in which the City is authorized to make or enter into pursuant to the City’s Investment Policy.](#)⁵⁸

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“Person” means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Prepayment Account” means the account by that name established and held by the Finance Director pursuant to Section 27.

“Project” means the acquisition and financing of a portion of certain open space land, commonly known as Annandale Canyon Estates, and ongoing administrative costs of the District, as more particularly described in the Engineer’s Report.

“Record Date” means: (a) the 15th calendar day of the month preceding each Interest Payment Date, whether or not such day is a Business Day, and (b) any date established by the Finance Director pursuant to Section 6 as a Record Date for the payment of defaulted interest on the Bonds, if any.

“Redemption Price” means the aggregate amount of principal of and premium (if any) on the Bonds upon the redemption thereof pursuant hereto.

“Registered Owner” means any Person entered on the Bond Register as a Bond Owner.

“Resolution” means this Resolution No. _____, including exhibits thereto, adopted by the City Council of the City on ^{△68}February⁶⁹ ____, 2009, authorizing the issuance of the Bonds, and as it may from time to time be amended or supplemented by any Supplemental Resolution.

“Resolution of Formation” means Resolution No. ^{△70}8903,⁷¹ adopted by the City Council of the City on October 27, 2008, forming the Assessment District.

“Resolution of Intention” means Resolution No. ^{△72}8885,⁷³ adopted by the City Council of the City on September 8, 2008.

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“Securities Depositories” means The Depository Trust Company, 55 Water Street, 50th Floor, New York, New York, 10041-0099, Attention: Call Notification Department, Fax (212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City may designate in a Written Certificate of the City.

“Special Fund” means the special fund established by the Resolution of Formation designated the “City of Pasadena Annandale Canyon Open Space Benefit Assessment District Special Fund” and held by the Finance Director into which all monies collected in connection with the Assessment District shall be placed and used in accordance with the provisions of this Resolution, the Engineer’s Report and the law.

“Supplemental Resolution” means any Resolution amendatory of or supplemental to this Resolution, but only if and to the extent that such Supplemental Resolution is specifically authorized hereunder.

“Treasurer” means the person who is the duly appointed and acting City Treasurer of the City and any successor thereto, or any other Person designated by the Treasurer to perform the duties of the Treasurer hereunder as provided in a Written Certificate of City.

“Written Certificate” and **“Written Request”** of the City mean, respectively, a written certificate or written request signed in the name of the City by its Authorized Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

SECTION 3. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to, include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to “Sections” and other subdivisions are to the corresponding Sections or subdivisions of this Resolution; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Resolution as a whole and not to any particular Section or subdivision hereof.

SECTION 4. Resolution Constitutes Contract. In consideration of the purchase and acceptance of any and all of the Bonds issued hereunder by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the City and the Bond Owners. To the extent the City constitutes the sole Bond Owner of the Bonds, the interests of the City as issuer of the Bonds and as Bond Owner shall not merge. The pledge made in this Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the City shall be for the equal benefit, protection and security of the Bond Owners. All of the Bonds, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by this Resolution.

SECTION 5. Authorization of Bonds. The City hereby authorizes the issuance of the Bonds under and subject to the terms of this Resolution, the Authorizing Law and other applicable laws of the State of California for the purpose of providing moneys to pay certain authorized costs and expenses of acquisition of the Project.

SECTION 6. Terms of Bonds.

(a) The Bonds shall be designated “City of Pasadena Annandale Canyon Open Space Benefit Assessment District, Limited Obligation Improvement Bonds, Series 2009,” and shall be secured by and payable from the Assessments and other moneys pledged hereunder. The aggregate principal amount of Bonds that may be issued and outstanding under this Resolution shall not exceed \$1,364,000, except as may be otherwise provided in Section 12. The Finance Director, in consultation with Bond Counsel, is hereby authorized and directed to establish the final principal amount of the Bonds.

(b) The Bonds shall be issued in fully registered form without coupons ⁷⁵ as a single term bond maturing on September 2, 2041.⁷⁶ The Bonds shall be dated as of their Dated Date, shall bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the rate of six percent (6.0%) per annum, shall be issued in the aggregate principal amount equal the unpaid Assessments and shall mature on the dates and in the principal amounts as specified on the face of the Bonds, and as established by the Finance Director in a Written Certificate of the City.

