

**Exhibit C**

**Form of Fourth Supplement to Water Revenue Bond Indenture**

FOURTH SUPPLEMENT TO  
WATER REVENUE BOND INDENTURE

by and between the

CITY OF PASADENA, CALIFORNIA

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

as Trustee

RELATING TO THE CITY OF PASADENA, CALIFORNIA

WATER REVENUE REFUNDING BONDS, 2011A SERIES

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Dated as of December 1, 2011

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(Supplement to the Water Revenue  
Bond Indenture dated as of August 1, 2003)

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FOURTH SUPPLEMENT TO  
WATER REVENUE BOND INDENTURE

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Fourth Supplement to Water Revenue Bond Indenture  
(Supplement to the Water Revenue Bond Indenture  
dated as of August 1, 2003)  
Authorizing the Issuance of  
\$ \_\_\_\_\_  
Aggregate Principal Amount of  
City of Pasadena, California  
Water Revenue Refunding Bonds, 2011A Series

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This FOURTH SUPPLEMENT TO WATER REVENUE BOND INDENTURE, dated as of December 1, 2011 (the "Fourth Supplement"), by and between the CITY OF PASADENA, CALIFORNIA (the "City"), a municipal corporation and chartered city duly organized and existing under the Constitution and laws of the State of California, and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. (successor to BNY Western Trust Company), as trustee (the "Trustee"),

W I T N E S S E T H :

WHEREAS, this Fourth Supplement is supplemental to the Water Revenue Bond Indenture, dated as of August 1, 2003 (as amended and supplemented, the "Indenture"), by and between the City and the Trustee, providing for the issuance of City of Pasadena, California, Water Revenue Bonds (the "Bonds"); and

WHEREAS, the Indenture provides that the City may issue additional Bonds as well as refunding bonds from time to time as authorized by a Supplemental Indenture; and

WHEREAS, pursuant to the Indenture, there has been issued, *inter alia*, \$47,425,000 aggregate principal amount of City of Pasadena, California Water Revenue and Refunding Bonds, 2003 Series (the "2003 Bonds"), of which \$ \_\_\_\_\_ principal amount is now outstanding and unpaid; and

WHEREAS, pursuant to Article XIV of the Charter and Ordinance No. 7199 of the City, adopted on November 8, 2010, the City proposes to issue its Water Revenue Refunding Bonds, 2011A Series (the "2011A Bonds") pursuant to the Indenture, as supplemented by this Fourth Supplement, to provide moneys for the refunding of a portion of the outstanding 2003 Bonds, said 2011A Bonds not to constitute an indebtedness of the City but to constitute obligations which shall be payable as to both principal and interest, and any premiums upon the redemption of any thereof prior to maturity, only from the revenues of the Water System; provided, however, that this shall not preclude the payment thereof from the proceeds of bonds issued to refund said bonds under said Article XIV or any other law of the State of California nor preclude the use of any sum received as premium or accrued interest on the sale of the bonds to pay principal and interest thereof, nor payment from certain other funds or moneys as provided under said Article XIV; and

WHEREAS, the City Council has determined, that it is necessary and required that the City enter into this Fourth Supplement in order to establish and declare, in conjunction with the Indenture, the terms and conditions upon which the 2011A Bonds shall be issued; and

WHEREAS, the City Council has determined that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and the entering into of this Fourth Supplement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Fourth Supplement;

NOW, THEREFORE, the parties hereto agree, as follows:

## ARTICLE XV

### THE 2011A BONDS

**SECTION 15.01.** Definitions. The terms defined in this Section shall, for all purposes of this Fourth Supplement and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined. Terms defined in the Indenture not otherwise defined herein shall have the meanings specified therein.

“2003 Bonds” means the City of Pasadena, California Water Revenue and Refunding Bonds, 2003 Series.

“2003 Bonds Escrow Agent” means The Bank of New York Mellon Trust Company, N.A., as escrow agent under the 2003 Bonds Escrow Agreement.

“2003 Bonds Escrow Agreement” means the Escrow Agreement, dated as of December 1, 2011, between the City and the 2003 Bonds Escrow Agent, relating to the defeasance and redemption of certain portions of the 2003 Bonds.

“2011A Bonds” means the City of Pasadena, California Water Revenue Refunding Bonds, 2011A Series, as described in Section 15.02(A) hereof.

