
SECOND SUPPLEMENTAL TRUST AGREEMENT

between the

CITY OF PASADENA, CALIFORNIA

and

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

Dated as of _____, 2015

CITY OF PASADENA
TAXABLE PENSION OBLIGATION REFUNDING BONDS

SERIES 2015C
(FIXED RATE)

[SERIES 2015D
(MANDATORY TENDER
BONDS)]¹

(Supplemental to the Trust Agreement, dated as of August 1, 1999)

¹ The issuance of a second series of bonds in the form of Multiannual Rate Mode Bonds (as attached) or Variable Rate Bonds, both of which are authorized, will be determined at or about the timing of pricing.



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SECOND SUPPLEMENTAL TRUST AGREEMENT

This Second Supplemental Trust Agreement dated as of _____, 2015 (this "Second Supplemental Trust Agreement"), between the CITY OF PASADENA, CALIFORNIA (the "City"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association duly organized and validly existing under and by virtue of the laws of the United States of America, and successor in interest to BNY Western Trust Company, as trustee (the "Trustee"):

WITNESSETH:

WHEREAS, the City, in accordance with Article XV of the City Charter, enacted Chapter 2.250 of Title II, Article VI of the Pasadena Municipal Code (as each may be amended from time to time, being referred to herein as the "Retirement Law"); and

WHEREAS, the Retirement Law obligates the City to (1) make contributions to the City of Pasadena Fire and Police Retirement System (the "System") to fund pension benefits of certain of its employees, (2) amortize the unfunded actuarial accrued liability with respect to such pension benefits, and (3) appropriate funds for the purposes described in (1) and (2); and

WHEREAS, pursuant to that certain Fire and Police Retirement System Contribution Agreement (the "First Contribution Agreement") by and between the City and the System, the City committed to make payments toward the unfunded actuarial accrued liability existing as of May 23, 1991 and committed to contribute to the System all sums received by the City under the Amended and Restated Reimbursement Agreement, dated as of July 7, 1986, by and between the City and the Pasadena Community Development Commission; and

WHEREAS, as of March 18, 1999, the City and the System entered into a new contribution agreement (No. 16,900) (the "Second Contribution Agreement") which, subject to the terms and conditions thereof, superseded and replaced the First Contribution Agreement, and under which, subject to certain conditions, the City agreed to issue bonds in a sufficient amount to generate net proceeds to be paid to the System, after payment of costs of issuance, of \$100 million; and

WHEREAS, on April 26, 1999, acting pursuant to the provisions of Sections 860 *et seq.* of the State Code of Civil Procedure, the City filed a complaint in the Superior Court of the State for the County of Los Angeles seeking judicial validation of the transactions relating to the issuance of certain pension obligation bonds (including refunding bonds) and other matters; and

WHEREAS, on June 7, 1999, the court entered a default judgment (the "1999 Validation") to the effect that, among other things, such bonds were valid, legal and binding obligations of the City and were in conformity with all applicable provisions of the law; and

WHEREAS, in August 1999, the City issued \$101,940,000 aggregate principal amount of City of Pasadena Taxable Pension Funding Bonds, Series 1999 (the "1999 Bonds"), pursuant to a Trust Agreement, dated as of August 1, 1999 (the "1999 Trust Agreement"), by and between the City and BNY Western Trust Company, predecessor in interest to the Trustee, as trustee (the

“1999 Trustee”), for the purpose of refunding as much as all of the City’s then obligations to the System and thereby providing funds to the System for investment; and

WHEREAS, in August 2004, relying on the 1999 Validation, the City issued an additional \$41 million of City of Pasadena Taxable Pension Funding Bonds, Series 2004 (Index Bonds) (the “2004 Bonds” and together with the 1999 Bonds, the “1999 Trust Agreement Bonds”), pursuant to the 1999 Trust Agreement, as amended and supplemented by that certain First Supplemental Trust Agreement (the “First Supplement”), dated as of August 1, 2004, by and between the City and the 1999 Trustee, (the 1999 Trust Agreement, as amended and supplemented by the First Supplement and by this Second Supplemental Trust Agreement, the “Trust Agreement”), to refinance additional unfunded actuarial accrued liability (“UAAL”) payable to the System under a separate contribution agreement, by refunding debentures issued by the City to the System in an equivalent amount; and

WHEREAS, as of November 1, 2011, the City and the System entered into an amended contribution agreement (No. 20,823) (the “Contribution Agreement”) which, subject to the terms and conditions thereof, superseded and replaced the First and Second Contribution Agreements, and under which, subject to certain conditions, the City agreed to issue bonds in a sufficient amount to generate a net proceeds to be paid to the System, after payment of costs of issuance, of \$46.6 million; and

WHEREAS, on November 15, 2011, acting pursuant to the provisions of Sections 860 *et seq.* of the State Code of Civil Procedure, the City filed a complaint in the Superior Court of the State for the County of Los Angeles seeking judicial validation of the transactions relating to the issuance of certain additional pension obligation bonds (including refunding bonds) and other matters; and

WHEREAS, on January 26, 2012, the court entered a default judgment to the effect that, among other things, such bonds were valid, legal and binding obligations of the City and were in conformity with all applicable provisions of the law; and

WHEREAS, in March 2012, the City issued an additional \$47,440,000 of City of Pasadena Taxable Pension Obligation Bonds, Series 2012 (Mandatory Tender Bonds) (the “2012 Bonds,” and together with the 1999 Bonds and the 2004 Bonds, the “Prior Bonds”) pursuant to a Trust Agreement, dated as of March 1, 2012 (the “2012 Trust Agreement”), by and between the City and the Trustee, to refinance additional UAAL payable to the System under an amended and restated contribution agreement with the System, by refunding a debenture issued by the City to the System in an equivalent amount; and

WHEREAS, the City is authorized pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California (the “Act”) to issue refunding bonds for the purpose of refunding any evidence of indebtedness of the City; and

WHEREAS, each of the Trust Agreement and the 2012 Trust Agreement provides that such agreement may be amended at any time to authorize bonds of a series and provide for the issuance of such series of bonds, pursuant to a supplemental trust agreement; and

WHEREAS, the City has provided for the issuance of one [two]² additional series of bonds under the 2012 Trust Agreement pursuant to the terms of a First Supplemental Trust Agreement, for the purpose of refunding the City's 2012 Bonds; and

WHEREAS, the City now desires to issue two additional series of bonds under the Trust Agreement designated as City of Pasadena Taxable Pension Obligation Refunding Bonds, Series 2015C (Fixed Rate) (the "2015C Bonds") and Series 2015D (Mandatory Tender Bonds) (the "2015D Bonds"), respectively, in the combined aggregate principal amount not to exceed \$_____ (collectively, the "2015 Bonds," and together with any additional bonds which may be issued under the Trust Agreement, the "Bonds") for the purpose of refunding the City's 1999 Trust Agreement Bonds; and

WHEREAS, in order to provide for the authentication and delivery of the 2015 Bonds, to establish and declare the terms and conditions upon which the 2015 Bonds are to be issued and to secure the payment of the principal thereof, and premium, if any, and interest thereon, the City has authorized the execution and delivery of this Second Supplemental Trust Agreement; and

WHEREAS, all acts and proceedings required by law necessary to make the 2015 Bonds, when executed by the City, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal obligations of the City payable in accordance with their terms, and to constitute this Second Supplemental Trust Agreement a valid and binding agreement of the parties hereto for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Second Supplemental Trust Agreement have been in all respects duly authorized;

NOW, THEREFORE, THIS SECOND SUPPLEMENTAL TRUST AGREEMENT WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and the interest on all 2015 Bonds at any time issued and outstanding under the Trust Agreement, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the 2015 Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants therein and herein contained and of the purchase and acceptance of the 2015 Bonds by the Holders thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the City does hereby covenant and agree with the Trustee, for the benefit of the respective Holders from time to time of the 2015 Bonds, as follows:

² See footnote 1.

