

## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the City of Pasadena (the "Issuer") and The Bank of New York Mellon Trust Company, N.A., as trustee and dissemination agent (the "Trustee" and the "Dissemination Agent," respectively) in connection with the issuance of \$ \_\_\_\_\_ City of Pasadena Taxable Pension Obligation Bonds, Series 2011, consisting of \$ \_\_\_\_\_ Series 2011A Fixed Rate Bonds and \$ \_\_\_\_\_ Series 2011B Mandatory Tender Bonds (collectively, the "Bonds"). The Bonds are being issued pursuant to a Trust Agreement dated as of \_\_\_\_\_, 2011 between the Issuer and the Trustee (the "Trust Agreement"). The Issuer, the Dissemination Agent and the Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Dissemination Agent and the Trustee for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person holding a beneficial ownership interest in Bonds through nominees or depositories (including any person holding such interest through the book-entry only system of The Depository Trust Company), together with any other person who is intended to be a beneficiary of this Disclosure Agreement under the Rule.

"Disclosure Representative" shall mean the Director of Finance of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Trustee from time to time.

"Dissemination Agent" shall mean The Bank of New York Mellon Trust Company, N.A., acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean 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 SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, 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>.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds (or the underwriter, if there is only one original underwriter) required to comply with the Rule in connection with the offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

“SEC” shall mean the United States Securities and Exchange Commission.

### SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 240 days after the end of the Issuer’s fiscal year (which fiscal year presently ends June 30), commencing with the report for the 2010-11 Fiscal Year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Issuer shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall notify the Issuer and the Dissemination Agent of such failure to receive the Annual Report. The Issuer

shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Trustee to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent and Trustee may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(c) If the Trustee is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Trustee shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall file a report with the Issuer and (if the Dissemination Agent is not the Trustee) the Trustee certifying (a) to the extent it can confirm the same, that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the MSRB or (b) to the extent it cannot confirm the same, that the Annual Report has not been provided to the MSRB as required by this Disclosure Agreement.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for the prior fiscal year (herein the "Reported Year"), prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements for the Reported Year are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) The following information relating to the Downtown Project Area property tax increment:

(i) the remaining amount available as of the end of the fiscal year preceding the Reported Year, after deducting amounts paid on Agency bonds, amounts set aside for low and moderate income housing, amounts used to pay debt service on the Bonds and amounts used to make any Supplemental Payments;

(ii) the amount received during the Reported Year and available for the payment of debt service on the Bonds or to make Supplemental Payments;

(iii) the amount expended to pay debt service on the Bonds or Supplemental Payments during the Reported Year; and

(iv) the remaining amount available as of the end of the Reported Year to pay debt service on the Bonds or Supplemental Payments.

(c) An update of the following information in Appendix A — “THE CITY OF PASADENA” in the Official Statement relating to the Bonds:

(i) the table entitled “CITY OF PASADENA HOUSING UNITS” as of the end of the Reported Year;

(ii) the table entitled “CITY OF PASADENA BUILDING PERMIT VALUATION AND PERMIT ACTIVITY” for the Reported Year;

(iii) the table entitled “CITY OF PASADENA TAXABLE TRANSACTIONS BY THE TYPE OF BUSINESS” for the twelve months ended on September 30 within the Reported Year;

(iv) the table entitled “CITY OF PASADENA EMPLOYEE UNION REPRESENTATION;”

(v) the table entitled “CITY OF PASADENA LIABILITY CLAIMS EXPENDITURES AND REMAINING RESERVES” covering each of the five most recently completed fiscal years ending with the Reported Year, together with the amount of claim reserves for all unpaid claims first made prior to the beginning of such 5-year period;

(vi) the balance of the General Fund operating reserve for the Reported Year and the amount of the General Fund appropriation budget for the fiscal year following the Reported Year as provided under the caption “CITY FINANCIAL INFORMATION-Budgetary Principals and Developments;”

(vii) the adopted General Fund operating budget for the fiscal year following the Reported Year as provided in the table entitled “CITY OF PASADENA GENERAL FUND-Comparative Operating Budget,” and the

amount of any carry-forward fund balances in such General Fund operating budget and any one-time sources of revenue (excluding any one-time revenue sources that are to be used to pay one-time expenditures and one-time revenues which in the aggregate amount to less than 5% of the Total Requirements as shown in such General Fund operating budget) as provided under the caption “CITY FINANCIAL INFORMATION-General Fund Comparative Operating Budget;”

(viii) the table entitled “CITY OF PASADENA-Transfers from the Light and Power Fund to General Fund” for the Reported Year;

(ix) the table entitled “CITY OF PASADENA-General Tax Revenues” for the Reported Year;

(x) the table entitled “CITY OF PASADENA-Assessed Valuation of Taxable Property” for the Reported Year;