### **SECTION 15.02.** Authorization; Terms of the 2011A Bonds.

(A) A fifth Series of Bonds to be issued under the Indenture is hereby created. Such Series shall be known as the “City of Pasadena, California Water Revenue Refunding Bonds, 2011A Series.” The 2011A Bonds shall be issued in the aggregate initial principal amount of \$\_\_\_\_\_ in accordance with the law and this Indenture for the purposes of (i) refunding a portion of the 2003 Bonds, and (ii) paying the Costs of Issuance in connection with the issuance and delivery of the 2011A Bonds.

(B) The 2011A Bonds shall be issued in fully registered form and shall be initially registered in the name of “Cede & Co.,” as nominee of The Depository Trust Company. The 2011A Bonds shall be evidenced by one 2011A Bond maturing on each of the maturity dates as

set forth in subsection 15.02(C) in a denomination corresponding to the total principal amount of the 2011A Bonds of such maturity. Each 2011A Bond may be assigned by the Trustee a distinctive number or letter and number, and a record of the same shall be maintained by the Trustee. Registered ownership of the 2011A Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 15.11.

(C) The 2011A Bonds shall be dated the date of delivery, shall be bonds which are Current Interest Indebtedness, shall be issued in denominations of \$5,000 or any integral multiple thereof, and shall bear interest from the date thereof at the following rates per annum and shall mature on June 1 in the following years in the following amounts:

<u>Maturity Date</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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The 2011A Bonds maturing on June 1, 20\_\_ through June 1, 20\_\_, inclusive, are designated Serial Bonds. The 2011A Bonds maturing on June 1, 20\_\_ are designated Term Bonds.

Interest on the 2011A Bonds shall be payable semiannually on June 1 and December 1 of each year, commencing June 1, 2012, in lawful money of the United States of America by check mailed by first-class mail on each interest payment date to the Owner thereof as of the close of business on the fifteenth (15th) day of the calendar month immediately preceding such interest payment date; provided, that upon the written request of an Owner of one million dollars (\$1,000,000) or more in aggregate principal amount of 2011A Bonds received by the Trustee prior to the applicable Record Date (which such request shall remain in effect until rescinded in writing by such Owner), interest shall be paid by wire transfer in immediately available funds. Interest on the 2011A Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. The principal of and premium, if any, on the 2011A Bonds are payable when due upon presentation thereof at the Corporate Trust Office of the Trustee, in lawful money of the United States of America.

So long as the 2011A Bonds are maintained in book-entry form, payments of principal, premium, if any, and interest shall be made by the Trustee to the DTC by wire transfer.

The Trustee shall provide to Bondholders CUSIP number identification, with appropriate dollar amounts for each CUSIP number, on all redemption payments and interest payments, whether by check or by wire transfer.

**SECTION 15.03. Redemption of 2011A Bonds.**

(A) The 2011A Bonds maturing on or before June 1, 20\_\_ are not subject to call for redemption prior to maturity. The 2011A Bonds maturing on or after June 1, 20\_\_ shall be subject to redemption prior to their respective stated maturities, at the option of the City, from any source of available funds, as a whole or in part on any date on or after \_\_\_\_\_ 1, 20\_\_ at a Redemption Price equal to the principal amount of the 2011A Bonds called for redemption together with accrued interest thereon to the date of redemption, without premium.

(B) The 2011A Bonds maturing on June 1, 20\_\_ shall also be subject to redemption prior to their stated maturity, in part, by lot, from mandatory sinking fund payments as specified below, commencing on June 1, 20\_\_, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption without premium.

Term 2011A Bonds Due June 1, 20\_\_

Mandatory Sinking Fund Payment Dates (June 1) <hr style="width: 100%;"/>	Mandatory Sinking Fund Payments <hr style="width: 100%;"/>
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† \_\_\_\_\_  
Final Maturity.

**SECTION 15.04. Selection of 2011A Bonds for Redemption.** Whenever provision is made in this Fourth Supplement for the redemption of less than all of the 2011A Bonds, the maturities of the 2011A Bonds to be redeemed shall be specified by the City. In the case of partial redemption of less than all of the 2011A Bonds of any maturity, the Trustee shall select the particular 2011A Bonds to be redeemed, from all 2011A Bonds of the respective maturity not previously called for redemption, in authorized denominations, by lot in any manner which the Trustee in its sole discretion shall deem appropriate. The Trustee shall promptly notify the City in writing of the 2011A Bonds so selected for redemption. Upon an optional redemption of a portion of any Term 2011A Bonds pursuant to Section 15.03(A), the principal amount of such Term 2011A Bonds being redeemed shall be allocated against the scheduled mandatory sinking

fund payments for such Term 2011A Bonds in such manner as the City may direct and the City shall provide the Trustee a revised sinking fund payment schedule.

