

PRELIMINARY OFFICIAL STATEMENT DATED AS OF _____, 2018

NEW ISSUE — BOOK-ENTRY ONLY

Rating: Fitch: “ ”
S&P: “ ”
(See “Ratings” herein.)

[In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, under existing statutes, regulations, rulings and court decisions, and assuming compliance with the tax covenants described herein, interest on the 2018A Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. It is also the opinion of Bond Counsel that under existing law interest on the 2018 Bonds is exempt from personal income taxes of the State of California. See “TAX MATTERS” herein.]

[Rose Bowl Logo]

\$ _____ *

PASADENA PUBLIC FINANCING AUTHORITY
Lease Revenue Refunding Bonds
(Rose Bowl Renovation Project)

\$ _____ *
Series 2018A
(Tax-Exempt)

\$ _____ *
Series 2018B
(Taxable)

Dated: Date of Delivery

Due: December 1, as shown on inside cover.

The Pasadena Public Financing Authority Lease Revenue Refunding Bonds (Rose Bowl Renovation Project), Series 2018A (Tax-Exempt) (the “2018A Bonds”) and Series 2018B (Taxable) (the “2018B Bonds”) and together with the 2018A Bonds, the “2018 Bonds”) will be issued in fully registered form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Beneficial owners of the 2018 Bonds will not receive physical certificates representing the 2018 Bonds purchased, but will receive a credit balance on the books of the nominees of such purchasers.

The 2018 Bonds are being issued to refund all of the (i) \$34,900,000 Pasadena Public Financing Authority Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2013A (Tax-Exempt), currently outstanding in the amount of \$34,900,000; and (ii) \$19,065,000 Pasadena Public Financing Authority Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2013B (Taxable), currently outstanding in the amount of \$13,525,000, and pay costs of issuance of the 2018 Bonds. See “**PLAN OF REFUNDING**” herein.

Interest on the 2018 Bonds is payable semiannually on June 1 and December 1, commencing [December 1, 2019]. Ownership interests in the 2018 Bonds will be in denominations of \$5,000 and any integral multiple thereof. Principal of, premium, if any, and interest on the 2018 Bonds will be paid by U.S. Bank National Association, as trustee (the “Trustee”) to DTC, which in turn will remit such principal, premium, if any, and interest to its participants for subsequent disbursement to beneficial owners of the 2018 Bonds as described herein. See “**APPENDIX G—BOOK-ENTRY ONLY SYSTEM**” herein.

The 2018 Bonds are special, limited obligations of the Pasadena Public Financing Authority (the “Authority”) payable solely from Revenues, consisting primarily of Base Rental Payments (which include principal components and interest components) to be made by the City of Pasadena (the “City”) to the Authority pursuant to a Sublease, dated as of February 1, 2006, as amended and supplemented (collectively, the “Sublease”). The City will lease the Rose Bowl Stadium to the Authority pursuant to the Lease, dated as of February 1, 2006, as amended and supplemented (collectively, the “Lease”), between the City and the Authority. The City has covenanted in the Sublease to take such action as may be necessary to include Base Rental Payments and Additional Payments due under the Sublease in its annual budgets, and to make necessary annual appropriations therefor. The Authority has issued and has outstanding approximately \$ _____ aggregate principal amount of its lease revenue bonds which are payable on a parity with the 2018 Bonds from Base Rental Payments under the Sublease. See “**SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS**” herein. The Base Rental Payments are subject to abatement as described herein. See “**RISK FACTORS**” herein.

THE 2018 BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY). THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE 2018 BONDS, AND THE INTEREST THEREON, ONLY FROM THE REVENUES DESCRIBED ABOVE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE 2018 BONDS. THE ISSUANCE OF THE 2018 BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY) TO LEVY OR PLEDGE ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

The 2018 Bonds are subject to redemption prior to maturity as described herein. See “**THE 2018 BONDS—Redemption**” herein.

Maturity Schedule located on inside front cover

THIS COVER PAGE CONTAINS INFORMATION FOR REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The 2018 Bonds will be offered when, as and if issued, subject to the approval of validity by Norton Rose Fulbright US LLP, Bond Counsel. Certain legal matters will be passed upon for the Authority and the City by the City Attorney of the City of Pasadena, and by Norton Rose Fulbright US LLP, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by Stradling Yocca Carlson & Rauth, P.C., Counsel to

* Preliminary, subject to change.

the Underwriters. It is expected that the 2018 Bonds will be delivered through the facilities of DTC on or about _____, 2018, in New York, New York, against payment therefor.