ARTICLE XI

DEFINITIONS AND ADDITIONAL DEFINITIONS

SECTION 11.01. Definitions. Unless otherwise specifically provided in the recitals hereto, or in Section 11.02 below, capitalized terms used in this Second Supplemental Trust Agreement shall have the meanings ascribed to them in the Trust Agreement.

SECTION 11.02. Additional Definitions. Unless the context otherwise requires, the terms defined in this Section 11.02 shall have the meanings herein specified for all purposes of this Second Supplemental Trust Agreement (including all Appendices attached hereto), and for all purposes of any certificate, opinion, request or other document mentioned herein or in the Trust Agreement:

“2015C Bonds” means the Bonds designated the Taxable Pension Obligation Refunding Bonds, Series 2015C (Fixed Rate), and issued on _____, 2015, *i.e.*, the Closing Date for the 2015 Bonds.

“2015D Bonds” means the Bonds designated the Taxable Pension Obligation Refunding Bonds, Series 2015D (Mandatory Tender Bonds), and issued on _____, 2015, *i.e.*, the Closing Date for the 2015 Bonds.

“2015 Bonds” means the 2015C Bonds and the 2015D Bonds, collectively.

(a) Amended Definitions. The following definitions set forth in the Trust Agreement are hereby amended in their entirety to read as follows:

“Bond Fund” means the City of Pasadena Taxable Pension Obligation Refunding Bonds, Series 2015, Bond Fund established by the City with the Trustee pursuant to Section 3.01 of this Trust Agreement.

“Bonds” shall have the meaning ascribed to such term in the Recitals hereto.

“Debenture” means any Pension Obligation Debenture delivered by the City in favor of the System to evidence the City’s obligations under the Retirement Law.

“Fixed Rate Bonds” means the 2015C Bonds.

“Initial Purchase Date” means, with respect to the Series 2015 Bonds, May 15, _____.

“Initial Rate Period” means, with respect to the Series 2015 Bonds, the Initial Rate Period ending on May 15, _____.

“Interest Payment Date” means any date on which interest is due on any of the Bonds. The Interest Payment Dates with respect to the 2015 Bonds are set forth in Section 12.02 hereof.

“Maximum Interest Rate” means the maximum interest rate on a Series of Variable Rate Bonds in the Flexible Rate Mode, the Weekly Rate Mode, the Multiannual Rate Mode or the

Fixed Rate Mode, which rate is twelve percent (12%) per annum, except that the maximum interest rate on any Liquidity Provider Bonds shall be twenty percent (20%) per annum.

“Rate Period” means, when used with respect to any particular rate of interest for a Series of Variable Rate Bonds in a Flexible Rate Mode, a Weekly Rate Mode, or a Multiannual Rate Mode, the period during which such rate of interest determined for such Series of the Bonds will remain in effect as described herein.

“Variable Rate Bonds” means bonds bearing interest in a Flexible Rate, Weekly Rate or Multiannual Rate.

ARTICLE XII

THE SERIES 2015 BONDS

SECTION 12.01. Authorization and Designation.

(a) The Trustee is hereby authorized and directed, without further request, to register, authenticate and deliver the 2015C Bonds in the aggregate principal amount of \$_____. The 2015C Bonds shall be designated “City of Pasadena Taxable Pension Obligation Refunding Bonds, Series 2015C (Fixed Rate).”

(b) [The Trustee is hereby authorized and directed, without further request, to register, authenticate and deliver, the 2015D Bonds in the aggregate principal amount of \$_____. The 2015D Bonds shall be designated as “City of Pasadena Taxable Pension Obligation Refunding Bonds, Series 2015D (Mandatory Tender Bonds).”]³

SECTION 12.02. Terms of the 2015 Bonds.

(a) The 2015C Bonds shall be issued under the Trust Agreement in the form of Current Interest Bonds in the initial principal amount set forth in Section 12.01. The 2015C Bonds shall mature (subject to prior redemption as provided herein) on the dates and shall bear interest (payable on May 15, ____, and semiannually thereafter on May 15 and November 15 of each year through the maturity dates thereof) at the interest rates per annum as follows:

<u>Maturity Date (May 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
	\$	%

(b) The 2015D Bonds shall be issued under the Trust Agreement in the form of Variable Rate Bonds in a Multiannual Rate Mode in the initial principal amount set forth in

³ See footnote 1.

Section 12.01. The 2015D Bonds shall mature on May 15, 20__, and shall have an Initial Rate Period ending on May 15, 20__, and an initial Multiannual Rate of ___% per annum, payable on May 15 and November 15 of each year, commencing on May 15, 2015. The 2015D Bonds shall be subject to mandatory tender on May 15, 20__, as provided in Section 12.03(a). The 2015D Bonds shall not be subject to redemption prior to the Initial Purchase Date.

(c) The 2015 Bonds shall be issued in fully registered form and shall be numbered in any manner deemed appropriate by the Trustee. The 2015C Bonds and the 2015D Bonds shall be issued substantially in the forms of Appendix A-1 and A-2, respectively, hereto. There shall be no Credit Facility supporting the 2015C Bonds. There shall be no Liquidity Facility or Credit Facility supporting the 2015D Bonds prior to the Initial Purchase Date.

The 2015 Bonds shall be in the denomination of five thousand dollars (\$5,000) or any integral multiple thereof. The 2015 Bonds shall be dated the Closing Date, and the principal thereof shall be payable on their respective Principal Payment Dates as provided herein.

The interest on the 2015 Bonds shall be payable in lawful money of the United States of America on their respective Interest Payment Dates, as set forth in the forms of the 2015 Bonds contained in Appendix A. The principal or Accreted Value of the 2015 Bonds shall be payable in lawful money of the United States of America on their Principal Payment Dates upon surrender of the Bonds at the Corporate Trust Office of the Trustee. Interest on overdue principal of the 2015 Bonds shall bear interest payable in lawful money of the United States of America at the rate last established for the 2015 Bonds before the principal thereof became overdue until duly paid or provided for.