(xi) the table entitled “CITY OF PASADENA GENERAL FUND Comparative Balance Sheet” for the Reported Year;

(xii) the table entitled “CITY OF PASADENA GENERAL FUND-Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances” for the Reported Year;

(xiii) the table entitled “CITY OF PASADENA POOLED INVESTMENT PORTFOLIO” as of the end of the Reported Year;

(xiv) the table entitled “CITY OF PASADENA COMPUTATION OF DIRECT AND OVERLAPPING DEBT” as of the end of the Reported Year; and

(xv) the City’s appropriations limit (“Gann limit”) for the fiscal year following the Reported Year and the amount within the General Fund appropriation budget for such following fiscal year which is subject to the Gann limit as provided under the caption “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS-Article XIII B of the California Constitution.”

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have

been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

1. principal or interest payment delinquencies;
2. non-payment related defaults, if material;
3. modifications to the rights of the Bondholders, if material;
4. optional, contingent or unscheduled calls, if any of the preceding are material, and tender offers;
5. defeasances;
6. rating changes;
7. adverse tax opinions or 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;
8. unscheduled draws on debt service reserves reflecting financial difficulties;
9. unscheduled draws on credit enhancements reflecting financial difficulties;
10. substitution of credit or liquidity providers or their failure to perform;
11. release, substitution or sale of property securing repayment of the Bonds, if material;
12. bankruptcy, insolvency, receivership or similar proceedings described below of the City;
13. appointment of a successor or additional trustee or the change of name of a trustee, if material; or
14. the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City 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.

(b) An event described in item 12 above of Section 5(a) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States 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 said party, 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 said party.

(c) The City shall provide notice of an occurrence of a Listed Event to the MSRB in a timely manner but not more than ten (10) business days after the occurrence of the event. Any notice of Listed Event(s) must be submitted to the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Issuer's obligations under the Trust Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Issuer and the original Issuer shall have no further responsibility hereunder. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be The Bank of New York Mellon Trust Company, N.A.. The Dissemination Agent may resign by providing thirty days written notice to the Issuer and the Trustee. If at any time there is no designated Dissemination Agent appointed by the Issuer, or if the Dissemination Agent so appointed is unwilling or unable to perform the duties of Dissemination Agent hereunder, the Issuer shall be the Dissemination Agent and undertake or assume its obligations hereunder. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this

Disclosure Agreement, the Issuer, the Dissemination Agent and the Trustee may amend this Disclosure Agreement (and the Trustee and the Dissemination Agent shall agree to any amendment so requested by the Issuer; provided neither the Trustee nor the Dissemination Agent shall be obligated to enter into any amendment that modifies or increases their duties or obligations hereunder), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Holders, or (ii) does not, in the opinion of a nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be



deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee, at the written request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction from any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, fees and expenses of its attorneys, or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer or Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer, the Dissemination Agent or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties. Immunities and Liabilities of Trustee and Dissemination Agent Article V of the Trust Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Trust Agreement. The Dissemination Agent shall be entitled to the protections, limitations from liability and indemnities afforded to the Trustee thereunder. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) and the Trustee shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent, the Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of the disclosure of information pursuant to this Disclosure Agreement or arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due

to the Dissemination Agent's negligence or willful misconduct.

The Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the Issuer from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Issuer hereunder and shall not be deemed to be acting in any fiduciary capacity for the Issuer, Beneficial Owners or any other party. Neither the Trustee nor the Dissemination Agent shall have any liability to any party for any monetary damages or other financial liability of any kind whatsoever related to or arising from this Disclosure Agreement. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Issuer:	City of Pasadena 100 North Garfield Avenue, Suite 345 Pasadena, California 91109-7215 Attention: Director of Finance Telephone: (626) 744-4350 Facsimile: (626) 744-7093
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To the Trustee or Dissemination Agent:	The Bank of New York Mellon Trust Company, N.A. 700 South Flower Street, Suite 500 Los Angeles, California 90017 Attention: Corporate Trust Facsimile: Telephone:
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Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Dissemination Agent, the Participating Underwriter and Holders

and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. 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.

Dated: \_\_\_\_\_, 2011

THE CITY OF PASADENA

By: \_\_\_\_\_  
[Title]

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

By: \_\_\_\_\_  
[Title]

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Pasadena

Name of Bond Issue: City of Pasadena, Taxable Pension Obligation Bonds, Series 2011, consisting of Series 2011A Fixed Rate Bonds and 2011B Mandatory Tender Bonds

Date of Issuance:

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4.07 of the Trust Agreement dated \_\_\_\_\_, 2011 between the Issuer and Trustee. [The Issuer anticipates that the Annual Report will be filed by .]

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

By:

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A. on behalf of  
ISSUER

cc: Issuer