

declarations with, governmental authorities required under law, to authorize the execution, delivery and performance of this Agreement and the Related Documents to which it is a party and all other agreements delivered or to be delivered in connection with any thereof, and all such consents, permits, licenses, approvals, filings, registrations and declarations remain in full force and effect.

(f) *Litigation.* There is no action, suit, investigation or proceeding pending or, to the best of the City's knowledge after due inquiry, threatened against or affecting the City, in which an adverse determination could have a Material Adverse Effect on the City.

(g) *Disclosure.* The representations and statements made by the City in any document furnished to the Bank by the City in connection herewith or in connection with any Related Document are accurate as of the date of this Agreement. All financial statements of the City furnished to the Bank were prepared in accordance with GAAP applied on a consistent basis throughout the periods involved. Since the date of the most recent financial statements referred to in the preceding sentence, no material adverse change has occurred in the business, operations or condition (financial or otherwise) of the City.

(h) *The Related Documents.* The representations and warranties of the City set forth in the Related Documents to which it is a party are true and accurate in all material respects on the date of this Agreement as fully as though made on the date of this Agreement. The City makes, as of the date of this Agreement, each of the representations and warranties therein, to be made by the City in the Related Documents to which it is a party, and for the benefit of, the Bank, as if the same were set forth at length herein together with all applicable definitions thereto. Except as otherwise provided herein, no amendment, modification, termination or replacement of any such representations, warranties, covenants and definitions contained in the Related Documents to which it is a party shall be effective to amend, modify, terminate or replace the representations, warranties, covenants and definitions incorporated herein by this reference, without the prior written consent of the Bank.

(i) *Liens.* All filings, recordings, registrations or other actions necessary to create and validly maintain the Liens provided for in the Lease, Sublease and Indenture and herein have been completed.

(j) *No Proposed Legal Changes.* There is no amendment, or to the knowledge of the City, no proposed amendment certified for placement on a statewide or local ballot, to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State law, or any legislation that has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which is (i) to materially adversely affect the Bonds or any holder thereof in its capacity as such, or (ii) to materially adversely affect the ability of the City to perform its obligations under this Agreement or any other Related Document to which it is a party.

(k) *No Immunity.* The City is not entitled to claim the defense of sovereign immunity in any action, suit or proceeding arising under or relating to this Agreement or any Related Document (a) for monetary damages or (b) for the execution or enforcement of any judgment

(subject to applicable bankruptcy or insolvency laws or limitations on legal remedies against public agencies in the State of California), nor may there be attributed to the City any such immunity (whether or not claimed).

(l) *Environmental Matters.* In the ordinary course of its business, the City conducts an ongoing review of Environmental Laws on the business, operations and properties of the City, in the course of which it identifies and evaluates associated liabilities and costs (including, without limitation, any capital or operating expenditures required for cleanup or closure of properties presently or previously owned or operated, any capital or operating expenditures required to achieve or maintain compliance with environmental protection standards imposed by law or as a condition of any license, permit or contract, any related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted thereat and any actual or potential liabilities to third parties, including employees, and any related costs and expenses). On the basis of such review the City has reasonably concluded that Environmental Laws are unlikely to have a Material Adverse Effect on the City.

(m) *Defaults.* The City has not defaulted in the payment of any Debt obligation in the past five (5) years, or if the City has defaulted on any such Debt obligation, the City has fully disclosed to the Bank in writing the particulars of any such default or certification and all actions taken by the City to remedy such default or the situation leading to such certification and to avoid any similar default or certification in the future.

(n) *Property Tax Delinquency Rate.* To the best of the City's knowledge, after due investigation, the delinquency rate on collection by the county in which the City is located or receipt by the City of *ad valorem* property taxes, in each case, solely with respect to the City, is not greater than ten percent (10%).

(o) *Title to Property.* The City has a valid and enforceable fee simple interest in the Leased Property, subject only to Permitted Encumbrances.

(p) *Federal Reserve Regulations.* No part of the proceeds of the remarketing of the Bonds to the Bank in connection with the conversion of the interest rate thereon from the Weekly Rate to the Bank Index Interest Rate will be used for the purpose, whether immediate, incidental or ultimate, to purchase or carry any margin stock (within the meaning of Regulation U of the FRB, as amended from time to time), or to extend credit to others for the purpose of purchasing or carrying any margin stock, or for any other purpose which would violate any of the regulations of the FRB.

(q) *No ERISA Plans.* The City has never established, is not a party to and has never contributed to any "employee benefit plan" within the meaning of Section 3(3) of ERISA or any other form of bonus, incentive compensation, deferred compensation or other similar plan or arrangement, other than a "governmental plan" within the meaning of Section 414(d) of the Code or Section 3(32) of ERISA.

(r) *Tax-Exempt Status of Bonds.* The City has not taken any action and knows of no action that any other Person has taken, which would cause interest on the Bonds to be included in the gross income of the recipients thereof for Federal income tax purposes.

(s) *Insurance.* The City shall maintains insurance in accordance with Section 6.03 of the Sublease.

*Section 5.02. Representations of the Authority.* The Authority hereby represents and warrants to the Bank and any other Bondholder, as follows:

(a) *Organization and Authorization.* The Authority is a joint exercise of powers authority duly organized, existing and in good standing under and by virtue of the laws of the State, including, particularly, Chapter 5, Division 7, Title 1 (commencing with Section 6500 of the Government Code of the State) and has the power to enter into this Agreement and the Related Documents to which it is a party.

(b) *Authority to Execute Documents.* All requisite official action of the Authority has been taken at meetings duly noticed, convened and had to authorize the execution and delivery of this Agreement and the Related Documents to which it is a party and the transactions contemplated hereby and thereby, and has, or had as of the date of execution and delivery, full power and authority to execute and deliver this Agreement and the Related Documents to which it is a party, and has full power and authority to perform its obligations under each of the foregoing.

(c) *Obligations Legal, Valid and Binding.* (i) This Agreement and the Related Documents to which the Authority is a party have been duly and validly authorized, executed and delivered and constitute the legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms, except insofar as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights and remedies generally, and by general principles of equity.

(ii) The Authority is neither in default, nor would the execution and delivery of any Related Document to which the Authority is a party result in a default, (A) hereunder or under the Related Documents to which it is a party or under any other material mortgage, indenture, contract, agreement or undertaking to which it is a party, (B) any order, writ, injunction or decree of any court or governmental body, agency or other instrumentality applicable to it, (C) any law or regulation applicable to it, or (D) any of its Debts, in each case, which default could have a Material Adverse Effect on the Authority; and no event has occurred which with the giving of notice or the passage of time or both would constitute such a default.

(d) *No Legal Bar.* (i) The Authority is in compliance with and not in violation under any laws of the State which would adversely affect the Authority's existence or its powers and authority referred to in Section 5.02(b) hereof.