(d) The obligations of the City under the 2015 Bonds, including the obligation to make all payments of the interest on and the principal of the 2015 Bonds when due or upon prior redemption, are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. The 2015 Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation, and neither the 2015 Bonds nor the obligation of the City to make payment of the interest on or the principal of the 2015 Bonds constitutes an indebtedness of the City, the State, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

SECTION 12.03. Interest Rates on Multiannual Rate Mode Bonds.

The 2015D Bonds shall bear interest as follows:

(a) The initial Multiannual Rate on the 2015D Bonds shall be as specified in Section 12.02(a). The Remarketing Agent shall determine the Multiannual Rate (not in excess of the Maximum Interest Rate) on the 2015D Bonds in the Multiannual Rate Mode as provided in the form of Multiannual Rate Mode Bonds contained in Appendix A-2 and shall notify the Paying Agent thereof electronically or by telephone not later than 2:00 p.m. (New York time) two (2) Business Days preceding the Effective Date thereof, and if by telephone, promptly confirmed in writing. The Paying Agent shall give written notice of the new Multiannual Rate to the City, the Trustee, the Liquidity Provider and any Credit Provider, and the Trustee shall give

written notice of the new Multiannual Rate to the Holders. Each determination and redetermination of a new Multiannual Rate shall be conclusive and binding on the City, the Trustee, the Paying Agent, any Credit Provider, the Liquidity Provider and the Holders. If the Remarketing Agent fails for any reason to determine a Multiannual Rate for any 2015D Bond while it is in the Multiannual Rate Mode, or if for any reason such manner of determination shall be determined to be invalid or unenforceable, such 2015D Bond shall be deemed to be in a Flexible Rate Mode with a Rate Period of one (1) day and the Flexible Rate shall be equal to, as determined by the Remarketing Agent, one hundred per cent (100%) of the rate on thirty (30) day high-grade unsecured commercial paper notes sold through dealers by major corporations published in a Financial Newspaper on the day on which such rate is determined, or if such rate is not published on that day, the most recent publication in a Financial Newspaper of such rate.

The 2015D Bonds in a Multiannual Rate Mode may be converted on any Effective Date at the election of the City from the Multiannual Rate Mode to a Weekly Rate Mode, a Flexible Rate Mode or a Fixed Rate Mode and may be converted within the Multiannual Rate Mode to a new Rate Period with the same or a different length as provided in the form of Multiannual Rate Mode Bonds contained in Appendix A-2, so long as no Event of Default exists under the Trust Agreement. No such conversion to a Weekly Rate Mode or a Flexible Rate Mode shall be effective unless the City shall have delivered to the Paying Agent by 11:00 a.m. (New York time) on the Conversion Date a Liquidity Facility with an expiration date not earlier than one (1) year from the Conversion Date in the case of 2015D Bonds to be converted to a Flexible Rate Mode or a Weekly Rate Mode. Written notice of a conversion of 2015D Bonds from the Multiannual Rate Mode or a change in Rate Period within the Multiannual Rate Mode shall be given by the City to the Trustee, any Credit Provider, the Liquidity Provider, the Paying Agent, the Remarketing Agent and the Rating Agencies not less than twenty (20) nor more than thirty (30) Business Days prior to the proposed Conversion Date, which date shall be specified by the City in such notice, and the Trustee shall give notice of a conversion of such 2015D Bonds from the Multiannual Rate Mode and the mandatory tender of the 2015D Bonds for purchase on such Conversion Date to the Holders of such 2015D Bonds not less than ten (10) Business Days prior to the Conversion Date.

Notwithstanding the foregoing, if the preconditions to conversion to a new Mode or a new Rate Period within the Multiannual Rate Mode established by the preceding paragraph are not met by 11:00 a.m. (New York time) on the proposed Conversion Date, the Paying Agent shall deem the proposed conversion to have failed and shall immediately notify the Trustee, the Remarketing Agent and the Liquidity Provider by telephone, promptly confirmed in writing, and such 2015D Bonds shall be subject to mandatory tender as provided herein and in the form of Multiannual Rate Mode Bonds contained in Appendix A-2.

On each Effective Date, the 2015D Bonds in the Multiannual Rate Mode are subject to mandatory tender for purchase as provided in the form of Multiannual Rate Mode Bonds contained in Appendix A-2. The 2015D Bonds in the Multiannual Rate Mode also subject to mandatory tender for purchase on a date that is not more than fifteen (15) days nor less than five (5) days prior to the expiration or termination of any Credit Facility or Liquidity Facility (other than the early termination of a Liquidity Facility which results from certain early termination events approved by the Rating Agencies) or on the effective date of the substitution of any Credit Facility or Liquidity Facility. At least twenty (20) Business Days prior to any mandatory tender

date, the Paying Agent shall give notice to the Trustee, and at least ten (10) Business Days prior to such mandatory tender date, the Trustee shall give notice to the Holders of the mandatory tender of such 2015D Bonds.

(b) Conversion to Fixed Rate Mode. The interest rate on the 2015D Bonds may be converted by the City to a Fixed Rate (not in excess of the Maximum Interest Rate) as provided in the form of Multiannual Rate Mode Bonds contained in Appendix A-2 and in this subsection. Upon receipt of the notice of conversion to the Fixed Rate Mode from the City, the Remarketing Agent shall determine the Fixed Rate not later than 2:00 p.m. (New York time) two (2) Business Days before the Conversion Date, which Fixed Rate shall be the lowest rate which in the judgment of the Remarketing Agent, on the basis of prevailing financial market conditions, would permit the sale of the 2015D Bonds being so converted as of the Effective Date on the basis of their terms as converted. If the Remarketing Agent fails for any reason to determine the Fixed Rate, or if for any reason such manner of determination shall be determined to be invalid or unenforceable, such 2015D Bonds shall be deemed to be in a Flexible Rate Mode with a Rate Period of one (1) day and the Flexible Rate shall be equal to, as determined by the Remarketing Agent, one hundred per cent (100%) of the rate on ten (10) Business Days high-grade unsecured commercial paper notes sold through dealers by major corporations published in a Financial Newspaper on the day on which such rate is determined, or if such rate is not published on that day, the most recent publication in a Financial Newspaper of such rate.

On the date of determination thereof, the Remarketing Agent shall notify the City, the Trustee and the Paying Agent by telephone confirmed in writing of the Fixed Rate, and the Trustee shall notify the Holders of the 2015D Bonds to be converted to a Fixed Rate Mode. The determination of the Fixed Rate shall be conclusive and binding on the City, the Trustee, the Paying Agent and the Holders. The Fixed Rate shall become effective on the Fixed Rate Conversion Date and shall remain in effect for the remaining term of the 2015D Bonds.