**SECTION 15.05.** Notice of Redemption of 2011A Bonds. The City shall notify the Trustee at least forty-five (45) days (or such shorter time as the Trustee shall agree) prior to the redemption date for 2011A Bonds pursuant to Section 15.03(A). Notice of redemption shall be given in the form and in accordance with the terms of the Indenture, provided, however, that with respect to the 2011A Bonds, if by the date of mailing of notice of any optional redemption the City shall not have deposited with the Trustee moneys sufficient to redeem all the 2011A Bonds called for redemption, then such notice shall additionally state that it is expressly conditioned upon and subject to the availability of funds for such purpose not later than the opening of business on the redemption date and shall be of no effect unless funds sufficient for such purpose are available. The lack of available funds for such optional redemption shall not constitute an Event of Default under this Indenture.

**SECTION 15.06.** Partial Redemption of 2011A Bonds. Upon surrender of any 2011A Bond redeemed in part only, the City shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the City, a new 2011A Bond of authorized denominations, and of the same maturity and interest rate, equal in aggregate principal amount to the unredeemed portion of the 2011A Bond surrendered.

**SECTION 15.07.** Form of 2011A Bonds. The 2011A Bonds and the certificate of authentication and registration to be executed thereon shall be in substantially the form set forth as Exhibit A hereto. The 2011A Bond designation letters and numbers, maturity dates, principal amounts, and interest rates shall be inserted therein in conformity with Section 15.01.

**SECTION 15.08.** Issuance of 2011A Bonds. At any time after the execution and delivery of this Fourth Supplement, the City may execute and the Trustee shall authenticate and deliver the 2011A Bonds in the aggregate principal amount of \$\_\_\_\_\_ upon the Order of the City.

**SECTION 15.09.** Application of Proceeds of 2011A Bonds.

(A) The proceeds of the sale of the 2011A Bonds in the amount of \$\_\_\_\_\_ (computed as \$\_\_\_\_\_ aggregate principal amount of the 2011A Bonds, [plus \$\_\_\_\_\_ [net] original issue premium], and less \$\_\_\_\_\_ Underwriter's discount) shall be received by the Trustee on behalf of the City and together with certain other amounts as described below, held in trust and set aside as follows:

(i) Immediately upon receiving the proceeds of the sale of the 2011A Bonds, the Trustee shall transfer to the 2003 Bonds Escrow Agent \$\_\_\_\_\_ which shall be applied, [together with \$\_\_\_\_\_ transferred by the Trustee to the 2003 Bonds Escrow Agent from the Parity Reserve Fund,] towards the defeasance of the 2003 Bonds pursuant to the 2003 Bonds Escrow Agreement;



(ii) [Immediately upon receiving the proceeds of the sale of the 2011A Bonds, the Trustee shall transfer to the 2011A Account of the Parity Reserve Fund the amount of \$ \_\_\_\_\_, which, when added to the amounts on deposit in the 2003 Account, the 2007 Account, the 2010A Account and the 2010B Account therein shall be equal to the Reserve Fund Requirement, to be applied in accordance with Section 5.04 of the Indenture; and]

(iii) Immediately upon receiving the proceeds of the sale of the 2011A Bonds, the Trustee shall transfer to the City for deposit in the 2011A Bonds Costs of Issuance Fund the amount of \$ \_\_\_\_\_, to be applied in accordance with Section 15.10 hereof.

**SECTION 15.10.** Establishment and Application of 2011A Bonds Costs of Issuance Fund. The City shall establish, maintain and hold in trust a separate fund designated as the "2011A Bonds Costs of Issuance Fund." The moneys deposited in the 2011A Bonds Costs of Issuance Fund shall be expended from time to time to pay Costs of Issuance. If any amount shall remain in the 2011A Bonds Costs of Issuance Fund when all Costs of Issuance have been paid (but in any event not later than six months following the date of issuance and delivery of the 2011A Bonds), such amount shall be transferred by the Director of Finance to the Trustee for deposit in the Debt Service Fund.