(ii) The execution, delivery and performance by the Authority of this Agreement and the Related Documents to which it is a party, and all other agreements and instruments relating to all the foregoing executed and delivered by the Authority in connection herewith and therewith (i) do not violate any provision of the laws of the State or any other applicable law, regulation, order, writ, judgment or decree of any court, arbitrator or governmental authority, and (ii) do not violate any provision of, constitute a default under, or result in the creation or imposition of any Lien on any of the assets of the Authority pursuant to the provisions of, any mortgage, resolution, indenture, contract, agreement or other undertaking to which the Authority is a party other than the Liens created hereby or by the Related Documents.

(iii) The Authority is not a party to, or otherwise subject to, any provision contained in any instrument evidencing Debt of the Authority, any agreement relating thereto or to the Leased Property or any portion thereof, or any other contract or agreement which limits the amount of, or otherwise imposes restrictions on the incurring of, obligations of the Authority that would adversely affect the ability of the Authority to perform its obligations hereunder or under any of the Related Documents to which it is a party.

(e) *Consents.* The Authority has obtained, or will obtain on or before the Closing Date, all consents, permits, licenses and approvals of, and has made all filings, registrations and declarations with, governmental authorities required under law, to authorize the execution, delivery and sale of the Bonds, the execution, delivery and performance of this Agreement and the Related Documents to which it is a party and all other agreements delivered or to be delivered in connection with any thereof, and all such consents, permits, licenses, approvals, filings, registrations and declarations remain in full force and effect.

(f) *Litigation.* There is no action, suit, investigation or proceeding pending or, to the best of the Authority's knowledge after due inquiry, threatened against or affecting the Authority, in which an adverse determination could have a Material Adverse Effect on the Authority.

(g) *Disclosure.* The representations and statements made by the Authority in any document furnished to the Bank by the Authority in connection herewith or in connection with any Related Document are accurate as of the date of this Agreement.

(h) *The Related Documents.* The representations and warranties of the Authority set forth in the Related Documents to which it is a party are true and accurate in all material respects on the date of this Agreement as fully as though made on the date of this Agreement. The Authority makes, as of the date of this Agreement, each of the representations and warranties therein, to be made by the Authority in the Related Documents to which it is a party, and for the benefit of, the Bank, as if the same were set forth at length herein together with all applicable

definitions thereto. Except as otherwise provided herein, no amendment, modification, termination or replacement of any such representations, warranties, covenants and definitions contained in the Related Documents to which it is a party shall be effective to amend, modify, terminate or replace the representations, warranties, covenants and definitions incorporated herein by this reference, without the prior written consent of the Bank.

(i) *Liens.* No filings, recordings, registrations or other actions are necessary to create and validly maintain the Liens provided for in the Lease, the Sublease, the Indenture and herein.

(j) *No Proposed Legal Changes.* There is no amendment, or to the knowledge of the Authority, no proposed amendment certified for placement on a statewide or local ballot, to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State law, or any legislation that has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which is (i) to materially adversely affect the Bonds or any holder thereof in its capacity as such, or (ii) to materially adversely affect the ability of the Authority to perform its obligations under this Agreement or any other Related Document to which it is a party.

(k) *No Immunity.* The Authority is not entitled to claim the defense of sovereign immunity in any action, suit or proceeding arising under or relating to this Agreement or any Related Document (a) for monetary damages or (b) for the execution or enforcement of any judgment (subject to applicable bankruptcy or insolvency laws or limitations on legal remedies against public agencies in the State of California), nor may there be attributed to the Authority any such immunity (whether or not claimed).

(l) *Title to Property.* The Authority has a valid and enforceable leasehold interest in the Leased Property, subject only to Permitted Encumbrances.

(m) *Federal Reserve Regulations.* No part of the proceeds of the remarketing of the Bonds to the Bank in connection with the conversion of the interest rate thereon from the Weekly Rate to the Bank Index Interest Rate will be used for the purpose, whether immediate, incidental or ultimate, to purchase or carry any margin stock (within the meaning of Regulation U of the FRB, as amended from time to time), or to extend credit to others for the purpose of purchasing or carrying any margin stock, or for any other purpose which would violate any of the regulations of the FRB.

(n) *Tax-Exempt Status of Bonds.* The Authority has not taken any action and knows of no action that any other Person has taken, which would cause interest on the Bonds to be included in the gross income of the recipients thereof for Federal income tax purposes.

## ARTICLE VI

### COVENANTS

*Section 6.01. Affirmative Covenants.* The Authority and the City will perform and observe the covenants set forth below:

(a) *Financial Records.* The City shall at all times maintain financial records and furnish to the Bank as soon as available, but no later than one hundred eighty-five (185) days after the end of each Fiscal Year, audited financial statements prepared in accordance with GAAP including such balance sheet and statements, certified by an independent certified public accounting firm and prepared in accordance with GAAP, except to the extent State law requires otherwise. Accompanying the audited financial statements deliver pursuant to this Section 6.1(a), the City shall deliver a certificate stating that no Default or Event of Default shall have occurred and be continuing.

(b) *Notice of Default.* The Authority and the City shall forthwith notify the Bank in writing of the occurrence of any Default or any default under the Related Documents or any filing by the Authority or the City of a petition in bankruptcy under the Bankruptcy Law. The City shall also notify the Bank of the occurrence of any non-payment default or other event under any indenture, contract or instrument providing for the creation of any Debt of the City where the effect thereof is to accelerate, or permit the acceleration of, the maturity of such Debt.

(c) *Budgets.* The City shall deliver to the Bank a copy of its annual budget for the next succeeding fiscal year and such additional period as may be covered by such budget promptly upon adoption of such budget and, in any event, not later than September 1st of such fiscal year. The City shall include in the annual general fund and Rose Bowl budgets, as separate line items, amounts necessary to pay all Lease Payments and Additional Payments.

(d) *Other Information.* The City and the Authority shall furnish to the Bank, as the Bank may reasonably request, such additional information concerning the Leased Property, the Authority or the City in order to enable the Bank to determine whether the covenants, terms and provisions of this Agreement, the other Related Documents to which the City or the Authority, as appropriate, is a party and all other Debt of the City have been complied with by the City or the Authority, as appropriate, and for that purpose all pertinent books, documents and vouchers relating to the business, affairs and properties of the Authority and the City shall at all reasonable times during regular business hours and upon three (3) days' prior notice be open to the inspection of such accountants or other agents (who may make copies of all or any part thereof at their own cost and expense) as shall from time to time be designated by the Bank. Without limiting the foregoing, upon three (3) days' prior notice the Authority and the City will permit the Bank to visit and inspect any of the properties of the Authority and the City, respectively, during regular business hours and to discuss the affairs, finances and accounts of the Authority and the City with officials of the Authority and the City and any accounting firm performing services for the Authority or the City, as often as the Bank may reasonably request.

(e) *Compliance with Obligations.* The Authority and the City shall observe and comply with all of their obligations arising in connection with the City's Debt, the other Related Documents and all laws of the State applicable to the Authority and the City.