Notwithstanding the foregoing, if the preconditions to conversion to the Fixed Rate Mode established by this subsection are not met by 11:00 a.m. (New York time) on the proposed Conversion Date, the Paying Agent shall deem the proposed conversion to have failed and shall immediately notify the Trustee by telephone promptly confirmed in writing, and such 2015D Bonds shall be subject to mandatory tender as provided herein and in the form of such 2015D Bonds to be converted contained in Appendix A-2.

SECTION 12.04. Optional Redemption.

(a) The 2015C Bonds maturing on or after May 15, 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, and, if in part, by lot within any single maturity, on any date on or after May 15, 20__, at a redemption price equal to 100% of the principal amount of the 2015C Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

(b) The 2015D Bonds shall not be subject to optional redemption prior to the Initial Purchase Date. Following the Initial Purchase Date, the 2015D Bonds shall be subject to optional redemption as provided in the Trust Agreement.

SECTION 12.05. Mandatory Redemption.

(a) The 2015C Bonds maturing by their terms on May 15, ____, are subject to mandatory sinking fund redemption prior to their stated maturity date, in part on May 15 of each year on or after May 15, ____, from mandatory sinking fund payments to be made by the City in the amounts set forth below, pro rata among Holders, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption, without a redemption premium:

<u>Mandatory Sinking Fund Payment Date</u> (May 15)	<u>Mandatory Sinking Fund Payment</u>
	\$

*

* Maturity.

(b) The 2015D Bonds shall not be subject to mandatory redemption prior to the Initial Purchase Date. Following the Initial Purchase Date, the 2015D Bonds shall be subject to mandatory redemption as provided in the Trust Agreement.

SECTION 12.06. Notice of Redemption. Notice of redemption of the 2015 Bonds shall be given in accordance with the terms and provisions of Section 2.10 and Section 10.06 of the Trust Agreement. Failure by the Trustee to give notice pursuant to the provisions of the Trust Agreement, or the insufficiency of any such notice or the failure of any registered owner to receive any redemption notice mailed to such registered owner or any immaterial defect in the notice so mailed shall not affect the sufficiency of the proceedings for the redemption of any 2015 Bonds.

SECTION 12.07. Forms of the 2015 Bonds. The 2015 Bonds shall be delivered in the form of fully registered bonds without coupons in Authorized Denominations. The 2015 Bonds shall be assigned such alphabetical and numerical designations as shall be deemed appropriate by the Trustee.

SECTION 12.08. Application of Proceeds of 2015 Bonds. At any time after the sale of the 2015 Bonds in accordance with the Act, the City shall execute the 2015 Bonds for issuance hereunder and shall deliver them to the Trustee, and thereupon the 2015 Bonds shall be authenticated and delivered by the Trustee to the Original Purchasers thereof upon the Written Request of the City and upon receipt of the net payment therefor from the Original Purchasers thereof (as provided in such Written Request).

(a) Upon receipt of payment for the 2015C Bonds from the Original Purchasers thereof, the Trustee shall set aside and deposit the net proceeds received from such sale in the following order of priority:

(1) The Trustee shall deposit with the Director the amount of \$ _____, to be applied by the City to pay the costs of issuance of the 2015C Bonds.

(2) The Trustee shall apply the remainder of the proceeds of the 2015C Bonds to the redemption of the 1999 Trust Agreement Bonds on the Closing Date.

(b) Upon receipt of payment for the 2015D Bonds from the Original Purchasers thereof, the Trustee shall set aside and deposit the net proceeds received from such sale in the following order of priority:

(1) The Trustee shall deposit with the Director the amount of \$ _____, to be applied by the City to pay the costs of issuance of the 2015D Bonds.

(2) The Trustee shall apply the remainder of the proceeds of the 2015D Bonds to the redemption of the 1999 Trust Agreement Bonds on the Closing Date.

SECTION 12.09. Special Provisions for Book-Entry Only System for the 2015 Bonds.

(a) Except as otherwise provided in subsections (b) and (c) of this section, all of the 2015 Bonds shall be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), or such other nominee as DTC shall request pursuant to the Representation Letters. Payment of the interest on any 2015 Bond registered in the name of Cede & Co. shall be made on each Interest Payment Date for such 2015 Bonds to the account, in the manner and at the address indicated in or pursuant to the Representation Letters.

(b) The 2015 Bonds initially shall be issued in the form of a single authenticated fully registered bond for each stated maturity of the 2015 Bonds, representing the aggregate principal amount of the 2015 Bonds of such maturity. The Trustee and the City may treat DTC (or its nominee) as the sole and exclusive owner of the 2015 Bonds registered in its name for the purposes of payment of the interest on and principal of such 2015 Bonds, selecting the 2015 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders hereunder, registering the transfer of 2015 Bonds, obtaining any consent or other action to be taken by Holders of the 2015 Bonds and for all other purposes whatsoever, and neither the Trustee nor the City shall be affected by any notice to the contrary. Neither the Trustee nor the City shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this section, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the 2015 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being a Holder, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the interest on or the principal of any of the 2015 Bonds, (iii) any notice which is permitted or required to be given to Holders of 2015 Bonds hereunder, or (iv) any consent given or other action taken by DTC as Holder of 2015 Bonds. The Trustee shall pay the interest on and principal of the 2015 Bonds only at the times,

to the accounts, at the addresses and otherwise in accordance with the Representation Letters, and all such payments shall be valid and effective to satisfy fully and discharge the City's obligations with respect to the interest on and principal of the 2015 Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the 2015 Bonds will be transferable to such new nominee in accordance with subsection (f) of this section.

(c) In the event that the City determines that it is in the best interests of the beneficial owners of the 2015 Bonds that they be able to obtain definitive 2015 Bonds, the Trustee shall, upon receipt of a Written Request of the City, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of definitive 2015 Bonds, and in such event the 2015 Bonds shall be transferable in accordance with subsection (f) of this section. DTC may determine to discontinue providing its services with respect to the 2015 Bonds at any time by giving written notice of such discontinuance to the Trustee or the City and discharging its responsibilities with respect thereto under applicable law, and in such event the 2015 Bonds shall be transferable in accordance with subsection (f) of this section. Whenever DTC requests the Trustee or the City to do so, the Trustee and the City will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the 2015 Bonds then Outstanding, and in such event the 2015 Bonds shall be transferable to such securities depository in accordance with subsection (f) of this section, and thereafter, all references in the Trust Agreement to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision hereof to the contrary, so long as all 2015 Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the interest on and the principal of each such 2015 Bond and all notices with respect to each such 2015 Bond shall be made and given, respectively, to DTC as provided in the Representation Letters.

(e) The Trustee and the City are each hereby authorized and requested to execute and deliver the Representation Letters and, in connection with any successor nominee for DTC or any successor depository, enter into comparable arrangements, and shall have the same rights with respect to its actions thereunder as it has with respect to its actions hereunder.