**SECTION 15.11.** Use of Depository. Notwithstanding any provision of the Indenture or this Fourth Supplement to the contrary:

(A) The 2011A Bonds shall be issued in fully registered form, in authorized denominations and shall be initially registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, as Securities Depository, and shall be evidenced by one 2011A Bond maturing on each of the maturity dates as set forth in subsection 15.02(C) in a denomination corresponding to the total principal amount of the 2011A Bonds of such maturity. Each 2011A Bond shall be assigned by the Trustee a distinctive number or letter or letter and number, and a record of the same shall be maintained by the Trustee.

Registered ownership of the 2011A Bonds, or any portions thereof, may not thereafter be transferred except:

(i) To any successor of The Depository Trust Company or its nominee, or to any substitute depository designated pursuant to clause (ii) of this subsection (A) (a "Substitute Depository"); provided that any successor of The Depository Trust Company or Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) To any Substitute Depository not objected to by the Trustee, upon (1) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the City that The Depository Trust Company or its successor (or any Substitute Depository or its successor) is no longer able to carry out its functions as depository;

provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of The Depository Trust Company or its successor (or Substitute Depository or its successor) from its functions as depository; provided that no Substitute Depository which is not objected to by the Trustee can be obtained, or (2) a determination by the City that it is in the best interests of the City to remove The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its function as depository.

(B) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection 15.11(A), upon receipt of all Outstanding 2011A Bonds by the Trustee, together with a Certificate of the City to the Trustee, a single new 2011A Bond for each maturity shall be executed and delivered, registered in the name of such successor or such Substitute Depository, or their nominees, as the case may be, all as specified in such Certificate of the City. In the case of any transfer pursuant to clause (iii) of subsection 15.11(A) hereof, upon receipt of all Outstanding 2011A Bonds by the Trustee together with a Certificate of the City to the Trustee, new 2011A Bonds shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such a Certificate of the City, subject to the limitations of Section 15.02 hereof; provided the Trustee shall not be required to deliver such new 2011A Bonds within a period less than 60 days from the date of receipt of such a Certificate of the City.

(C) In the case of partial redemption, cancellation or an advance refunding of any 2011A Bonds evidencing all or a portion of the principal maturing in a particular year, The Depository Trust Company shall make an appropriate notation on the 2011A Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee.

(D) The City and the Trustee shall be entitled to treat the person in whose name any 2011A Bond is registered as the Owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the City; and the City and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the 2011A Bonds. Neither the City nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party including The Depository Trust Company or its successor (or Substitute Depository or its successor), except to the Owner of any 2011A Bond.

(E) So long as all Outstanding 2011A Bonds are registered in the name of "Cede & Co." or its registered assign, the City and the Trustee shall cooperate with "Cede & Co.," as sole registered Owner, and its registered assigns in effecting payment of the principal of and redemption premium, if any, and interest on the 2011A Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

**SECTION 15.12.** Amendment to Certain Provisions of the Indenture. The following amendment to the Indenture shall become effect at such time as this Fourth Supplement shall be executed and delivered by the City and the Trustee.

(A) With respect to the 2011A Bonds, Section 8.03(L) of the Indenture is hereby amended in its entirety as follows:

“(L) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee’s understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.”

(B) Reference to Section 2.07 in the Section 13.12(B) of the Second Supplement to Water Revenue Bond Indenture is hereby corrected as follows:

“(B) The first sentence of Section 5.05 is hereby amended to read as follows:”

**SECTION 15.13.** Terms of 2011A Bonds Subject to the Indenture. Except as in this Fourth Supplement expressly provided, every term and condition contained in the Indenture shall apply to the Fourth Supplement and to the 2011A Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to the Fourth Supplement.

The Fourth Supplement and all the terms and provisions herein contained shall form part of the Indenture as fully and with the same effect as if all such terms and provisions had been set forth in the Indenture. The Indenture is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby, subject to the next sentence.

**SECTION 15.14.** Effective Date of Fourth Supplement. The Fourth Supplement shall take effect upon its execution and delivery.

**SECTION 15.15.** Execution in Counterparts. The Fourth Supplement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed the Fourth Supplement by their officers thereunto duly authorized as of the day and year first written above.