(f) *Litigation.* The Authority and the City shall forthwith notify the Bank in writing with respect to any pending or threatened litigation with respect to the Authority, the City, the Leased Property the existence of which could reasonably be expected to result in a Material Adverse Effect on the City or the Authority, as applicable.

(g) *Licenses, Permits, Etc.* The Authority and the City will take all necessary and appropriate action to ensure the continuance in force of all material consents, licenses, permits, orders, decrees, approvals, authorizations, registrations and filings obtained or made in connection with the Leased Property, this Agreement or the other Related Documents to which the Authority or the City is a party or necessary to authorize the execution, delivery and performance by the Authority and the City of this Agreement, the other Related Documents to which the Authority or the City is a party and all other agreements to be delivered in connection with any thereof.

(h) *Books and Records.* The Authority and the City shall keep or cause to be kept adequate and proper records and books of account with respect to the Authority, the City and the Leased Property in which complete and correct entries shall be made, reflecting all financial transactions of the City in connection with the proceeds of the Bonds allocable to it.

(i) *Use of Proceeds.* The proceeds of the remarketing of the Bonds will be used solely for the purpose of paying the purchase price of the Bonds tendered in connection with the conversion of the interest rate on the Bonds from the Weekly Rate to the Bank Index Interest Rate.

(j) *Maintenance of Existence.* Except as may be required by State law, the City shall preserve and maintain its existence as a municipal corporation organized and existing under a charter adopted pursuant to the Constitution and the laws of the State, and its rights, franchises and privileges material to the conduct of its business and shall not reorganize, merge or consolidate with or into any Person, wind up, liquidate or dissolve its affairs (or suffer any liquidation or dissolution) or convert, sell, assign, transfer, lease or otherwise dispose of (or agree to do any of the foregoing at any future time), whether in one transaction or a series of transactions, all or substantially all of its property or assets. Except as may be required by State law, the Authority shall preserve and maintain its existence as a joint exercise of powers authority duly organized, existing and in good standing under and by virtue of the laws of the State, including, particularly, Chapter 5, Division 7, Title 1 (commencing with Section 6500 of the Government Code of the State), and its rights, franchises and privileges material to the conduct of its business and shall not reorganize, merge or consolidate with or into any Person, wind up, liquidate or dissolve its affairs (or suffer any liquidation or dissolution) or convert, sell, assign, transfer, lease or otherwise dispose of (or agree to do any of the foregoing at any future time), whether in one transaction or a series of transactions, all or substantially all of its property or assets.

(k) *Notice of Adverse Change.* The Authority and the City shall notify the Bank as soon as possible after any officer of the City or officer of the Authority acquires knowledge of the occurrence of (i) the filing of any action or the occurrence of any activity which would lead to an initiative or referendum which would lead to the diminution or reallocation of the any revenues or funds received by the City or (ii) any other event which would reasonably be expected to have a Material Adverse Effect on the Authority or the City, as applicable.

(l) *Trustee and Other Agents.* The Authority and the City shall immediately notify the Bank of any resignation of the Trustee, and no removal or appointment of a Successor Trustee shall be undertaken without the consent of the Bank.

(m) *Other Matters.* The Authority and the City shall execute and deliver to the Bank all such documents and instruments, and do all such acts and things, as may be necessary or reasonably required by the Bank to enable the Bank to exercise and enforce its rights under this Agreement and the Related Documents and to realize thereon, and record and file and re-record and re-file all such documents and instruments, at such time or times, in such manner and at such place or places, all as may be necessary or reasonably required by the Bank to validate, preserve and protect the Lien under this Agreement and the other Related Documents.

(n) *Budget Requirements.* (i) The City shall comply with the budget requirements set forth in the first sentence and the last sentence of Section 5.02 of the Sublease; and

(ii) The City shall deliver to the Bank all certificates, resolutions and other documents set forth in Section 5.02 of the Sublease.

(o) *Maintenance of Insurance.* The City covenants that it will maintain or cause to be maintained insurance as required by Section 6.03 of the Sublease on the Leased Property.

(p) *Investments.* Promptly upon any change therein, the City shall deliver to the Bank a copy of the City's current Investment Policy or the current Investment Policy of the county in which the City is located or the current investment policy of any other entity which maintains an investment pool in which the City has invested any of its funds, as the case may be.

(q) *Taxes and Liabilities.* The Authority and the City will pay all of its indebtedness and obligations promptly and in accordance with its terms and pay and discharge, or cause to be paid and discharged, promptly all taxes, assessments and governmental charges or levies imposed upon it or upon its income and profits, or upon any of its property, real, personal, or mixed, or upon any part thereof, before the same shall become in default, except for those matters which are being contested in good faith by appropriate action or proceedings or for which the Authority or the City, as applicable, has established adequate reserves in accordance with GAAP applied on a consistent basis.

(r) *Compliance with Rules and Regulations.* Each of the City and the Authority shall comply with all laws, ordinances, orders, consents, licenses, approvals, authorizations, rules and regulations of all Governmental Authorities, except for any noncompliance which could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the City or the Authority, as the case may be, and its respective internal investment policies and guidelines.

(s) *Incorporation of Covenants by Reference.* The Authority and the City agree that they will perform and comply with each and every respective covenant and agreement required to be performed or observed by it in the Related Documents, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect



as if each and every such provision were set forth herein in its entirety. To the extent that: (i) any such incorporated provision permits any Person to waive compliance with or consent to such provisions or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to any Person; and (ii) any such waiver or consent or acceptance of a document, opinion or other instrument would adversely affect the interests of the Bank or any other Bondholder for purposes of this Agreement, such provision shall be complied with only if it is waived or consented to in writing by the Bank and such document, opinion or other instrument shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Bank. Without the written consent of the Bank, no amendment to such covenants and agreements or defined terms made pursuant to the Indenture or the other Related Documents shall be effective to amend such covenants and agreements and defined terms as incorporated by reference herein.

(t) *Conversion of Bonds.* The Authority or the City shall provide to the Bank written notice thirty (30) days prior to the date of any proposed conversion of the interest rate on the Bonds to a rate of interest other than the Bank Index Interest Rate or any proposed redemption of the Bonds pursuant to the Indenture.

(u) *Conversion of Interest Rate on the Bonds from the Bank Index Interest Rate on the Mandatory Tender Date.* In the event that the Bank or any other Bondholder, as applicable, on or prior to the forty-fifth (45th) day preceding the Mandatory Tender Date has not agreed to hold the Bonds for a subsequent Bank Index Interest Rate Period, the Authority and the City shall use best efforts to cause a remarketing agent to remarket all of the Bonds to another Bondholder.