(f) In the event that any transfer or exchange of 2015 Bonds is authorized under subsection (b) or (c) of this section, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered owner thereof of the 2015 Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Sections 2.14 and 2.15 of the Trust Agreement. In the event that definitive 2015 Bonds are issued to Holders other than Cede & Co., its successor as nominee for DTC as holder of all the 2015 Bonds, another securities depository as holder of all the 2015 Bonds, or the nominee of such successor securities depository, the provisions of Sections 2.14 and 2.15 shall also apply to, among other things, the registration, exchange and transfer of the 2015 Bonds and the method of payment of the interest on and the principal of the 2015 Bonds.

ARTICLE XIII

AMENDMENTS

SECTION 13.01. Amendment to Section 7.01. The following shall be added as Section 7.01(v):

(v) If the City shall fail to pay the Purchase Price of the 2015D Bonds on the Initial Purchase Date thereof.

ARTICLE XIV

MISCELLANEOUS

SECTION 14.01. Severability. If any provision of this Second Supplemental Trust Agreement shall be held or deemed to be illegal, inoperative or unenforceable, the same shall not affect any other provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatsoever.

SECTION 14.02. Counterparts. This Second Supplemental Trust Agreement may be simultaneously executed in several counterparts each of which, when executed and delivered, shall be an original and all of which shall constitute one and the same instrument.

SECTION 14.03. Provisions of Trust Agreement Not Otherwise Modified. Except as specifically amended by this Second Supplemental Trust Agreement, the Trust Agreement is hereby ratified, approved and confirmed and remains in full force and effect.

SECTION 14.04. Governing Law; Venue. This Second Supplemental Trust Agreement shall be governed by and construed in accordance with the laws of the State of California. This Second Supplemental Trust Agreement shall be enforceable in the State of California and any action arising out of this Second Supplemental Trust Agreement shall be filed and maintained in Pasadena, California, unless the City waives this requirement.

SECTION 14.05. Successors and Assigns. Whenever in this Trust Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party, and all covenants, promises and agreements by or on behalf of the City which are contained in this Trust Agreement shall inure to the benefit of the successors and assigns of such parties.

SECTION 14.06. Effective Date. This Second Supplemental Trust Agreement shall be effective upon the execution hereof by the parties hereto.

IN WITNESS WHEREOF, the City has caused this Second Supplemental Trust Agreement to be executed on its behalf by its Director of Finance and duly attested by the City Clerk and the Trustee has caused this Second Supplemental Trust Agreement to be executed in its name by its duly authorized officer all as of the day and year first above written.

CITY OF PASADENA, CALIFORNIA,

By: _____
Director of Finance

ATTEST:

By _____
City Clerk

APPROVED AS TO FORM:

Javan N. Rad
Chief Assistant City Attorney

APPROVED AS TO FORM:

Eric D. Tashman, Esq.
Sidley Austin LLP
Bond Counsel

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

By: _____
Authorized Officer

APPENDIX A-1

[FORM OF BOND – FIXED RATE BONDS]

CITY OF PASADENA
TAXABLE PENSION OBLIGATION REFUNDING BOND
SERIES 2015C
(FIXED RATE BOND)

No. R__ \$ _____

Interest Rate	Maturity Date	Original Issue Date	CUSIP
_____ %	_____	_____	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

THE OBLIGATIONS OF THE CITY HEREUNDER, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS WHEN DUE, ARE OBLIGATIONS OF THE CITY IMPOSED BY LAW AND ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTERCLAIM. THIS BOND DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION, AND NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS ON THE BONDS CONSTITUTE AN INDEBTEDNESS OF THE CITY, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The City of Pasadena, a political subdivision duly organized and existing under the Constitution and laws of the State of California and its Charter (the "City"), for value received hereby promises to pay in lawful money of the United States of America to the registered owner specified above, or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided) the principal amount specified above, together with interest on such principal amount from the interest payment date next preceding the date of authentication of this Current Interest Bond (unless this Current Interest Bond is authenticated during the period from the first (1st) day of the month in which an interest payment date occurs to such interest payment date, both days inclusive, in which event it shall bear interest from such interest payment date, or unless this Current Interest Bond is authenticated prior to _____, in which event it shall bear interest from the original issue date specified above) until the principal hereof shall have been paid at the interest rate per annum specified above, payable in lawful money of the United States of America on _____, and semiannually thereafter on _____.

May 15 and November 15 of each year until the maturity or prior redemption of this Current Interest Bond. The interest due on or before the maturity or prior redemption hereof shall be payable by check mailed on each interest payment date by first class mail to the registered owner hereof; provided, that upon the written request of a registered owner of one million dollars (\$1,000,000) or more in aggregate principal amount of Current Interest Bonds received by the Trustee at least fifteen (15) days prior to any interest payment date, such interest shall be payable by wire transfer of immediately available funds. The principal due at the maturity or prior redemption hereof is payable upon surrender hereof at the Corporate Trust Office (as that term is defined in the Trust Agreement hereinafter defined) of the Bank of New York Mellon Trust Company, N.A., as Trustee (the "Trustee"), in _____ or _____.

This Current Interest Bond is one of a duly authorized issue of bonds of the City designated as its "Taxable Pension Obligation Refunding Bonds, Series 2015C" (the "Bonds") in the aggregate principal amount of _____ dollars (\$ _____), and is one of a series of the Bonds constituting the Series _____ (Fixed Rate) Current Interest Bonds in the aggregate principal amount of _____ (\$ _____) (the "Current Interest Bonds"), all of which Current Interest Bonds are of like tenor and date (except for such variations as may be required to designate varying numbers, denominations, maturities, interest rates or redemption provisions), and is issued under and pursuant to the provisions of Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California and all laws amendatory thereof or supplemental thereto (the "Act") and under and pursuant to the provisions of a Trust Agreement dated as of August 1, 1999, as amended and supplemented by that certain First Supplemental Trust Agreement, dated as of August 1, 2004, and by that certain Second Supplemental Trust Agreement, dated as of _____ 1, 2015, each by and between the Trustee and the City (the "Trust Agreement") (copies of which are on file at the Corporate Trust Office of the Trustee).

Under the Trust Agreement, additional obligations may be issued on a parity with the Bonds, and the Bonds and any additional obligations issued on a parity with the Bonds are obligations imposed by law payable from funds to be appropriated by the City pursuant to Article XV of the City Charter and Article II, Chapter 2.250 of the Pasadena Municipal Code (the "Retirement Law"). Reference is hereby made to the Act and to the Trust Agreement and any and all amendments thereof for a description of the terms on which the Bonds are issued, for the rights of the registered owners of the Bonds, for the security for payment of the Bonds, for the remedies upon default and limitations thereon and for the provisions for the amendment of the Trust Agreement (with or without consent of the registered owners of the Bonds); and all the terms of the Trust Agreement are hereby incorporated herein and constitute a contract between the City and the registered owner of this Current Interest Bond, to all the provisions of which the registered owner of this Current Interest Bond, by acceptance hereof, agrees and consents.