(c) Interest on the Bonds shall be payable from the Interest Payment Date next preceding the date of execution thereof unless (i) a Bond is executed as of an Interest Payment Date, in which event interest with respect thereto will be payable from such Interest Payment Date; (ii) it is executed after a Record Date and before the following Interest Payment Date, in which event interest with respect thereto will be payable from such Interest Payment Date; or (iii) it is executed on or before February 15, 2010, in which event interest with respect thereto will be payable from the Dated Date; provided, however, that if, as of the date of execution of any Bond, interest with respect to any Outstanding Bond is in default, interest represented by such Bond will be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Bonds. Interest shall be paid in lawful money of the United States on each Interest Payment Date to the Persons in whose names the ownership of the Bonds is registered on the Bond Register at the close of business on the immediately preceding Record Date, except as provided below. Interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date shall be payable to the Person in whose name the ownership of such Bond is registered on the Bond Register at the close of business on a special Record Date to be established by the Finance Director for the payment of such defaulted interest to be fixed by the Finance Director, notice of which shall be given to such Owner by first class mail not less than ten days prior to such special Record Date. Interest shall be paid by check of the City mailed by first class mail, postage prepaid, on each Interest Payment Date to the Bond Owners at their respective addresses shown on the Bond Register as of the close of business on the preceding Record Date; provided, however, that at the written request of the Owner of at least \$1,000,000 in aggregate principal amount of Outstanding Bonds filed with the Finance Director prior to any Record Date, interest on such Bonds shall be paid to such Owner on each succeeding Interest Payment Date (unless such request has been revoked in writing) by wire transfer of immediately available funds to an account in the United States designated in such written request.

(d) The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or

earlier redemption to the City. Payment of principal of any Bond shall be made only upon presentation and surrender of such Bond to the City.

(e) The Bonds shall be subject to redemption as provided in Sections, 18, 19 and 20.

(f) The Bonds shall be in substantially the form set forth in Appendix A-1 hereto, with appropriate or necessary insertions, omissions and variations as permitted or required hereby.

SECTION 7. Transfer and Exchange of Bonds. Any Bond may, in accordance with its terms, be transferred upon the Bond Register by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Finance Director. Whenever any Bond or Bonds shall be surrendered for transfer, the City shall execute and the paying agent, if any, shall authenticate and shall deliver a new Bond or Bonds for a like aggregate principal amount, in any authorized denomination. The Finance Director shall require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The cost of printing Bonds and any services rendered or expenses incurred by the Finance Director in connection with any transfer shall be paid by the City.⁷⁷

The City as the Original Purchaser shall not transfer the Bonds unless and until the City receives a written opinion of Bond Counsel to the effect that interest on the Bonds is excluded from the gross income of the owner thereof for federal income tax purposes and complies with the provisions of Section 37 hereof.⁷⁹

The Bonds may be exchanged at the office of the Finance Director for a like aggregate principal amount of Bonds of other authorized denominations. The Finance Director shall require the payment by the Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The cost of printing Bonds and any services rendered or expenses incurred by the Finance Director in connection with any exchange shall be paid by the City.

The Finance Director shall not be obligated to make any transfer or exchange of Bonds pursuant to this Section 7 during the period established by the Finance Director for the selection of Bonds for redemption, or with respect to any Bonds selected for redemption.

SECTION 8. Bond Register. The Finance Director will keep or cause to be kept, at the office of the Finance Director, sufficient records for the registration and transfer of ownership of the Bonds, which shall be open to inspection during regular business hours and upon reasonable prior notice by the City; and, upon presentation for such purpose, the Finance Director shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as hereinbefore provided.

SECTION 9. Execution of Bonds. The Bonds shall be executed in the name and on behalf of the City with the manual or facsimile signature of the Treasurer attested by the manual or facsimile signature of the City Clerk. The City's seal or a facsimile thereof, may be reproduced, imprinted or impressed on the Bonds. The Bonds shall then be authenticated by the Finance Director. In case any of the officers who shall have signed or attested any of the Bonds

shall cease to be such officer or officers of the City before the Bonds so signed or attested shall have been authenticated or delivered by the Finance Director, or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the City as though those who signed and attested the same had continued to be such officers of the City, and also any Bonds may be signed and attested on behalf of the City by such Persons as at the actual date of execution of such Bonds shall be the proper officers of the City although at the nominal date of such Bonds any such Person shall not have been such officer of the City.

SECTION 10. Authentication of Bonds. Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form set forth in Appendix A-1 hereto, manually executed by the Finance Director, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of or on behalf of the Finance Director shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Resolution.

SECTION 11. Temporary Bonds. The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such authorized denominations as may be determined by the City, shall be in fully registered form without coupons and may contain such reference to, any of the provisions of this Resolution as may be appropriate. Every temporary Bond shall be executed by the City and authenticated by the Finance Director upon the same conditions and in substantially the same manner as the definitive Bonds. If the City issues temporary Bonds, it will execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds may be surrendered, for cancellation, at the office of the Finance Director and the Finance Director shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Resolution as definitive Bonds authenticated and delivered hereunder.