(v) *Remarketing of the Bonds.* Upon the occurrence of any Event of Default and, as a result of any such Event of Default, if the Majority Holder directs a mandatory tender of the Bonds and requires that the Authority pay to the Bondholder the purchase price (equal to 100% of the principal amount of the Bonds outstanding plus accrued interest thereon to the related purchase date) of such Bonds, the Authority and the City shall use best efforts to cause a remarketing agent to remarket all of the Bonds to another Bondholder.

(w) *Rating of the Parity Debt.* The City shall at all times maintain at least one long-term unenhanced rating on any general fund lease obligation indebtedness of the City from at least one Rating Agency.

(x) *Immunity.* To the extent that the City or the Authority has or hereafter may acquire under any applicable law any right to claim the defense of sovereign immunity in any action, suit or proceeding arising under or relating to this Agreement or any Related Document (a) for monetary damages or (b) for the execution or enforcement of any judgment (subject to applicable bankruptcy or insolvency laws or limitations on legal remedies against public agencies in the State of California), the City and the Authority hereby irrevocably waive, to the extent permitted by law, such right.

(y) *Incorporation of Most Favored Nations Provision in Bank Agreements by Reference.* In the event that the City or the Authority has or shall enter into, or otherwise consent to any amendment, supplement or other modification of, any Bank Agreement under which,

directly or indirectly, any Person or Persons (each such Person referred to herein as a "Provider") undertake to make or provide funds to make payment of, or to purchase or provide credit enhancement for bonds or notes of the City or the Authority which are secured by rental payments under an abatement lease, and which provides that the related Provider with a "most favored nations provision" or other similar provision, this Agreement shall be deemed to be amended to include a substantially similar provision for the benefit of the Majority Holder. The City or the Authority, as applicable, shall promptly notify the Majority Holder of any Bank Agreement which it enters into with any other Person with any such provision, and the City or the Authority, as applicable, shall promptly, and in any event within fifteen (15) Business Days after the effective date of such Bank Agreement, or amendment, supplement or other modification, provide the Majority Holder with a copy of such Bank Agreement or amendment, supplement or other modification. To evidence the foregoing, upon the reasonable request of the Majority Holder, the City or the Authority, as applicable shall enter into an amendment to this Agreement within thirty (30) days after a request by the Majority Holder to document any provision incorporated into this Agreement pursuant to this Section 6.01(y).

*Section 6.02. Negative Covenants.* The Authority and the City shall not, unless the Bank shall otherwise consent in writing:

- (a) agree to amend, supplement, extend, modify, waive, revise or otherwise alter or terminate any term of the Bonds or any other Related Document;
- (b) appoint, remove or consent to the appointment or removal of the Trustee without the consent of the Bank, which consent shall not be unreasonably withheld;
- (c) violate any law, rule, regulation, or governmental order to which it is subject, which violation involves a reasonable likelihood of adversely affecting the Leased Property, or could reasonably be expected to result in a Material Adverse Effect on the Authority or the City, as the case may be;
- (d) invest any amounts on deposit in any of the funds or accounts held or maintained by the Trustee pursuant to the Indenture in any investments other than those permitted by the terms of the Indenture;
- (e) take any action, or cause the Trustee to take any action under the Indenture, inconsistent with the rights of the Bank or any Bondholder;
- (f) take any action which would result in the City's obligations to the Bank under this Agreement not ranking at least *pari passu* in right of payment with all unsecured general fund lease obligations of the City to other creditors;
- (g) so long as the Bank is the holder of the Bonds, terminate this Agreement, the Indenture, the Lease or the Sublease;
- (h) deviate from the Investment Policies of the City or from the provisions of the Government Code of the State, as in effect from time to time;

(i) abandon, vacate or close the Leased Property or substitute any property for the Leased Property except for a substitution of Leased Property in accordance with Section 2.06 of the Sublease;

(j) encumber any interest in, nor create, suffer or assume any Lien to be created on the Leased Property, except as permitted by the terms of the Related Documents;

(k) transfer, sell, lease, convey or otherwise dispose of, any interest in the Leased Property, except for those permitted by the terms of the Related Documents;

(l) take any action or omit to take any action that, if taken or omitted, would adversely affect the excludability of interest on the Bonds from the gross income of the Bondholders thereof for Federal income tax purposes;

(m) establish, become a party to or contribute to any "employee benefit plan" within the meaning of Section 3(3) of ERISA or any other form of bonus, incentive compensation, deferred compensation or other similar plan or arrangement, other than a "governmental plan" within the meaning of Section 414(d) of the Code and Section 3(32) of ERISA; or

(n) issue any debt which constitutes a general fund lease obligation of the City which is payable on a priority senior to the Bonds, including the Unremarketed Bonds, and the other Obligations (whether or not any Unremarketed Bonds or other Obligations are Outstanding or due and owing, as applicable). Additionally, no Swap Termination Payments shall be payable out of the general fund of the City on a basis that is senior to the priority of payment of principal of or interest on the Bonds or the Unremarketed Bonds.

## ARTICLE VII

### EVENTS OF DEFAULT

*Section 7.01. Events of Default.* The occurrence of any of the following events (whatever the reason for such event and whether voluntary, involuntary, or effected by operation of Law) shall be an "Event of Default" hereunder, unless waived in writing by Bank:

(a) any principal of or interest on any Bond (including any Unremarketed Bond) shall not be paid when due;

(b) any Obligation shall not be paid (other than the obligation to pay the principal of or interest on the Bonds or Unremarketed Bonds) and such failure shall continue for five (5) Business Days;

(c) any representation or warranty made by or on behalf of the Authority or the City in this Agreement or in any other Related Document or in any certificate or

statement delivered hereunder or thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made or delivered; or

(d) the Authority shall default in the due performance or observance of any of the covenants set forth in Section 6.01(i), 6.01(j), 6.01(n)(i), 6.01(o), 6.01(w) or 6.01(x) hereof or Section 6.02(a), (b), (c), (f), (g), (i), (k), (l), (m) or (n) hereof; or

(e) the Authority or the City shall default in the due performance or observance of any other term, covenant or agreement contained in this Agreement or any other Related Document and such default shall remain unremedied for a period of thirty (30) days after the occurrence thereof; or

(f) one or more final, nonappealable judgment or order for the payment of money in excess of \$5,000,000 payable for the general fund of the City which shall be rendered against the Authority or the City, and in either case, with respect to which, in the reasonable opinion of the Bank, adequate cash reserves have not been established, or other means of satisfying or otherwise funding the judgment have not been undertaken, satisfactory to the Bank and such judgment or order shall continue unsatisfied and unstayed for a period of sixty (60) days; or

(g) (i) the Authority or the City shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its Debts, or seeking to declare a moratorium with respect to the payment of principal of or interest on any indebtedness which constitutes a general fund lease obligation of the City which is payable on a priority senior to or on a parity with the Bonds, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Authority or the City shall make a general assignment for the benefit of its creditors; or

(ii) there shall be commenced against the Authority or the City any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in an order for such relief or in the appointment of a receiver or similar official or (B) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or

(iii) there shall be commenced against the Authority or the City, any case, proceeding or other action seeking, issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets, which (A) results in the entry of an order for any such relief or (B) shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or

(iv) the Authority or the City shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or

(v) the Authority shall admit in writing its inability to pay its debts generally as they become due, or shall become insolvent within the meaning of Section 101(32) of the United States Bankruptcy Code; or

(vi)(a) the Authority or the City shall impose a debt moratorium, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on any indebtedness which constitutes a general fund lease obligation of the City, (b) any Governmental Authority having appropriate jurisdiction over the Authority or the City shall make a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or decree which results in a debt moratorium, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on the Bonds or Unremarketed Bonds or any other indebtedness of the Authority or the City that constitutes a general fund lease obligation of the City or (c) the Authority or the City shall impose a debt restructuring, in a manner that violates the terms of any indebtedness which constitutes a general fund lease obligation of the City without the consent of the creditors of the Authority or the City (including, without limitation, the Bank), as applicable.