The Current Interest Bonds maturing on or after May 15, 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, and, if in part, by lot within any single maturity, on any date on or after May 15, 20__, at a redemption price equal to 100% of the principal amount of the Current Interest Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

The Current Interest Bonds maturing by their terms on May 15, 20__, are subject to mandatory sinking fund redemption prior to their stated maturity date, in part on May 15 of each year on or after May 15, ____, from mandatory sinking fund payments to be made by the City in the amounts set forth below, pro rata among Holders, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption, without a redemption premium:

<u>Mandatory Sinking Fund Payment Date</u> <u>(May 15)</u>	<u>Mandatory Sinking Fund Payment</u>
---------------------------------------------------------------	---------------------------------------

Notice of redemption of any Current Interest Bonds or any portions thereof shall be given by first class mail not less than thirty (30) days nor more than forty-five (45) days before the redemption date of such Current Interest Bonds or portions thereof to the respective registered owners thereof as their names and addresses appear on the registration books maintained by the Trustee pursuant to the Trust Agreement and to the MSRB; all subject to and in accordance with the provisions of the Trust Agreement. If notice of redemption has been duly given as aforesaid and money for the payment of the above-described redemption price is held by the Trustee, then this Current Interest Bond shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated interest on this Current Interest Bond shall cease to accrue and the registered owner of this Current Interest Bond shall have no rights with respect hereto except to receive payment of the redemption price hereof.

If an Event of Default, as that term is defined in the Trust Agreement, shall occur, the principal or Accreted Value (as that term is defined in the Trust Agreement) of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Trust Agreement; provided, that the Trust Agreement provides that in certain events such declaration and its consequences may be rescinded under the circumstances as provided therein.

This Current Interest Bond is transferable only on a register to be kept for that purpose at the above-mentioned office of the Trustee by the registered owner hereof in person or by his duly authorized attorney upon payment of the charges provided in the Trust Agreement and upon surrender of this Current Interest Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney, and thereupon a new fully registered Current Interest Bond or Bonds in the same aggregate principal amount of authorized denominations will be issued to the transferee in exchange therefor. The Trustee and the City may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of the interest hereon and principal hereof and for all other purposes, whether or not this Current Interest Bond shall be overdue, and neither the Trustee nor the City shall be affected by any notice or knowledge to the contrary; and payment of the interest on or principal or redemption price of this Current Interest Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on this Current Interest Bond to the extent of the sum or sums so paid.

This Current Interest Bond shall not be entitled to any benefit, protection or security under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been executed and dated by an authorized signatory of the Trustee.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of this Current Interest Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Current Interest Bond, together with all other indebtedness of the City, does not exceed any limit prescribed by the Constitution or laws of the State of California and is not in excess of the amount of Current Interest Bonds permitted to be issued under the Trust Agreement.

IN WITNESS WHEREOF, the City of Pasadena has caused this Current Interest Bond to be executed in its name and on its behalf by the signature of the Director of Finance of the City and countersigned by the signature of the City Clerk who has impressed the seal of the City hereon, and has caused this Current Interest Bond to be dated as of the original issue date specified above.

CITY OF PASADENA

By: _____
Authorized Officer

[SEAL]

Countersigned:

City Clerk

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.

[FORM OF CERTIFICATE OF AUTHENTICATION]

This is one of the Bonds described in the within-mentioned Trust Agreement which has been authenticated on _____.

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

By: _____
Authorized Signatory

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto _____
(Taxpayer Identification Number: _____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Note: The signature to this Assignment must correspond with the name as written on the face of the Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

Notice: Signature must be guaranteed by an eligible guarantor institution.

APPENDIX A-2

[FORM OF BOND – MULTIANNUAL BONDS]

ANY BONDHOLDER WHO FAILS TO DELIVER THIS BOND FOR PURCHASE AT THE TIME AND AT THE PLACE REQUIRED HEREIN SHALL HAVE NO FURTHER RIGHTS HEREUNDER EXCEPT THE RIGHT TO RECEIVE THE PURCHASE PRICE HEREOF UPON PRESENTATION AND SURRENDER OF THIS BOND TO THE PAYING AGENT AS DESCRIBED HEREIN, AND SUCH BONDHOLDER SHALL HOLD THIS BOND AS AGENT FOR THE PAYING AGENT.

CITY OF PASADENA
TAXABLE PENSION OBLIGATION REFUNDING BOND
SERIES 2015D
(MANDATORY TENDER BOND)

No. R__ \$ _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

INTEREST RATE:
(To the Next Purchase Date)

NEXT PURCHASE DATE:

COMMENCEMENT DATE OF
RATE PERIOD:

MATURITY DATE: _____

DATE OF THIS BOND:
(Date as of which Bonds of
this Series were initially issued)

CUSIP:

MODE: MULTIANNUAL

THE OBLIGATIONS OF THE CITY HEREUNDER, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS HEREUNDER WHEN DUE, ARE OBLIGATIONS OF THE CITY IMPOSED BY LAW AND ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTERCLAIM. THIS

BOND DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION, AND NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS ON THE BONDS CONSTITUTE AN INDEBTEDNESS OF THE CITY, THE STATE OF CALIFORNIA, OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The City of Pasadena, a political subdivision duly organized and existing under the Constitution and the laws of the State of California and its Charter (the "City"), for value received hereby promises to pay in lawful money of the United States of America to the registered owner specified above, or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter provided for) the principal amount specified above, together with interest on such principal amount from the most recent Interest Payment Date (as that term is defined below) to which interest has been paid or duly provided for or, if no interest has been paid, from the date of this Variable Rate Bond, until paid in full, at the rates described below, payable on each Interest Payment Date. So long as this Variable Rate Bond is in a Multiannual Rate Mode, interest shall be due on each Purchase Date (as that term is defined below) and on the maturity date and on each and (the "Interest Payment Dates"). Until conversion of this Variable Rate Bond to a Flexible Rate Mode, a Weekly Rate Mode or a Fixed Rate Mode as provided below, this Variable Rate Bond shall bear interest at the Multiannual Rate, which rate shall be the rate of interest determined by the Remarketing Agent designated in the Trust Agreement hereinafter defined (the "Remarketing Agent") for each Rate Period (as that term is defined below) to be the lowest rate which in its judgment, on the basis of prevailing financial market conditions, would permit the sale of the Variable Rate Bonds in the Multiannual Rate Mode with the same Rate Period at par plus accrued interest on and as of the Effective Date (as that term is defined below), but not in excess of the Maximum Interest Rate provided for in the Trust Agreement hereinafter defined. If this Variable Rate Bond is converted to a Flexible Rate Mode, a Weekly Rate Mode or a Fixed Rate Mode, it shall bear interest at the Flexible, Weekly or Fixed Rate, as the case may be, as defined in the Trust Agreement hereinafter defined. The Remarketing Agent shall determine the initial Multiannual Rate on or before the date of issue in or of conversion to the Multiannual Rate Mode, which rate shall remain in effect as provided in the Trust Agreement hereinafter defined, and thereafter the Remarketing Agent shall redetermine the Multiannual Rate for each Rate Period as provided below. The amount of interest due on any Interest Payment Date shall be the amount of unpaid interest accrued on this Variable Rate Bond through the day preceding such Interest Payment Date. If any payment, redemption or maturity date for principal, premium or interest shall not be a Business Day, then the payment thereof may be made on the next succeeding Business Day with the same force and effect as if made on the specified payment date and no interest shall accrue for the period after the specified payment date.