CITY OF PASADENA

By: \_\_\_\_\_  
Andrew Green  
Director of Finance

(Seal)

ATTEST:

By: \_\_\_\_\_  
Mark Jomsky

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Michele Beal Bagneris  
City Attorney

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Trustee

By: \_\_\_\_\_  
Authorized Officer

EXHIBIT A

(FORM OF 2011A Bond)

No. \_\_\_\_\_

\$ \_\_\_\_\_

CITY OF PASADENA, CALIFORNIA

WATER REVENUE REFUNDING BONDS, 2011A SERIES

<u>Maturity Date</u>	<u>Interest Rate Per Annum</u>	<u>Dated Date</u>	<u>CUSIP</u>
June 1, _____		Date of Delivery	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The CITY OF PASADENA, CALIFORNIA a municipal corporation and chartered city duly organized and existing under the Constitution and the laws of the State of California (the "City"), for value received, hereby promises to pay (but only out of the Pledged Revenues and funds hereinafter referred to) to the registered owner named above or registered assigns, on the maturity date specified above (subject to any right of prior redemption or payment as provided in the hereinafter mentioned Indenture), the principal sum specified above together with interest thereon from the dated date specified above until the principal hereof shall have been paid, at the interest rate per annum specified above, payable semiannually on June 1 and December 1 in each year commencing June 1, 2012. Interest hereon is payable in lawful money of the United States of America by (except as otherwise provided in the hereinafter mentioned Indenture) check mailed by first-class mail on each interest payment date to the registered owner as of the close of business on the 15th day of the calendar month immediately preceding such interest payment date. The principal hereof and premium, if any, hereon are payable when due upon presentation hereof at the Corporate Trust Office (as defined in the Indenture) of The Bank of New York Mellon Trust Company (successor to BNY Western Trust Company), as trustee (together with any successor as trustee under said Indenture, the "Trustee"), in lawful money of the United States of America.

This bond is one of a duly authorized issue of City of Pasadena, California Water Revenue Bonds (the "Bonds") of the series and designation indicated on the face hereof. Said authorized issue of Bonds is not limited in aggregate principal amount, except as otherwise provided in said Indenture, and consists or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as in said Indenture provided, all issued and to be issued pursuant to the provisions of Article XIV of the Charter of the City (the "Charter"). This Bond is issued pursuant to a Water Revenue Bond Indenture,

dated as of August 1, 2003, by and between the City and the Trustee, providing for the issuance of the Bonds, and a Fourth Supplement to Water Revenue Bond Indenture, dated as of \_\_\_\_\_ 1, 2011 (the "Fourth Supplement"), by and between the City and the Trustee, authorizing the issuance of a series of bonds (the "2011A Bonds") of which this Bond is one (said indenture as amended and supplemented, including as supplemented by the Fourth Supplement collectively, the "Indenture"). Reference is hereby made to the Indenture for a description of the terms under which the 2011A Bonds are issued and to be issued, the provisions with regard to the nature and extent of the Pledged Revenues (as that term is defined in the Indenture), and the rights of the registered owners of the 2011A Bonds; and all the terms of the Indenture are hereby incorporated herein and constitute a contract between the City and the registered owner from time to time of this Bond, and to all the provisions thereof the registered owner of this Bond, by its acceptance hereof, consents and agrees.

This Bond does not constitute an indebtedness of the City of Pasadena but is an obligation payable, as to both principal and interest, and any premium upon the redemption hereof prior to maturity, exclusively from the Water Fund and certain other funds as provided in the Indenture, but this shall not preclude the payment hereof from the proceeds of bonds issued to refund the 2011A Bonds, not preclude the use of any sum received as premium or accrued interest on the sale of the 2011A Bonds to pay principal and interest hereof, nor payment from certain other funds or moneys as provided in Subdivision D of Section 1414 of Article XIV of the Charter. The Water Fund is established in and by the Charter, and under the provisions of said Charter all money derived from the Water System of the City is required to be deposited in the Water Fund and used only for the purpose set forth in said Charter, including the payment of the Bonds.

The 2011A Bonds and the other Parity Debt (as defined in the Indenture) hereafter issued by the City are payable from, and are secured by a pledge of and lien on, the Pledged Revenues and all amounts held by the Trustee under the Indenture (except for amounts held in the Rebate Fund), subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions provided in the Indenture.