(h) (i) any provision of this Agreement or any Related Document related to payment of principal of or interest on the Bonds (including Unremarketed Bonds) shall at any time for any reason cease to be valid and binding on the Authority as a result of a finding or ruling by a court or Governmental Authority with competent jurisdiction, or shall be declared, in a final nonappealable judgment by any court of competent jurisdiction, to be null and void, invalid or unenforceable; or

(ii) the validity or enforceability of any material provision of this Agreement or any Related Document related to payment of principal of or interest on the Bonds (including Unremarketed Bonds) shall be publicly contested by the Authority or the City; or

(iii) any other material provision of this Agreement or any other Related Document, other than a provision described in clause (i) above, shall at any time for any reason cease to be valid and binding on the Authority or the City as a result of a ruling or finding by a court or a Governmental Authority with competent jurisdiction or shall be declared in a final non-appealable judgment by any court with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the Authority or the City; or

(i) the Authority or the City, as applicable, shall fail to pay when due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) the principal of or interest or premium on any indebtedness of the Authority or the City, as applicable, which such indebtedness is outstanding in an aggregate principal amount of \$10,000,000 or more which constitutes a general fund lease obligation of the City which is payable on a priority senior to or on a parity with the Bonds, and such failure shall continue beyond any applicable period of grace specified in any underlying resolution, indenture, contract or instrument providing for the creation of or concerning such indebtedness or pursuant to the provisions of any such resolution, indenture, contract or instrument, the maturity of any such indebtedness of the Authority or the City, as applicable, which such indebtedness is outstanding in an aggregate principal amount of \$10,000,000 which constitutes a general fund lease obligation of the City which is payable on a priority senior to or on a parity with the Bonds, as a result of a default thereunder, shall have been or may be accelerated or may be required to be prepaid prior to the stated maturity thereof; or

(j) the long-term unenhanced rating by Fitch, S&P or Moody's of the Bonds or any other general fund lease obligation indebtedness of the City for which the City has obtained a long-term unenhanced rating and which is payable on a pari passu basis with the Bonds shall be withdrawn or suspended for credit related reasons or reduced below "BBB-" (or its equivalent) by Fitch, "BBB-" (or its equivalent) by S&P or "Baa3" (or its equivalent) by Moody's; or

(k) any Indenture Event of Default or any "event of default" under any other Related Document which is not cured within any applicable cure period shall occur, which, if not cured, would give rise to remedies available thereunder.

*Section 7.02. Consequences of an Event of Default.* If an Event of Default specified in Section 7.01 hereof shall occur and be continuing, the Bank may:

(a) if any Event of Default specified in Section 7.01(a), 7.01(b), 7.01(f), 7.01(g), 7.01(h), 7.01(i), 7.01(j)(i) or 7.01(k) hereof shall occur and shall continue for seven (7) days after the occurrence thereof (or additionally, in the case of an Event of Default specified in Section 7.01(i) resulting in either a declaration to accelerate or a direction to cause the acceleration, redemption or mandatory tender of the related Debt, on the date of such declaration or direction), the Bank may:

(i) by notice to the Authority and the City, declare the outstanding amount of the Obligations (including, without limitation, the Bonds or the Unremarketed Bonds) to be immediately due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived, and an action therefor shall immediately accrue, *provided* that, if any Event of Default described in Section 7.01(g) hereof shall occur, the Obligations (including, without limitation, the Bonds or the Unremarketed Bonds) shall automatically mature and be due and payable on the date of the occurrence of such Event of Default without presentment, demand, protest, notice of intention to

accelerate, notice of acceleration or other notice of any kind to the Authority, the City or any other Person, all of which are hereby expressly waived;

(ii) either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable under the Related Documents or to enforce performance or observance of any obligation, agreement or covenant of the Authority or the City, as applicable, under the Related Documents, whether for specific performance of any agreement or covenant of the Authority, or the City, as applicable, or in aid of the execution of any power granted to Bank in the Related Documents;

(iii) deliver a notice to the Trustee, the City and the Authority that an Event of Default has occurred and is continuing and directing the Trustee to take such remedial action as is provided for in the Indenture.

(b) if any Event of Default (other than as set forth in Section 7.02(a) hereof) shall occur and shall continue for thirty (30) days after the occurrence thereof, the Bank may:

(i) by notice to the Authority and the City, declare the outstanding amount of the Obligations (including, without limitation, the Bonds or the Unremarketed Bonds) to be immediately due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived, and an action therefor shall immediately accrue;

(ii) either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable under the Related Documents or to enforce performance or observance of any obligation, agreement or covenant of the Authority or the City, as applicable, under the Related Documents, whether for specific performance of any agreement or covenant of the Authority or the City, as applicable, or in aid of the execution of any power granted to Bank in the Related Documents; or

(iii) deliver a notice to the Trustee, the City and the Authority that an Event of Default has occurred and is continuing and directing the Trustee to take such remedial action as is provided for in the Indenture.

(c) if any Event of Default shall occur and shall be continuing, the Bank may:

(i) cure any Default, Event of Default or event of nonperformance hereunder or under any Related Document; *provided, however,* that the Bank shall have no obligation to effect such a cure; or

(ii) exercise, or cause to be exercised, any and all remedies as it may have under the Related Documents and as otherwise available at law and at equity other than as provided in Section 7.02(a) and 7.02(b) hereof.

*Section 7.03. Remedies Cumulative; Solely for the Benefit of Bank.* To the extent permitted by, and subject to the mandatory requirements of, applicable Law, each and every right, power and remedy herein specifically given to the Bank in the Related Documents shall be cumulative, concurrent and nonexclusive and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy (whether specifically herein given or otherwise existing) may be exercised from time to time and as often and in such order as may be deemed expedient by the Bank, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy.

The rights and remedies of the Bank specified herein are for the sole and exclusive benefit, use and protection of the Bank, and the Bank is entitled, but shall have no duty or obligation to the Authority, the Trustee or any other Person or otherwise, to exercise or to refrain from exercising any right or remedy reserved to the Bank hereunder or under any of the other Related Documents.