SECTION 12. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the City, at the expense of the Owner of said Bond, shall execute, and the Finance Director shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Finance Director of the Bond so mutilated. Every mutilated Bond so surrendered to the Finance Director shall be canceled by it and delivered to, or upon the order of, the City. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Finance Director and, if such evidence and indemnity satisfactory to the Finance Director shall be given, the City, at the expense of the Owner, shall execute, and the Finance Director shall thereupon authenticate and deliver, a new Bond of like series and tenor in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a replacement Bond, the Finance Director may pay the same without surrender thereof). The City may require payment by the Owner of a sum not exceeding the actual cost of preparing each replacement Bond issued under this Section and of the expenses which may be incurred by the City and the Finance Director. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the City whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and

shall be entitled to the benefits of this Resolution with all other Bonds secured by this Resolution.

SECTION 13. Limited Obligation. All obligations of the City under this Resolution and the Bonds with regard to the Bond Owners shall not be general obligations of the City, but shall be limited obligations, payable solely from the Assessments and the other moneys pledged therefor hereunder. Pursuant to Section 8769 of the Streets and Highways Code, the City will not obligate itself to advance available funds from the City treasury to cure any deficiency which may occur in the Special Fund. Neither the faith and credit of the City, the County of Los Angeles nor of the State of California or any political subdivision thereof is pledged to the payment of the Bonds. The Bonds are “Limited Obligation Improvement Bonds” and are payable solely from and secured solely by the Assessments and the other assets pledged hereunder.

SECTION 14. No Acceleration. The principal of the Bonds shall not be subject to acceleration hereunder. Nothing in this Section shall in any way prohibit the prepayment or redemption of Bonds under Sections 18, 19, or 20 hereof, or the defeasance of the Bonds and discharge of this Resolution under Section 40 hereof.

SECTION 15. Refunding of Bonds. The Bonds may be refunded by the City under Divisions 11 or 11.5 of the California Streets and Highways Code or as otherwise permitted by law upon the conditions set forth in proceedings therefor, all as determined by the City Council.

SECTION 16. Ownership of Bonds Permitted. The City may become the Owner of any Bonds and shall be the Original Purchaser of the Bonds.

SECTION 17. Application of Proceeds of the Bonds. On the Closing Date, the proceeds of the sale of the Bonds shall be paid to the Finance Director and shall be transferred or deposited by the Finance Director as follows:

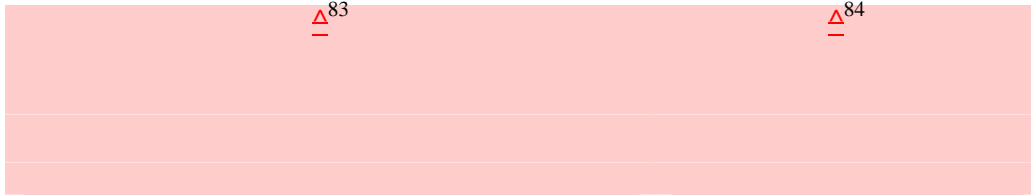
- (a) The Finance Director shall deposit the amount of \$_____ in the Special Fund, representing capitalized interest through and including September 2, 2009.
- (b) The Finance Director shall deposit the remaining amounts into Escrow No. _____ to be used to acquire the Project.
- (c) The City shall pay Costs of Issuance out of available funds, other than proceeds of the Bonds, as specified in a Written Certificate of the City.

The Finance Director is hereby authorized to establish and maintain for so long as is necessary, one or more temporary funds and accounts under this Resolution.

SECTION 18. Optional Redemption. The Bonds shall be subject to optional redemption prior to maturity at the option of the City on any date, as a whole or in part from any source of available funds at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest thereon to the date fixed for redemption.

The provisions of Part 11.1 of the Bond Law are applicable to the advance payment of Assessments and to the calling of the Bonds.

SECTION 19. Mandatory Redemption from Prepayments. The Bonds are subject to redemption prior to maturity on any date in whole or in part, and by lot, from amounts constituting prepayments of unpaid assessments at a redemption price equal to the principal amount thereof to be redeemed, ^{△80} together with accrued interest thereon to the date fixed for redemption^{△81 82}.



SECTION 20. △85 Mandatory Sinking Payment Redemption. The Bonds ^{△86} are subject to mandatory redemption, in part by lot, on September 2, in each year commencing September 2, ^{△87} 2012,⁸⁸ from mandatory sinking payments made by the City at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest thereon to the date of redemption in the aggregate principal amounts and on September 2 in the respective years as established by the Finance Director in a Written Certificate of the City at the Closing Date; provided, however, that if some but not all of the Bonds have been redeemed pursuant to Sections 18 or 19 hereof, the total amount of all future sinking payments shall be reduced by the aggregate principal amount of the Bonds so redeemed, to be allocated among such sinking payments on a pro rata basis in integral multiples of \$^{△89} 50⁹⁰ as determined by the City.