The Bonds are revenue obligations of the City and are payable as to both principal and interest, and any premium upon redemption thereof, exclusively from Pledged Revenues and certain other funds pledged under the Indenture. The Bonds are special, limited obligations of the City. The Bonds shall not be deemed to constitute a debt or liability of the City, the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory provision, or a pledge of the faith and credit of the City, the State of California or of any political subdivision thereof, but shall be payable, except to the extent of certain amounts held under the Indenture pledged therefor, solely from Pledged Revenues. Neither the faith and credit nor the taxing power of the City, the State of California or of any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or the interest on the Bonds. The issuance of the Bonds shall not directly or indirectly or contingently obligate the City, the State of California or any political subdivision thereof to levy or to pledge any form of taxation whatsoever therefor or to make any appropriation for their payment.

The 2011A Bonds maturing on or before June 1, 20\_\_ are not subject to call for redemption prior to maturity. The 2011A Bonds maturing on or after June 1, 20\_\_ shall be subject to redemption prior to their respective stated maturities, at the option of the City, from any source of available funds, as a whole or in part on any date on or after \_\_\_\_\_ 1, 20\_\_ (by such maturities as may be specified by the City and by lot within a maturity), at a Redemption Price equal to the principal amount of the 2011A Bonds called for redemption together with accrued interest thereon to the date of redemption, without premium.

The 2011A Bonds maturing on June 1, 20\_\_ shall also be subject to redemption prior to their stated maturity, in part, by lot, from mandatory sinking fund payments as specified in the Indenture, commencing on June 1, 20\_\_, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption without premium.

This Bond is transferable or exchangeable for other authorized denominations by the registered owner hereof, in person or by its duly authorized attorney, at the Corporate Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer or exchange a new fully registered Bond or Bonds, of authorized denomination or denominations, of the same series, tenor, maturity and interest rate for the same aggregate principal amount will be issued to the registered owner in exchange herefor.

The City, the Trustee and any paying agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the City, the Trustee and any paying agent shall not be affected by any notice to the contrary.

The rights and obligations of the City and of the registered owners of the Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Indenture, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered owners of the Bonds.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that this Bond, together with all other indebtedness of the City pertaining to the Pledged Revenues, is within every debt and other limit prescribed by the Constitution and the statutes of the State of California and the Charter, and is not in excess of the amount of Bonds permitted to be issued under the Indenture or otherwise.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

Capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

IN WITNESS WHEREOF, the City of Pasadena has caused this Bond to be signed by the Mayor, the Director of Finance and the City Clerk of the City by their manual or facsimile signatures and the corporate seal of the City to be imprinted or reproduced hereon.

CITY OF PASADENA

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
Director of Finance

(SEAL)

Attested:

By: \_\_\_\_\_  
City Clerk



[FORM OF CERTIFICATE OF AUTHENTICATION  
AND REGISTRATION]

This is one of the Bonds described in the within mentioned Indenture and registered on the date set forth below.

Dated:

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Trustee

By: \_\_\_\_\_  
Authorized Signatory

[FORM OF ASSIGNMENT]

For value received \_\_\_\_\_ hereby sell, assign and transfer unto \_\_\_\_\_ the within Bond and hereby irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer the same on the books of the City at the office of the Trustee, with full power of substitution in the premises.

\_\_\_\_\_  
NOTE: The signature to this Assignment must correspond with the name on the face of the within registered bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: \_\_\_\_\_

Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee

\_\_\_\_\_  
NOTE: Signature must be guaranteed by an eligible guarantor institution.

## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”), dated as of December 1, 2011, is executed and delivered by the City of Pasadena (the “Issuer”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“Annual Filing Date” means the date, set in Section 2(a) and Section 2(f), by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Water and Power Enterprise Funds of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice,

Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Representative” means the Director of Finance of the Issuer or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

“Failure to File Event” means the Issuer’s failure to file an Annual Report on or before the Annual Filing Date.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (i) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (ii) treated as the owner of any Bonds for federal income tax purposes.

“Information” means, collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Marketplace Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities). With respect to the Bonds, only the Issuer constitutes the Obligated Person.