*Section 7.04. Waivers or Omissions.* No delay or omission by the Bank in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right remedy or power or be construed to be a waiver of any default on the part of the Bank or to be acquiescence therein. No express or implied waiver by the Bank of any Event of Default shall in any way be a waiver of any future or subsequent Event of Default.

*Section 7.05. Discontinuance of Proceedings.* In case the Bank shall proceed to invoke any right, remedy or recourse permitted hereunder or under the Related Documents and shall thereafter elect to discontinue or abandon the same for any reason, the Bank shall have the unqualified right so to do and, in such event, the Authority, the City and the Bank shall be restored to their former positions with respect to the Obligations, the Related Documents and otherwise, and the rights, remedies, recourse and powers of the Bank hereunder shall continue as if the same had never been invoked.

*Section 7.06. Injunctive Relief.* The Authority and the City recognize that in the event an Event of Default occurs, any remedy of law may prove to be inadequate relief to the Bank; therefore, the Authority and the City agree that the Bank, if the Bank so requests, shall be entitled to temporary and permanent relief in any such case.

## ARTICLE VIII

### INDEMNIFICATION

*Section 8.01. Indemnification.* In addition to any and all rights of reimbursement, indemnification, subrogation or any other rights pursuant hereto or under law or equity, the City



and the Authority hereby agree (to the extent permitted by law) to indemnify and hold harmless each Bondholder or Credit Protection Provider and its officers, directors and agents (each, an "Indemnitee") from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever (including reasonable attorneys' fees) which may incur or which may be claimed against an Indemnitee by any Person or entity whatsoever (collectively, the "Liabilities") by reason of or in connection with (a) the execution and delivery or transfer of, or payment or failure to pay under, any Related Document; (b) the issuance and sale of the Bonds; and (c) the use of the proceeds of the Bonds; *provided* that neither the City nor the Authority shall be required to indemnify an Indemnitee for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of such Indemnitee. If any proceeding shall be brought or threatened against an Indemnitee by reason of or in connection with the events described in clause (a), (b) or (c) as a condition of indemnity hereunder each Indemnitee shall promptly notify the City and the Authority in writing and the City and the Authority shall assume the defense thereof, including the employment of counsel satisfactory to such Indemnitee and the payment of all reasonable costs of litigation. Notwithstanding the preceding sentence, each Indemnitee shall have the right to employ its own counsel and to determine its own defense of such action in any such case, but the fees and expenses of such counsel shall be at the expense of such Indemnitee unless (i) the employment of such counsel shall have been authorized in writing by the City and the Authority, or (ii) the City and the Authority, after due notice of the action, shall not have employed counsel satisfactory to such Indemnitee to have charge of such defense, in either of which events the reasonable fees and expenses of counsel for such Indemnitee shall be borne by the City and the Authority. The City and the Authority shall not be liable for any settlement of any such action effected without its consent. Nothing under this Section 8.01 is intended to limit the Authority's payment of the Obligations.

*Section 8.02. Survival.* The obligations of the Authority and the City under this Article VIII shall survive the payment of the Bonds and the termination of this Agreement.

## ARTICLE IX

### MISCELLANEOUS

*Section 9.01. Patriot Act Notice.* The Bank hereby notifies the City and the Authority that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the City and the Authority, which information includes the name and address of the City and the Authority and other information that will allow the Bank to identify the Authority in accordance with the Patriot Act. The City and the Authority hereby agrees that it shall promptly provide such information upon request by the Bank.

*Section 9.02. Further Assurances.* From time to time upon the request of either party hereto, the other shall promptly and duly execute, acknowledge and deliver any and all such further instruments and documents as the requesting party may in its reasonable discretion deem necessary or desirable to confirm this Agreement, and the other Related Documents, to carry out the purpose and intent hereof and thereof or to enable the requesting party to enforce any of its rights hereunder or thereunder. At any time, and from time to time, upon request by the Bank,

the City or the Authority, as applicable, will, at its respective expense, correct any defect, error or omission which may be discovered in the form or content of any of the Related Documents. Upon any failure by the City or the Authority to do so, the Bank or the Trustee may make, execute and record any and all such instruments, certificates and other documents for and in the name of the City or the Authority, as applicable, all at the sole expense of the City or the Authority, as applicable, and the City and the Authority hereby appoints the Bank and the Trustee the agent and attorney-in-fact of the City and the Authority to do so, this appointment being coupled with an interest and being irrevocable. In addition, at any time, and from time to time, upon request by the Bank or the Trustee, the City or the Authority will, at its respective expense, provide any and all further instruments, certificates and other documents as may, in the opinion of the Bank or the Trustee, be necessary or desirable in order to verify the City's or the Authority's identity and background in a manner satisfactory to the Bank or the Trustee, as the case may be.

*Section 9.03. Amendments and Waivers; Enforcement.* The Bank, the City and the Authority may from time to time enter into agreements amending, modifying or supplementing this Agreement or the other Related Documents or changing the rights of the Bank or the Authority hereunder or thereunder, and the Bank may from time to time grant waivers or consents to a departure from the due performance of the obligations of the City or the Authority hereunder or thereunder. Any such agreement, waiver or consent must be in writing and shall be effective only to the extent specifically set forth in such writing. In the case of any such waiver or consent relating to any provision hereof, any Default or Event of Default so waived or consented to shall be deemed to be cured and not continuing, but no such waiver or consent shall extend to any other or subsequent Default or Event of Default or impair any right consequent thereto.

*Section 9.04. No Implied Waiver; Cumulative Remedies.* No course of dealing and no delay or failure of the Bank in exercising any right, power or privilege under this Agreement or the other Related Documents shall affect any other or future exercise thereof or exercise of any right, power or privilege; nor shall any single or partial exercise of any such right, power or privilege or any abandonment or discontinuance of steps to enforce such a right, power or privilege preclude any further exercise thereof or of any other right, power or privilege. The rights and remedies of the Bank under this Agreement are cumulative and not exclusive of any rights or remedies which the Bank would otherwise have under any Related Document, at law or in equity.