SECTION 21. Notice of Redemption. Unless the Owner of the Bonds is the City, the Finance Director on behalf and at the expense of the City shall mail (by first class mail) notice of optional and mandatory prepayment redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Bond Register, and to the Securities Depositories and to one or more Information Services, at least 30 but not more than sixty 60 days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, if any,⁹¹ the Bond numbers and the maturity or maturities (except in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the office of the Finance Director for redemption at the Redemption Price, giving notice also that further interest on such Bonds will not accrue from and after the date fixed for redemption and with regard to optional redemption in the event that funds required to pay the redemption price are not on deposit under this Resolution at the time the notice of redemption is sent, a statement to the effect that the redemption is conditioned upon the receipt of the appropriate funds required to pay the redemption price by the Finance Director on or prior to the redemption date. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the sufficiency of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

SECTION 22. Selection of Bonds for Redemption. Whenever provision is made in this Resolution for the redemption of less than all of the Bonds, the Finance Director shall select the Bonds to be redeemed from all Bonds not previously called for redemption, by lot in any

manner which the Finance Director in its sole discretion shall deem appropriate and fair, subject to compliance with Section 8768 of the Streets and Highways Code as specified in a written Certificate of the City. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$⁹²50⁹³ denominations and such separate denominations shall be treated as separate Bonds which may be separately redeemed.

SECTION 23. Partial Redemption of Bonds. Upon surrender of any Bonds redeemed in part only, the City shall execute and the Finance Director shall authenticate and deliver to the Owner thereof, at the expense of the City, a new Bond or Bonds of authorized denominations equal in aggregate principal amount representing the unredeemed portion of the Bonds surrendered.

SECTION 24. Effect of Notice of Redemption. Notice having been mailed as aforesaid, and moneys for the redemption (including the interest to the applicable date fixed for redemption and including any applicable premium), having been set aside in the Special Fund or the Prepayment Account, as applicable, the Bonds shall become due and payable on said date, and, upon presentation and surrender thereof to or upon the order of the City, said Bonds shall be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

If, on said date fixed for redemption, moneys for the redemption of all the Bonds to be redeemed, together with interest to said date, shall be held by the Finance Director so as to be available therefor on such date, and, if notice of redemption thereof shall have been mailed as aforesaid and not canceled, then, from and after said date, interest on said Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Finance Director for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions hereof shall be canceled upon surrender thereof, and a certificate of destruction pertaining thereto shall be delivered to the City.

SECTION 25. Pledge and Assignment. Subject only to the provisions of this Resolution permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Assessments and any other amounts (including proceeds of the sale of the Bonds) held in any fund or account established pursuant to this Resolution are hereby pledged by the City to secure the payment of the principal of and interest on the Bonds in accordance with their terms, the provisions of this Resolution and the 1915 Act. Said pledge shall constitute a first lien on and security interest in such moneys.

SECTION 26. Special Fund.

(a) The City has established a separate fund to be known as the “City of Pasadena Annandale Canyon Open Space Benefit Assessment District Special Fund,” which shall be established, held and administered by the Finance Director. All moneys received by the City on account of installment payments respecting unpaid assessments, including late charges and penalties, if any, paid in connection with reinstatement of delinquent assessment installments, proceeds of foreclosure sale payable to the City resulting from foreclosure of the lien of delinquent assessments, and proceeds of payments made to discharge unpaid assessments,

whether in whole or in part, shall be deposited in the Special Fund. The Finance Director shall from time to time as required hereunder, withdraw amounts from the Special Fund to pay the principal of and the interest and redemption premiums, if any, on the Bonds. To the extent that moneys in the Special Fund, following the payment in full of the Bonds, exceed the amount required by the Act, the 1915 Act or this Resolution to meet all obligations of the City with respect to the Bonds and the administrative costs associates therewith, said moneys may be withdrawn by the Finance Director and applied to any lawful purpose of the City.

(b) On the Closing Date or as soon thereafter as practicable, the Finance Director shall deposit in the Special Fund the amount specified in Section 17(a). Additionally, except as otherwise provided in Section 27 respecting prepayments of Assessments, the Finance Director shall deposit in the Special Fund all Assessments received from the City, and any other amounts received from the City which are required to be deposited therein by this Resolution or the 1915 Act.

(c) On or before each Interest Payment Date, the Finance Director shall withdraw from the Special Fund for payment to the Owners of the Bonds the principal, if any, of and interest then due and payable on the Bonds. Five (5) Business Days prior to each Interest Payment Date, the Finance Director shall determine if the amounts then on deposit in the Special Fund are sufficient to pay the principal, if any, of and interest due on the Bonds on such Interest Payment Date. If there are insufficient funds in the Special Fund to pay the principal, if any, of and interest on the Bonds, the Finance Director shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal of the Bonds as prescribed by the 1915 Act.