This Variable Rate Bond is one of a duly authorized issue of bonds of the City designated as its "Taxable Pension Obligation Refunding Bonds, Series 2015C (Mandatory Tender Bonds)" (the "Bonds") in the aggregate principal amount of _____ (\$ _____), and is issued under and pursuant to the provisions of Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California and all laws

amendatory thereof or supplemental thereto (the “Act”) and under and pursuant to the provisions of a Trust Agreement dated as of August 1, 1999, as amended and supplemented by that certain First Supplemental Trust Agreement, dated as of August 1, 2004, and by that certain Second Supplemental Trust Agreement, dated as of _____ 1, 2015, each by and between The Bank of New York Mellon Trust Company, N.A., as Trustee (the “Trustee”) and the City (collectively, the “Trust Agreement”) (copies of which are on file at the Corporate Trust Office (as that term is defined in the Trust Agreement) of the Trustee in _____ or _____).

Under the Trust Agreement, additional obligations may be issued on a parity with the Bonds, and the Bonds and any additional obligations issued on a parity with the Bonds are obligations imposed by law payable from funds to be appropriated by the City pursuant to Article XV of the City Charter and Article II, Chapter 2.250 of the Pasadena Municipal Code (the “Retirement Law”). Reference is hereby made to the Act and to the Trust Agreement and to any and all amendments thereof for a description of the terms on which the Bonds are issued, for the rights of the registered owners of the Bonds, for the security for payment of the Bonds, for the remedies upon default and limitations thereon and for the provisions for the amendment of the Trust Agreement (with or without consent of the registered owners of the Bonds); and all the terms of the Trust Agreement are hereby incorporated herein and constitute a contract between the City and the registered owner of this Variable Rate Bond, to all the provisions of which the registered owner of this Variable Rate Bond, by acceptance hereof, agrees and consents.

There shall be no Liquidity Facility or Credit Facility supporting the Bonds prior to the Initial Purchase Date.

If an Event of Default, as that term is defined in the Trust Agreement, shall occur, the principal (as that term is defined in the Trust Agreement) of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Trust Agreement; provided, that the Trust Agreement provides that in certain events such declaration and its consequences may be rescinded under the circumstances as provided therein.

Unless otherwise defined herein, all capitalized terms used in this Variable Rate Bond shall have the meaning given them in the Trust Agreement, except that the following terms are defined as follows:

“Effective Date” means, with respect to a Variable Rate Bond in a Flexible Rate Mode, a Weekly Rate Mode or a Multiannual Rate Mode, the date on which a new Rate Period for that Bond takes effect.

“Mode” means the period for and the manner in which the interest rates on the Variable Rate Bonds are set and includes a Flexible Rate Mode, a Weekly Rate Mode, a Multiannual Rate Mode and a Fixed Rate Mode.

“Purchase Date” means, while this Variable Rate Bond is in a Multiannual Rate Mode, the date on which this Variable Rate Bond shall be required to be purchased pursuant to a mandatory tender in accordance with the provisions hereof.

“Rate Period” means, when used with respect to any particular rate of interest for a Variable Rate Bond in a Flexible Rate Mode, a Weekly Rate Mode or a Multiannual Rate Mode,

the period during which such rate of interest determined for such Variable Rate Bond will remain in effect as described herein.

At the option of the City and upon certain conditions provided for in the Trust Agreement described below, the Variable Rate Bonds (a) may be converted or reconverted from time to time to or from a Weekly Rate Mode or a Multiannual Rate Mode, which means that the Rate Period is, respectively, one (1) week or one (1) year or any multiple of one (1) year, (b) may be converted or reconverted from time to time to or from a Flexible Rate Mode, which means that the Rate Periods are from one (1) to two hundred seventy (270) days as provided therein, or (c) may be converted to (but not from) a Fixed Rate Mode; provided, that in a Multiannual Rate Mode the first Rate Period occurring after conversion to such Mode may be shorter or longer than the applicable multiple of one (1) year.

While this Variable Rate Bond is in a Multiannual Rate Mode, conversions to any other Mode, or conversions to new Rate Periods of the same or different lengths while in the Multiannual Rate Mode, may take place only on an Effective Date upon prior written notice from the Paying Agent to the registered owner of this Variable Rate Bond as provided in the Trust Agreement and subject to the conditions set forth in the Trust Agreement. In the event that the conditions for a proposed conversion to a new Mode, or to a new Rate Period in the Multiannual Rate Mode of the same or different length, are not met (i) such new Mode or Rate Period shall not take effect on the proposed conversion date, notwithstanding any prior notice to the registered owners of the Variable Rate Bonds of such conversion, (ii) this Variable Rate Bond shall automatically convert to a Flexible Rate Mode with a Rate Period of one (1) day and the Flexible Rate shall be determined as provided in the Trust Agreement, and (iii) this Variable Rate Bond shall be subject to mandatory tender for purchase as provided below. In no event shall the failure of this Variable Rate Bond to be converted to another Mode or Rate Period be deemed to be an Event of Default under the Trust Agreement as long as the Purchase Price (as that term is defined below) is made available on the failed conversion date to the registered owners of all Variable Rate Bonds that were to have been converted.

When this Variable Rate Bond is in a Multiannual Rate Mode, the Multiannual Rate in effect for each Rate Period (the "Effective Rate" for such Period) shall be determined by the Remarketing Agent not later than two (2) Business Days prior to the Effective Date. The Remarketing Agent shall announce such determination by telephone to the Paying Agent on the date of determination thereof, and shall promptly confirm such notice in writing. If the Remarketing Agent fails to make such determination or fails to announce the Effective Rate as required with respect to any Variable Rate Bonds in the Multiannual Rate Mode, or if for any reason such manner of determination shall be determined to be invalid or unenforceable, such Bonds shall be deemed to be in a Flexible Rate Mode in a Rate Period with a duration of one (1) day and the Flexible Rate shall be determined as provided in the Trust Agreement. Each determination and redetermination of the Multiannual Rate shall be conclusive and binding on the Trustee, the Paying Agent, the Credit Provider, if any, the City and the registered owner specified above.

While this Variable Rate Bond is in a Multiannual Rate Mode, the interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months, and shall be payable in lawful money of the United States of America on each Interest Payment Date in

immediately available funds by wire or bank transfer within the continental United States of America from the Paying Agent to the registered owner determined as of the close of business on the applicable record date, at its address as shown on the registration books maintained by the Paying Agent, and the principal of this Variable Rate Bond shall be payable in lawful money of the United States of America when due by wire or bank transfer of immediately available funds within the continental United States of America to the registered owner specified above, but only upon presentation and surrender of this Variable Rate Bond at the office of the Paying Agent in Los Angeles, California. From and after the date on which this Variable Rate Bond becomes due, any unpaid principal will bear interest at the then effective interest rate until paid or duly provided for. The Purchase Price (as that term is defined below) of Variable Rate Bonds tendered for purchase shall be paid as provided below.