*Section 9.05. Notices.* All notices, requests, demands, directions and other communications (collectively "*notices*") under the provisions of this Agreement shall be in writing (including facsimile communication), unless otherwise expressly permitted hereunder, and shall be sent by first-class mail or overnight delivery and shall be deemed received as follows: (i) if by first class mail, five (5) days after mailing; (ii) if by overnight delivery, on the next Business Day; (iii) if by telephone, when given to a person who confirms such receipt; and (iv) if by facsimile, when confirmation of receipt is obtained. All notices shall be sent to the applicable party at the following address or in accordance with the last unrevoked written direction from such party to the other parties hereto:

The Authority: Pasadena Public Financing Authority  
100 North Garfield Avenue, Room N125  
Pasadena, California 91104  
Attention: Treasurer  
Facsimile: (626) 440-7036  
Telephone: (626) 744-4350

The City: City of Pasadena  
100 North Garfield Avenue, Room N125  
Pasadena, California 91104  
Attention: Treasurer  
Facsimile: (626) 440-7036  
Telephone: (626) 744-4350

The Bank: Union Bank, N.A.  
445 South Figueroa Street, 608-268  
Los Angeles, California 90071  
Attention: Karen Coleman, Vice President  
Facsimile: (213) 236-6917  
Telephone: (213) 236-8435

The Trustee: Deutsche Bank National Trust Company  
1761 E. Saint Andrew Place  
Santa Ana, California 92705  
Attention: Trust and Security Services  
Facsimile: (714) 247-6035  
Telephone: (714) 247-6038

The Bank may rely on any notice (including telephone communication) purportedly made by or on behalf of the other, and shall have no duty to verify the identity or authority of the Person giving such notice, unless such actions or omissions would amount to gross negligence or intentional misconduct.

*Section 9.06. Reserved.*

*Section 9.07. No Third-Party Rights.* Nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the parties hereto and the Bank or any assignee or transferee with respect to the Bonds any legal or equitable right, remedy or claim under or in respect of this Agreement, which is intended for the sole and exclusive benefit of the parties hereto.

*Section 9.08. Severability.* The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or

enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

*Section 9.09. Governing Law; Consent to Jurisdiction.* (a) THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE.

(b) EACH PARTY HERETO CONSENTS TO AND SUBMITS TO IN PERSONAM JURISDICTION AND VENUE IN THE STATE AND IN THE FEDERAL DISTRICT COURTS WHICH ARE LOCATED IN THE STATE. EACH PARTY ASSERTS THAT IT HAS PURPOSEFULLY AVAILED ITSELF OF THE BENEFITS OF THE LAWS OF THE STATE AND WAIVES ANY OBJECTION TO IN PERSONAM JURISDICTION ON THE GROUNDS OF MINIMUM CONTACTS, WAIVES ANY OBJECTION TO VENUE, AND WAIVES ANY PLEA OF FORUM NON CONVENIENS. THIS CONSENT TO AND SUBMISSION TO JURISDICTION IS WITH REGARD TO ANY ACTION RELATED TO THIS AGREEMENT. REGARDLESS OF WHETHER THE PARTY'S ACTIONS TOOK PLACE IN THE STATE OR ELSEWHERE IN THE UNITED STATES, THIS SUBMISSION TO JURISDICTION IS NONEXCLUSIVE, AND DOES NOT PRECLUDE EITHER PARTY FROM OBTAINING JURISDICTION OVER THE OTHER IN ANY COURT OTHERWISE HAVING JURISDICTION.

(c) TO THE EXTENT PERMITTED BY LAW, EACH PARTY HERETO WAIVES ITS RIGHT TO A JURY TRIAL OF ANY AND ALL CLAIMS OR CAUSES OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT AND THE OTHER RELATED DOCUMENTS. IT IS HEREBY ACKNOWLEDGED THAT THE WAIVER OF A JURY TRIAL IS A MATERIAL INDUCEMENT FOR THE BANK TO ENTER INTO THIS AGREEMENT AND THAT THE EXECUTION AND DELIVERY OF THIS AGREEMENT BY THE CITY, AUTHORITY AND THE BANK IS MADE IN RELIANCE UPON SUCH WAIVER. EACH PARTY HERETO FURTHER WARRANTS AND REPRESENTS THAT SUCH WAIVER HAS BEEN KNOWINGLY AND VOLUNTARILY MADE FOLLOWING CONSULTATION WITH ITS RESPECTIVE LEGAL COUNSEL. To the extent that a waiver of jury trial is not permitted by the law, the parties hereto consent to the adjudication of any action, suit or proceeding arising under or relating to such Bank Agreement pursuant to judicial reference as provided in California Code of Civil Procedure Section 638.

(d) The covenants and waivers made pursuant to this Section 9.09 shall be irrevocable and unmodifiable, whether in writing or orally, and shall be applicable to any subsequent amendments, renewals, supplements or modifications of this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

*Section 9.10. Prior Understandings.* This Agreement and the other Related Documents supersede all prior understandings and agreements, whether written or oral, among the parties hereto relating to the transactions provided for herein and therein.

*Section 9.11. Duration.* All representations and warranties of the City and the Authority contained herein or made in connection herewith shall survive the making of and shall not be waived by the execution and delivery of this Agreement or the other Related Documents or any investigation by the City and the Authority. All covenants and agreements of the City and the Authority contained herein shall continue in full force and effect from and after the date hereof until the Obligations have been fully discharged.

*Section 9.12. Counterparts.* This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

*Section 9.13. Successors and Assigns.* (a) *Successors and Assigns Generally.* This Agreement is a continuing obligation and shall be binding upon the City and the Authority, its successors and assigns and shall inure to the benefit of the Bondholders and their respective permitted successors, transferees and assigns. The Authority may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Bank. The Bank may, in its sole discretion and in accordance with applicable Law, from time to time assign, sell or transfer in whole or in part, this Agreement, its interest in the Bonds and the Related Documents in accordance with paragraph (b) or (c) of this Section; *provided*, that the Bank shall provide the City and the Authority with fifteen (15) days' prior written notice of any proposed assignment, sale or transfer pursuant to paragraph (c) of this Section and shall consider other potential assignees, buyers and transferees proposed by the City and the Authority upon substantially the same terms. The Bank may at any time and from time to time enter into participation agreements in accordance with the provisions of paragraph (d) of this Section. The Bank may at any time pledge or assign a security interest subject to the restrictions of paragraph (e) of this Section. Union Bank, N.A. shall be the Bank hereunder until such time as the Majority Holder designates an alternate Person to serve as the Bank hereunder by delivery of written notice to the Authority and the Trustee and such Person accepts and agrees to act as the Bank hereunder and under the Related Documents. The Majority Holder may so designate an alternate Person to act as the Bank from time to time. Upon acceptance and notification thereof to the City, the Authority and the Trustee, the successor to the Bank for such purposes shall thereupon succeed to and become vested with all of the rights, powers, privileges and responsibilities of the Bank, and Union Bank, N.A. or any other Person being replaced as the Bank shall be discharged from its duties and obligations as the Bank hereunder.

(b) *Assignments by Bank to a Bank Transferee.* Without limitation of the foregoing generality, the Bank may at any time sell or otherwise transfer to one or more transferees all or a portion of the Bonds in minimum denominations of \$1,000,000 any integral multiples of \$5,000 in excess thereof to a Person that is (i) a Bank Affiliate or (ii) a trust or other custodial arrangement established by the Bank or a Bank Affiliate, the owners of any beneficial interest in which are limited to "qualified institutional buyers" as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the "*1933 Act*"), or "accredited investors" as defined in Rule 501 of Regulation D under the 1933 Act (each, a "*Bank Transferee*"). From and after the date of such sale or transfer, Union Bank, N.A. (and its successors) shall continue to have all of the rights of the Bank hereunder and under the other Related Documents as if no such transfer or sale had occurred.