[\(d\) ⁹⁴Excess funds on deposit in the Special Fund following each September 2 shall be either held for payment of interest on the next succeeding Interest Payment Date or transferred to the City to be used for administrative costs attributable to the administration of the Assessments and the Bonds, as determined by the Finance Director in his sole discretion.](#)⁹⁵

SECTION 27. Prepayment Account. The Finance Director shall establish and maintain a special account within the Special Fund designated the “Prepayment Account.” The Finance Director shall deposit in the Prepayment Account the proceeds of the prepayment of any Assessment, with respect to which the Prepayment Account shall be administered by the Finance Director as provided in this Resolution. Additionally, the Finance Director shall deposit in the Prepayment Account amounts received from the City in connection with the City’s exercise of its rights to optionally redeem Bonds pursuant to Section 18.

Amounts in the Prepayment Account shall be disbursed therefrom for the payment of the Redemption Price of Bonds redeemed pursuant to Section 18 or Section 19 as appropriate. Any surplus amounts remaining in the Prepayment Account shall be disbursed according to written instructions of the City.

SECTION 28. Administrative Expense. The City shall pay directly from available funds, ⁹⁶including⁹⁷ the Special Fund to the extent provided in Section 26(d) hereof⁹⁸, the amount of any administrative costs attributable to the administration of the Assessments and the Bonds.

SECTION 29. Investment of Moneys. Except as otherwise provided herein, all moneys in any of the funds or accounts established pursuant to this Resolution shall be invested by the Finance Director solely in Permitted Investments as directed in writing by the City.

All interest, profits and other income received from the investment of moneys in any fund or account established pursuant to this Resolution shall be deposited by the Finance Director in the Special Fund.

Permitted Investments acquired as an investment of moneys in any fund established under this Resolution shall be credited to such fund. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at the Fair Market Value thereof, such valuation to be performed not less frequently than semiannually on or before each Interest Payment Date. For purposes of investment, the Finance Director may commingle moneys in any of the funds and accounts established hereunder. The Finance Director will furnish the City periodic cash transaction statements which include detail for all investment transactions made hereunder.

SECTION 30. Collection and Application of Assessments.

(a) The City shall comply with all requirements of the Act, the 1915 Act and this Resolution to assure the timely collection of the Assessments, including, without limitation, the enforcement of delinquent assessments. Any funds received by the City in and for the Assessment District, including, but not limited to, collections of Assessments upon the secured tax rolls, collections of delinquent Assessments and penalties thereon, through foreclosure proceedings or otherwise, and the prepayment of Assessments or portions thereof, shall be deposited in the Special Fund. The Finance Director shall make disbursements from the Special Fund of amounts required to be deposited in the Prepayment Account and to pay the principal of and interest on the Bonds when due, as provided in Sections 26 and 27 hereof.

(b) The Assessments as set forth on the List of Unpaid Assessments on file with the Finance Director, together with the interest thereon, shall be payable in annual series corresponding in number to the number of years of maturity of the Bonds issued. An annual proportion of each Assessment shall be payable in each year preceding the date of maturity of ⁹⁹the¹⁰⁰ Bonds issued sufficient to pay the Bonds when due and such proportion of each Assessment coming due in any year, together with the annual interest thereon, shall be payable in the same manner and at the same time and in the same installments as the general taxes on real property are payable, and become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property. All sums received from the collection of the Assessments and of the interest and penalties thereon shall be placed in the Special Fund. Any prepayments of Assessments shall be placed in the Prepayment Account as directed in writing by the City.

(c) The Finance Director shall, before the final date on which the Auditor will accept the transmission of the Assessments for the parcels within the Assessment District for inclusion on the next tax roll, prepare or cause the Assessment Consultant to prepare, and shall transmit to the Auditor, such data as the Auditor requires to include the installments of the Assessments on the next secured tax roll of the County.

(d) ¹⁰¹The City may, upon the direction of the Finance Director, order and cause to be commenced, and prosecute an action in the superior court to foreclose the lien of any Assessment or installment thereof that is delinquent, as provided in Section 8680 of the Act, pursuant to and as provided in Section 8830 through 8835 of the Act. ¹⁰²

SECTION 31. Punctual Payment. The City shall punctually pay or cause to be paid the principal, premium (if any) and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Resolution, according to the true intent and meaning thereof, but only out of Assessments and other moneys pledged for such payment as provided in this Resolution and received by the City hereunder.

SECTION 32. Extension of Payment of Bonds. The City shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Resolution, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the City to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

SECTION 33. Against Encumbrances. The City shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Assessments and other assets pledged or assigned under this Resolution while any of the Bonds are Outstanding.