“Official Statement” means that Official Statement prepared by the Issuer in connection with the Bonds, as listed on Exhibit A.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., as successor trustee under the Water Revenue Bond Indenture, dated as of August 1, 2003, by and between the Issuer and the Trustee, as amended and supplemented, including as amended and supplemented by the Fourth Supplement to Water Revenue Bond Indenture, dated as of December 1, 2011, providing for the issuance of the Bonds.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

## SECTION 2. Provision of Annual Reports and Other Disclosures.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than 185 days after the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2011. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the

Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent that a Failure to File Event has occurred and to immediately send a notice to the MSRB in substantially the form attached as Exhibit B.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
  1. “Principal and interest payment delinquencies;”
  2. “Non-Payment related defaults, if material;”
  3. “Unscheduled draws on debt service reserves reflecting financial difficulties;”
  4. “Unscheduled draws on credit enhancements reflecting financial difficulties;”
  5. “Substitution of credit or liquidity providers, or their failure to perform;”

6. “Adverse tax opinions, IRS notices or events affecting the tax status of the security;”
  7. “Modifications to rights of securities holders, if material;”
  8. “Bond calls, if material;”
  9. “Defeasances;”
  10. “Release, substitution, or sale of property securing repayment of the securities, if material;”
  11. “Rating changes;”
  12. “Tender offers;”
  13. “Bankruptcy, insolvency, receivership or similar event of the obligated person;”
  14. “Merger, consolidation, or acquisition of the obligated person, if material;” and
  15. “Appointment of a successor or additional trustee, or the change of name of a trustee, if material;”
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;
- (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:
1. “amendment to continuing disclosure undertaking;”
  2. “change in obligated person;”
  3. “notice to investors pursuant to bond documents;”
  4. “certain communications from the Internal Revenue Service;”
  5. “secondary market purchases;”
  6. “bid for auction rate or other securities;”

7. “capital or other financing plan;”
8. “litigation/enforcement action;”
9. “change of tender agent, remarketing agent, or other on-going party;”
10. “derivative or other similar transaction;” and
11. “other event-based disclosures;”

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. “quarterly/monthly financial information;”
2. “change in fiscal year/timing of annual disclosure;”
3. “change in accounting standard;”
4. “interim/additional financial information/operating data;”
5. “budget;”
6. “investment/debt/financial policy;”
7. “information provided to rating agency, credit/liquidity provider or other third party;”
8. “consultant reports;” and
9. “other financial/operating data.”

(viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure



Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain Annual Financial Information consisting of updated information comparable to the information in the following tables as they appear in the Official Statement:

1. Table 2 entitled "WATER STATISTICS"
2. Table 3 entitled "ANNUAL WATER PRODUCTION"
3. Table 6 entitled "HISTORICAL PRODUCTION AND SALES DATE"
4. Table 7 entitled "WATER SALES VOLUME AND REVENUE"
5. Table 8 entitled "TEN LARGEST CUSTOMERS"
6. Table 11 entitled "AVERAGE RESIDENTIAL BILLING INFORMATION"
7. Table 14 entitled "HISTORICAL OPERATING RESULTS AND CASH FLOWS"

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles ("GAAP") as described in the Official Statement will also be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Issuer is an Obligated Person, which have been previously filed with the Securities and Exchange Commission or available to the public on the MSRB Internet website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bond holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

**Note to subsection (a)(12) of this Section 4:** For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the

entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Issuer shall, in a timely manner not in excess of ten business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with the MSRB in accordance with Section 2(e)(iv) hereof.

SECTION 5. CUSIP Numbers. Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements, Notice Event notices, Failure to File Event notices, Voluntary Event Disclosures and Voluntary Financial Disclosures, the Issuer shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

SECTION 6. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the failure of the Disclosure Dissemination Agent to so advise the Issuer shall not constitute a breach by the Disclosure Dissemination Agent of any of its duties and responsibilities under this Disclosure Agreement. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filings.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof.

(c) The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the

means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an Obligated Person with respect to such Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required with respect to such Bonds.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable, until payment in full, for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination

Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the Issuer nor the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days prior written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee of the Bonds, the Disclosure Dissemination Agent, the participating underwriters (as defined in the Rule), and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of California (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

The Disclosure Dissemination Agent and the Issuer have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION,  
L.L.C., as Disclosure Dissemination Agent

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

CITY OF PASADENA, CALIFORNIA,  
as Issuer

By: \_\_\_\_\_  
Name: Andrew Green  
Title: Director of Finance