(c) *Assignments by Bondholder to a Non-Bank Transferee.* Without limitation of the foregoing generality, a Bondholder may at any time sell or otherwise transfer to one or more transferees which are not Bank Transferees (each a "*Non-Bank Transferee*") all or a portion of the Bonds if (i) written notice of such sale or transfer, including that such sale or transfer is to a Non-Bank Transferee, together with addresses and related information with respect to the Non-

Bank Transferee, shall have been given to the City, the Authority, the Trustee and the Bank (if different than the Bondholder) by such selling Bondholder and Transferee, and (ii) the Transferee shall have delivered to the City, the Authority, the Trustee and the Bondholder, an investment letter in substantially the form of the Investor Letter.

From and after the date the City, the Authority, the Trustee and the Bank have received an executed Investor Letter, (A) the Non-Bank Transferee thereunder shall be a party hereto and shall have the rights and obligations of a Bondholder hereunder and under the other Related Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the Non-Bank Transferee, and any reference to the assigning Bondholder hereunder and under the other Related Documents shall thereafter refer to such transferring Bondholder and to the Non-Bank Transferee to the extent of their respective interests, and (B) if the transferring Bondholder no longer owns any Bonds, then it shall relinquish its rights and be released from its obligations hereunder and under the Related Documents.

(d) *Participations.* The Bank shall have the right to grant participations in all or a portion of the Bank's interest in the Bonds, this Agreement and the other Related Documents to one or more other banking institutions, and such participants shall, except as set forth in the following clause (ii), be entitled to the benefits of this Agreement and the Related Documents to the same extent as if they were a direct party to this Agreement; *provided, however*, that (i) no such participation by any such participant shall in any way affect the obligations of the Bank hereunder and (ii) the City, the Authority and the Trustee shall be required to deal only with the Bank, with respect to any matters under this Agreement, the Bonds and the other Related Documents and no such participant shall be entitled to enforce any provision hereunder against the Authority.

Notwithstanding any other provision of this Agreement to the contrary, the City and the Authority agree that each participant shall be entitled to the benefits of Sections 3.01, 3.05 (provided that no Participant shall be entitled to receive payment under Sections 3.01 or 3.05 hereof in any amount greater than the amount which would have been paid to the Bank who grants the participation as if the Bank had not granted such participation) and 8.01 hereof to the same extent as if it were the Bank and had acquired its interest by assignment pursuant to this Section 9.13(d).

(e) *Certain Pledges.* The Bank may at any time pledge or grant a security interest in all or any portion of its rights under the Bonds, this Agreement and the Related Documents to secure obligations of the Bank, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release the Bank from any of its obligations hereunder or substitute any such pledgee or assignee for the Bank as a party hereto.

*Section 9.14. Headings.* Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

*Section 9.15. Calculation Agent.* The Bank hereby acknowledges and accepts its appointment as Calculation Agent during the Bank Index Interest Rate Period pursuant to the Indenture and acknowledges, accepts and agrees to all duties and obligations as Calculation Agent set forth therein.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

UNION BANK, N.A.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PASADENA PUBLIC FINANCING AUTHORITY

[Seal]

Attest:

By: \_\_\_\_\_  
Executive Director

CITY OF PASADENA, CALIFORNIA

By: \_\_\_\_\_  
City Manager

[Seal]

Attest:

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

Approved as to Form:

By: \_\_\_\_\_  
City Attorney



**EXHIBIT A**

\_\_\_\_\_, 2011

Pasadena Public Finance Authority  
Pasadena, California

City of Pasadena  
Pasadena, California

Re: Pasadena Public Financing Authority  
Variable Rate Demand Lease Revenue Bonds  
(Rose Bowl Refinancing and Improvement Projects), Series 2006 (the “*Bonds*”)

Ladies and Gentlemen:

The undersigned is the purchaser (the “*Purchaser*”) of the bonds described above (the “*Bonds*”) in connection with the conversion of the interest rate on the Bonds to the Index Interest Rate (as defined in the hereinafter defined Indenture). This Investor Letter is delivered pursuant to the requirements of that certain Bond Indenture dated as of February 1, 2006 (the “*Original Indenture*”), as amended and restated by the Amended and Restated Bond Indenture dated as of May 1, 2011 (the “*Amended and Restated Indenture*”), between the Authority and Deutsche Bank National Trust Company, as trustee. Capitalized terms used but not defined herein have the meanings set forth in the Bond Purchase Agreement dated as of May 1, 2011 (the “*Bond Purchase Agreement*”), by and among the PASADENA PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority duly created by and existing under the laws of the State of California (the “*Authority*”), the CITY OF PASADENA, a municipal corporation duly organized and existing under its Charter and the Constitution of the State of California (the “*City*”) and the Purchaser.

The Purchaser hereby makes the following representations and warranties to the City and the Authority in connection with the Purchaser's purchase of the Bonds:

1. The Purchaser is a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “*1933 Act*”). The Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of taxable obligations, to be capable of evaluating the merits and risk of our investment in the Bonds.

2. The City and the Authority have provided the Purchaser with access to information and the opportunity to ask questions of, and receive answers from, the City and the Authority concerning the terms and conditions of the Bonds and with the opportunity to request information from the City or the Authority relating to the City or the Authority and the Bonds that the Purchaser deems necessary.

3. The Purchaser has made its own independent investigation of the facts and circumstances surrounding the City and the Authority and the Bonds and is not relying on the City or the Authority, its agents and employees with respect to the sufficiency and scope of such investigation. The Purchaser is relying upon the accuracy of the representations and warranties of the City and the Authority made in the Bond Purchase Agreement and the other Related Documents.

4. The Purchaser acknowledges that the Bonds (a) are not being registered under the 1933 Act and are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange and (c) will not be readily marketable.

5. The Purchaser understands that the Bonds are secured in the manner set forth in the Amended and Restated Indenture and has received and reviewed to its satisfaction a copy of the Indenture.

6. The Purchaser acknowledges that neither the City nor the Authority nor any of their agents have requested a rating for the Bonds.

7. The Purchaser acknowledges that neither the City nor the Authority has not prepared and is not obligated to prepare an official statement with respect to the Bonds in connection with the remarketing of the Bonds and the Bonds will be exempt from the continuing disclosure requirements of SEC Rule 15c2-12.

8. The Purchaser is purchasing the Bonds for its own account for investment and not with a view to resale or distribution. The Purchaser will not sell or re-offer the Bonds, or sell participation interests in the Bonds, except in the event that (i) such sale or re-offering complies with federal securities laws and regulations and (ii) any subsequent purchaser, assignee or transferee shall deliver to the City, the Authority and the Trustee prior to such assignment an Investor Letter substantially identical to this Investor Letter.

UNION BANK, N.A.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_