[Stifel Logo]

[BofA Logo]

Dated: _____, 2018

MATURITY SCHEDULE

\$ _____
*
PASADENA PUBLIC FINANCING AUTHORITY
Lease Revenue Refunding Bonds
(Rose Bowl Renovation Project)
Series 2018A (Tax-Exempt)

<u>Maturity (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP[†]</u>
----------------------------------	-----------------------------	--------------------------	--------------	--------------------------

\$ _____
*
PASADENA PUBLIC FINANCING AUTHORITY
Lease Revenue Refunding Bonds
(Rose Bowl Renovation Project)
Series 2018B (Taxable)

<u>Maturity (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP[†]</u>
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* Preliminary; subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Ratings on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for the convenience of investors. None of the Authority, the City, the Underwriters, or the Financial Advisor, is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2018 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2018 Bonds as a result of various subsequent actions including, but not limited to, refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2018 Bonds.

**CITY OF PASADENA AND
PASADENA PUBLIC FINANCING AUTHORITY
CITY COUNCIL/AUTHORITY BOARD OF DIRECTORS**

Terry Tornek, Mayor/Chairman
Tyron A. L. Hampton, Council Member/Board Member
Steve Madison, Council Member/Board Member
John J. Kennedy, Vice Mayor/Vice Chairman
Margaret McAustin, Council Member/Board Member
Gene Masuda, Council Member/Board Member
Victor M. Gordo, Council Member/Board Member
Andy Wilson, Council Member/Board Member

CITY STAFF

Steve Mermell, *City Manager*
Matthew Hawkesworth, *Director of Finance*
Vicken Erganian, *Treasurer and Deputy Director of Finance*
Mark Jomsky, *City Clerk*
Michele Beal Bagneris, *City Attorney*

ROSE BOWL OPERATING COMPANY (RBOC)

BOARD OF DIRECTORS

Michael Clayton, *District 1*
Scott Boone, *District 2*
Doug Kranwinkle, *District 3*
Steve Haderlein, *District 4*
Paul Arevalo, *District 5*
Fred Claire, *District 6*
Rich Schammel, *District 7*
Bill Cormier, *UCLA Representative*
Joel Bryant, *Mayor's Representative*
Lisa Stevens, *Mayor's Representative*
Philip Hawkey, *City Manager's Representative*
Victor Gordo, *City Council Representative, RBOC President*
Alex Aghajanian, *Tournament of Roses Representative*
Tyron Hampton (ex-officio), *Pasadena Center Operating Company*

RBOC STAFF

Darryl Dunn, *General Manager*

BOND AND DISCLOSURE COUNSEL

Norton Rose Fulbright US LLP
Los Angeles, California

MUNICIPAL ADVISOR

Urban Futures, Inc.
Tustin, California

TRUSTEE

U.S. Bank National Association
Los Angeles, California

VERIFICATION AGENT

Grant Thornton LLP
Minneapolis, Minnesota

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the City, the Authority or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2018 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 2018 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts. References to internet websites shown in this Official Statement are shown for reference and convenience only; the information contained within the websites is not incorporated herein by reference and does not constitute a part of this Official Statement.

The information contained in this Official Statement has been furnished by the City, the Authority and other sources which are deemed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Underwriters. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement, nor any sale hereunder, shall under any circumstances create an implication that there has been no change in the affairs of the City, the Authority or any other matter described herein since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget," or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Neither the Authority nor the City plans to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2018 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The 2018 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in the Act. The 2018 Bonds have not been registered or qualified under the securities laws of any state.

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OFFICIAL STATEMENT

\$ _____ *

PASADENA PUBLIC FINANCING AUTHORITY
Lease Revenue Refunding Bonds
(Rose Bowl Renovation Project)

\$ _____ *
Series 2018A
(Tax-Exempt)

\$ _____ *
Series 2018B
(Taxable)

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the 2018 Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in "APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS," and if not therein, then in the Indenture, the Lease or the Sublease.