SECTION 34. Power to Issue Bonds and Make Pledge and Assignment. The City is duly authorized pursuant to the Act and the 1915 Act to issue the Bonds and to enter into this Resolution and to pledge and assign the Assessments and other assets purported to be pledged and assigned, respectively, under this Resolution in the manner and to the extent provided in this Resolution. The Bonds and the provisions of this Resolution are and will be the legal, valid and binding obligations of the City in accordance with their terms, and the City shall at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of Assessments and other moneys and all the rights of the Bond Owners under this Resolution against all claims and demands of all Persons whomsoever. The City may own the Bonds and its interests hereunder as issuer of the Bonds and Bond Owner shall not merge.

SECTION 35. Accounting Records and Financial Statements. The Finance Director shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries shall be made of all transactions relating to the proceeds of the Bonds, the Assessments and all funds and accounts established by it pursuant to this Resolution. Such books of record and account shall be available for inspection by the City, during regular business hours and upon reasonable prior notice and under reasonable circumstances as agreed to by the Finance Director. The Finance Director shall render to the City detailed monthly statements of the transactions and ending balances as of the end of the preceding month for each of the funds and accounts established and held by the Finance Director pursuant to this Resolution.

SECTION 36. Waiver of Laws. The City shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Resolution or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the City to the extent permitted by law.

SECTION 37. Tax Covenants and Continuing Disclosure. Prior to the transfer of the Bonds to a Bond Owner other than the City, the City agrees and covenants to enter into a Supplemental Resolution containing covenants of the City that it will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds, and that it will enter into a Continuing Disclosure Agreement, if necessary, and a *Tax Certificate as to Arbitrage and the Provisions of Sections 141-150 of the Internal Revenue Code of 1986*, or similar document containing additional representations and covenants pertaining to the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

SECTION 38. Supplemental Resolutions With Consent of Owners. This Resolution, and the rights and obligations of the City and of the Owners of the Bonds issued hereunder, may be modified or amended at any time by a Supplemental Resolution adopted by the City with the written consent of Owners owning at least 60% of the Outstanding Bonds. No such modification or amendment shall (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof, or extend the time of payment, without the consent of the Bond Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Bond Owners of which is required to effect any such modification or amendment, or (iii) permit the creation of any lien on the Assessments and other assets pledged under this Resolution prior to or on a parity with the lien created by this Resolution or deprive the Bond Owners of the lien created by this Resolution on such Assessments and other assets (except as expressly provided in this Resolution), without the consent of the Bond Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Resolution, but it shall be sufficient if such consent shall approve the substance thereof.

This Resolution and the rights and obligations of the City, of the Finance Director and the Bond Owners may also be modified or amended from time to time and at any time by a Supplemental Resolution without the consent of any Bond Owners for any one or more of the following purposes:

(a) to add to the covenants and agreements of the City in this Resolution other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the City as issuer;

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in this Resolution;

(c) to modify, amend or supplement this Resolution in such manner as to cause interest on the Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America; and

(d) in any other respect whatsoever as the City may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the Bond Owners hereunder.

SECTION 39. Effect of Supplemental Resolution. Upon the adoption of any Supplemental Resolution pursuant to this Resolution, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the City, the Finance Director and all Bond Owners of the Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Resolution shall be deemed to be part of the terms and conditions of this Resolution for any and all purposes.

SECTION 40. Defeasance. The Bonds may be paid by the City in any of the following ways, provided that the City also pays or causes to be paid any other sums payable hereunder by the City:

(a) by paying or causing to be paid the principal of and interest and premium (if any) on the Bonds, as and when the same become due and payable;

(b) by depositing with an institution to act as escrow agent selected by the City, in trust (pursuant to an escrow agreement), at or before maturity, lawful money or non-calleable Federal Securities in the necessary amount to pay or redeem all Bonds then Outstanding; or

(c) [provided the City is not the Bond Owner,](#)¹⁰³ by delivering to the Finance Director, for cancellation by it, all of the Bonds then Outstanding.

If the City shall also pay or cause to be paid all other sums payable hereunder by the City, then and in that case, at the election of the City (evidenced by a Written Certificate of the City, signifying the intention of the City to discharge all such indebtedness and this Resolution), and notwithstanding that any Bonds shall not have been surrendered for payment, this Resolution and the pledge of Assessments and other assets made under this Resolution and all covenants, agreements and other obligations of the City under this Resolution shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Written Request of the City, and upon receipt of a Written Certificate of an Authorized Representative of the City and an opinion of Bond Counsel, each to the effect that all conditions precedent herein provided for relating to the discharge and satisfaction of the obligations of the City have been satisfied, the Finance Director shall cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the City and shall execute and deliver to the City all such instruments provided to it as may be necessary or desirable to evidence such discharge and satisfaction, and the Finance Director shall pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to this Resolution, which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption, to the City.