The record date for payment of interest while this Variable Rate Bond is in the Multiannual Rate Mode is the fifteenth (15th) day of the month immediately preceding the date on which interest is to be paid; provided, that with respect to overdue interest or interest payable on redemption of this Variable Rate Bond other than on an Interest Payment Date or interest on any overdue amount, the Trustee may establish a special record date, which may be not more than thirty (30) days before the date set for payment. The Trustee will mail notice of a special record date to the registered owners of the Variable Rate Bonds at least ten (10) days before the special record date.

This Variable Rate Bond is subject to mandatory tender for purchase at a price (the "Purchase Price") of par plus accrued interest (i) on each Effective Date and on the date of conversion or proposed conversion from one Mode to another Mode or the conversion from one Rate Period to another Rate Period and (ii) on (a) the effective date of any substitute Credit Facility or Liquidity Facility or (b) a date that is not more than fifteen (15) or less than five (5) days prior to the expiration or termination of any Credit Facility or Liquidity Facility (other than upon the early termination of a Liquidity Facility which results from certain early termination events approved by the Rating Agencies or upon conversion to the Fixed Rate Mode. Notice of mandatory tender shall be given or caused to be given by the Paying Agent in writing to the registered owner specified above at least ten (10) days prior to the mandatory Purchase Date. THE REGISTERED OWNER OF THIS BOND, BY ACCEPTANCE HEREOF, AGREES TO SELL AND SURRENDER THIS BOND IN ACCORDANCE WITH THE PROVISIONS OF THE TRUST AGREEMENT AND, ON THE PURCHASE DATE, TO SURRENDER THIS BOND TO THE PAYING AGENT FOR PAYMENT OF THE PURCHASE PRICE. UPON DEPOSIT OF THE PURCHASE PRICE WITH THE PAYING AGENT ON THE PURCHASE DATE, THIS BOND SHALL BE DEEMED TENDERED FOR PURCHASE, INTEREST HEREON SHALL CEASE TO ACCRUE AS OF THE PURCHASE DATE, AND THE REGISTERED OWNER HEREOF SHALL BE ENTITLED ONLY TO RECEIVE THE PURCHASE PRICE SO DEPOSITED WITH THE PAYING AGENT UPON SURRENDER OF THIS BOND TO THE PAYING AGENT. From and after the Purchase Date, no further interest on this Bond shall be payable to the registered owner above set forth, provided that there are sufficient funds available to pay the Purchase Price.

Variable Rate Bonds the Purchase Price of which is paid from funds drawn on the Liquidity Facility shall be registered in the name of the Liquidity Provider or its designee by the Paying Agent (whether or not such Bonds are delivered by the tendering Holder) and shall

constitute the Liquidity Provider Bonds under the Trust Agreement. Liquidity Provider Bonds shall bear interest at the Liquidity Provider Bond Rate.

The Purchase Price of this Variable Rate Bond shall be paid to the registered owner specified above by the Paying Agent on the Purchase Date or any subsequent Business Day on which this Variable Rate Bond is delivered to the Paying Agent. The Purchase Price of this Variable Rate Bond shall be paid only upon surrender of this Variable Rate Bond to the Paying Agent as provided herein. From and after the Purchase Date, no further interest on this Variable Rate Bond shall be payable to the registered owner specified above who gave notice of tender for purchase, provided that there are sufficient funds available on the Purchase Date to pay the Purchase Price. If on any date this Variable Rate Bond is subject to mandatory tender for purchase, payment of the Purchase Price of this Variable Rate Bond to such registered owner shall be made on the Purchase Date if presentation and surrender of this Variable Rate Bond is made prior to 11:00 a.m., New York City time, on the Purchase Date or on such later Business Day upon which presentation and surrender of this Variable Rate Bond is made prior to 11:00 a.m., New York City time.

The Variable Rate Bonds in the Multiannual Rate Mode are subject to mandatory and optional redemption by the City as a whole or in part as provided in the Trust Agreement.

This Variable Rate Bond is transferable by the registered owner specified above, in person or by its attorney duly authorized in writing, at the office of the Trustee, upon surrender of this Variable Rate Bond to the Trustee for cancellation. Upon such transfer, a new Variable Rate Bond or Bonds in authorized denominations of the same aggregate principal amount will be issued to the transferee at the same office. No transfer will be effective unless represented by such surrender and reissue. This Variable Rate Bond may also be exchanged at the office of the Trustee for a new Variable Rate Bond or Bonds in authorized denominations of the same aggregate principal amount without transfer to a new registered owner. Exchanges and transfers will be without expense to the registered owner except for applicable taxes or other governmental charges, if any. The Trustee will not be required to make an exchange or transfer of this Variable Rate Bond (except in connection with any optional or mandatory tender of this Variable Rate Bond) (i) if this Variable Rate Bond (or any portion thereof) has been selected for redemption or (ii) during the fifteen (15) days preceding any date fixed for selection for redemption if this Variable Rate Bond (or any portion thereof) is eligible to be selected for redemption.

The Bonds are issuable only in fully registered form and while in a Multiannual Rate Mode shall be in denominations of five thousand dollars (\$5,000) or any integral multiple thereof.

The City, the Trustee and the Paying Agent may treat the registered owner specified above as the absolute owner of this Variable Rate Bond for all purposes, notwithstanding any notice to the contrary.

This Variable Rate Bond shall not be entitled to any benefit, protection or security under the Trust Agreement or become valid or obligatory for any purpose until the certificate of

authentication and registration hereon endorsed shall have been executed and dated by an authorized signatory of the Trustee.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of this Variable Rate Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Variable Rate Bond, together with all other indebtedness of the City, does not exceed any limit prescribed by the Constitution or laws of the State of California and is not in excess of the amount of Variable Rate Bonds permitted to be issued under the Trust Agreement.

IN WITNESS WHEREOF, the City of Pasadena has caused this Variable Rate Bond to be executed in its name and on its behalf by the signature of the Director of Finance of the City and countersigned by the signature of the City Clerk who has impressed the seal of the City hereon, and has caused this Variable Rate Bond to be dated as of the original issue date specified above.

CITY OF PASADENA

By: _____
Authorized Officer

[SEAL]

Countersigned:

City Clerk

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.

[FORM OF CERTIFICATE OF AUTHENTICATION]

This is one of the Bonds described in the within-mentioned Trust Agreement which has been authenticated on _____.

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

By: _____
Authorized Signatory

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto (Taxpayer Identification Number: _____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Note: The signature to this Assignment must correspond with the name as written on the face of the Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

Notice: Signature must be guaranteed by an eligible guarantor institution.