SECTION 41. Unclaimed Moneys. Notwithstanding any provisions of this Resolution, any moneys held by the Finance Director in trust for the payment of the principal of, premium, if

any or interest on, any Bonds and remaining unclaimed for two (2) years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption), if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the City free from the trusts created by this Resolution, and all liability of the City with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the City as aforesaid, the Finance Director may (at the cost of the City) first mail, by first class mail postage prepaid, to the Bond Owners that have not yet been paid, at the respective addresses shown on the Bond Register, a notice, in such form as may be deemed appropriate by the Finance Director with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the City of the moneys held for the payment thereof.

SECTION 42. Disqualified Bonds. In determining whether the Bond Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Resolution, Bonds which are known by the Finance Director to be owned or held by or for the account of the City, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the City, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, unless all Bonds are owned by the City.

SECTION 43. Payment on Non-Business Days. In the event any payment is required to be made hereunder on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same effect as if made on such non-Business Day.

SECTION 44. Waiver of Personal Liability. No member, officer, agent or employee of the City shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such officer, agent or employee from the performance of any official duty provided by law or by this Resolution.

SECTION 45. Conflict with Act or 1915 Act. In the event of any conflict between any provision of this Resolution and any provision of the Municipal Code, the Act or the 1915 Act, the provision of the Municipal Code, the Act or the 1915 Act, respectively, shall prevail over the provision of this Resolution.

IN WITNESS WHEREOF, the City has caused this Supplement to be acknowledged in its name by its officer thereunto duly authorized.

CITY OF PASADENA

By _____
City Manager

APPENDIX A-1

FORM OF BOND

NO. \$ _____¹⁰⁴

**CITY OF PASADENA
ANNANDALE CANYON OPEN SPACE BENEFIT ASSESSMENT DISTRICT
LIMITED OBLIGATION IMPROVEMENT BOND, SERIES 2009**

¹⁰⁵△

<u>INTEREST RATE</u> ¹⁰⁶	<u>MATURITY DATE</u> ¹⁰⁷	<u>DATED DATE</u> ¹⁰⁸
<u>6.00%</u> ¹⁰⁹	<u>September 2, 2041</u> ¹¹⁰	_____ ¹¹¹

REGISTERED OWNER: CITY OF PASADENA, CALIFORNIA¹¹²

PRINCIPAL AMOUNT: _____ DOLLARS¹¹³

Under and by virtue of the Improvement Act of 1915, Division 10 of the Streets and Highways Code of California (the "1915 Act"), the City of Pasadena, County of Los Angeles, State of California (the "City"), will, out of the assessment special fund for the payment of the bonds issued upon the unpaid portion of assessments levied for the bonds more fully described in proceedings taken pursuant to Resolution No. ____ adopted by the City Council of the City on ¹¹⁴△ February¹¹⁵ ____, 2009, pay to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date identified above or on any earlier redemption date, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Interest Rate identified above in like lawful money from the date hereof payable semiannually on March 2 and September 2 in each year, commencing March 2, 2010 (the "Interest Payment Dates") until payment of such Principal Amount in full. Interest on the Bonds shall be payable from the Interest Payment Date next preceding the date of execution thereof unless (i) Bond is executed as of an Interest Payment Date, in which event interest with respect thereto will be payable from such Interest Payment Date; (ii) it is executed after a Record Date and before the following Interest Payment Date, in which event interest with respect thereto will be payable from such Interest Payment Date; or (iii) it is executed on or before February 15, 2010, in which event interest with respect thereto, will be payable from the Dated Date; provided, however, that if, as of the date of execution of any Bond, interest with respect to any Outstanding Bond is in default, interest represented by such Bond will be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Bonds. The Principal Amount hereof is payable upon surrender hereof upon maturity or earlier redemption to the Finance Director of the City or such other place as designated by the Finance Director. Interest hereon is payable by check of the City mailed by first class mail on each Interest Payment Date to the Registered Owner hereof at

the address of the Registered Owner as it appears on the Bond Register as of the close of business on the fifteenth calendar day of the month preceding such Interest Payment Date; provided, however, that at the written request of the Registered Owner of at least \$1,000,000 in aggregate principal amount of Outstanding Bonds filed with the Finance Director prior to any Record Date, interest on such Bonds shall be paid to such Registered Owner on each succeeding Interest Payment Date (unless such request has been revoked in writing) by wire transfer of immediately available funds to an account in the United States designated in such written request.

This Bond shall not be entitled to any benefit under the 1915 Act, the Resolution authorizing the issuance of the bonds, adopted by the City Council of the City on ^{△116} February¹¹⁷ ____, 2009 (the “Resolution of Issuance”), or become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been dated and signed by the Finance Director.

This Bond is ^{△118} a single term bond designated ^{△119} “City of Pasadena Annandale Canyon Open Space Benefit Assessment District, Limited Obligation Improvement Bonds, Series 2009”¹²⁰ (the “Bonds”) ^{△121}, issued by said City under the 1915 Act and the Resolution for the purpose of paying for a portion of the authorized open space land costs, as more particularly described in said proceedings, and is secured by the moneys in the redemption fund (entitled the “Special Fund” in the Resolution) and by the unpaid portion of said assessments made for the payment of said improvement costs, and, including principal and interest, is payable exclusively out of said fund.

Reference is hereby made to the Resolution and all agreements supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the Assessments (as that term is defined in the Resolution), of the rights, duties and immunities of the Finance Director and of the rights and obligations of the City thereunder; and all of the terms of the Resolution are hereby incorporated herein and constitute a contract between the City and the Registered Owner hereof, and to all of the provisions of which Resolution the Registered Owner hereof, by acceptance hereof, assents and agrees.

The Bonds shall be subject to optional redemption prior to maturity at the option of the City on any date, as a whole or in part from any source of available funds at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest thereon to the date fixed for redemption.

The provisions of Part 11.1 of the Bond Law are applicable to the advance payment of Assessments and to the calling of the Bonds.

The Bonds are subject to redemption prior to maturity on any date in whole or in part, and by lot, from amounts constituting prepayments of unpaid assessments at a redemption price equal to the principal amount thereof to be redeemed, ^{△122} together with accrued interest thereon to the date fixed for redemption ^{△123} ¹²⁴ _△

^{△125} _____ ^{△126} _____

[Redacted]

The Bonds ¹²⁷ are subject to mandatory redemption, in part by lot, on September 2, in each year commencing September 2, ¹²⁸ 2012,¹²⁹ from mandatory sinking payments made by the City at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest thereon to the date of redemption in the aggregate principal amounts and on September 2 in the respective years as established by the Finance Director in a Written Certificate of the City at the Closing Date; provided, however, that if some but not all of the Bonds have been redeemed pursuant to optional redemption or mandatory prepayment redemption, the total amount of all future sinking payments shall be reduced by the aggregate principal amount of the Bonds so redeemed, to be allocated among such sinking payments on a pro rata basis in integral multiples of \$¹³⁰ 50¹³¹ as determined by the City. The redemption price of the Bonds to be redeemed shall be paid only upon presentation and surrender thereof to the Finance Director or such other place as designated by the Finance Director. From and after the date fixed for redemption of any Bonds, interest on such Bonds will cease to accrue.

The Bonds are issuable as fully registered Bonds without coupons ¹³² as a single term bond¹³³. Subject to the limitations and upon payment of the charges, if any, provided in the Resolution, fully registered Bonds may be exchanged at the office of the Finance Director or such other place as designated by the Finance Director for a like aggregate principal amount and maturity of fully registered Bonds of other authorized denominations.

¹³⁴ This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the office of the Finance Director or such other place as designated by the Finance Director, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.¹³⁵ The Finance Director may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the City shall not be affected by any notice to the contrary.¹³⁶

The City as the Original Purchaser shall not transfer the Bonds unless and until the City receives a written opinion of Bond Counsel to the effect that interest on the Bonds is excluded from the gross income of the owner thereof for federal income tax purposes and complies with the provisions of Resolution^{137 138}

The Resolution and the rights and obligations of the City and of the owners of the Bonds may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Resolution; provided that no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or the amount of principal thereof without the express written consent of the owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) permit the creation of any lien on the Assessments and other assets pledged under the Resolution, or

deprive the Bonds owners of the lien created under the Resolution on the Assessments and such other assets, without the consent of the owners of all outstanding Bonds.

The Bonds are Limited Obligation Bonds because, under the Resolution, the City is not obligated to advance funds from the City treasury to cure any deficiency which may occur in the redemption fund for the Bonds; provided, however, the City is not prevented, in its sole discretion, from so advancing funds.

IN WITNESS WHEREOF, said City has caused the Bond to be signed in its name and on its behalf by the manual or facsimile signatures of its Treasurer and City Clerk, and has caused its corporate seal to be reproduced directly or in facsimile hereon all as of the Dated Date identified above.

CITY OF PASADENA

By _____
Treasurer

(SEAL)

Attest:

By _____
City Clerk

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within mentioned Resolution and registered on the Bond Register.

Date: _____, _____

By _____
Finance Director

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto whose address and social security or other tax identifying number is _____, the within mentioned Bond and hereby irrevocably constitute (s) and appoint (s) attorney, to transfer the same on the Bond Register with full power of substitution in the premises.

Dated:

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor.

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

Document comparison done by DeltaView on Friday, February 06, 2009 11:51:11 AM

Input:	
Document 1	interwovenSite://US_DMS/US2007/70481476/1
Document 2	interwovenSite://US_DMS/US2007/70481476/2
Rendering set	Standard with caret for deletes

Legend:	
Insertion	
Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	64
Deletions	73
Moved from	0
Moved to	0
Style change	0
Format changed	1
Total changes	138