General

The purpose of this Official Statement, which includes the cover page, inside cover, table of contents and appendices hereto is to provide certain information concerning the issuance, sale and delivery by the Pasadena Public Financing Authority (the "Authority") of its \$ _____ * Pasadena Public Financing Authority Lease Revenue Refunding Bonds (Rose Bowl Renovation Project) Series 2018A (Tax-Exempt) (the "2018A Bonds") and its \$ _____ * Pasadena Public Financing Authority Lease Revenue Refunding Bonds (Rose Bowl Renovation Project) Series 2018B (Taxable) (the "2018B Bonds" and together with the 2018A Bonds, the "2018 Bonds").

The Authority

The Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated April 24, 2000, by and between the City of Pasadena (the "City") and the City of Pasadena, as successor agency to the Pasadena Community Development Commission (the "Successor Agency"), and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Joint Powers Act").

Purpose of the 2018 Bonds

The 2018A Bonds are being issued to defease and refund all of the \$34,900,000 Pasadena Public Financing Authority Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2013A (Tax-Exempt), currently outstanding in the amount of \$34,900,000 (the "2013A Bonds") and pay costs of issuance of the 2018A Bonds. The 2018B Bonds are being issued to defease and refund all of the \$19,065,000 Pasadena Public Financing Authority Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2013B (Taxable), currently outstanding in the amount of \$13,525,000 (the "2013B

* Preliminary, subject to change.

Bonds” and together with the 2013A Bonds, the “2013 Bonds”); and pay costs of issuance of the 2018B Bonds. See “**PLAN OF REFUNDING**” herein.

Authority for Issuance

The 2018 Bonds are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California; Article 11 (commencing with Section 53580), Chapter 3, Part 1, Division 2, Title 5, of the Government Code of the State of California (the “Refunding Law”); and an Indenture, dated as of December 1, 2018 (the “Indenture”), by and between the Authority and U.S. Bank National Association, Los Angeles, California, as trustee (the “Trustee”).

Sources of Payment for the 2018 Bonds

The City has leased the Rose Bowl Stadium (the “Leased Property”) from the Authority pursuant to the Lease, dated as of February 1, 2006, as amended and supplemented, including as amended and supplemented by a Second Amendment to Amended and Restated Lease, dated as of December 1, 2018 (collectively, the “Lease”), between the City and the Authority. In general, the City is required under Sublease, dated as of February 1, 2006, as amended and supplemented, including as amended and supplemented by a Third Amendment to Amended and Restated Sublease, dated as of December 1, 2018 (collectively, the “Sublease”), by and between the Authority and the City, to pay semiannual lease payments (the “Base Rental Payments”) for the use and occupancy of the Leased Property (as defined herein), which amounts are designed to be sufficient in both time and amount to pay, when due, the principal of, premium, if any, and interest on the 2018 Bonds, as well as the principal, premium, if any and interest on approximately \$ _____ aggregate principal amount of other currently outstanding Authority lease revenue bonds secured by payments made under the Sublease. In the Sublease, the City has covenanted that it will take such action as may be necessary to include all Base Rental Payments in its annual budgets and to make the necessary annual appropriations therefor. The obligation of the City to make Base Rental Payments, however, is subject to abatement in the event of material damage or destruction of the Leased Property or the taking of the Leased Property in whole or in part. The obligation of the City to pay Base Rental Payments 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. The obligation of the City to make Base Rental Payments does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The Leased Property will consist of the Rose Bowl Stadium and the land upon which it is located. While the City is obligated to pay Base Rental Payments from any of its lawfully available funds, it is the expectation of the City that the Base Rental Payments will be paid substantially from operating revenues derived from the Rose Bowl Stadium. See “**SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Rose Bowl Historical Operating Revenues**” herein.

Bonds Constitute Limited Obligations; Lease Not Debt

The 2018 Bonds are limited obligations of the Authority payable solely from Revenues, consisting primarily of Base Rental Payments to be made by the City, and amounts on deposit in certain funds and accounts held under the Indenture. The 2018 Bonds do not constitute a debt or liability of the State of California or of any political subdivision thereof (including any member of the Authority). The Authority shall be obligated to pay the principal of the 2018 Bonds, and the interest thereon, only from the Revenues described above, and neither the faith and credit nor the taxing power of the State of California or of any political subdivision thereof (including any member of the Authority) is pledged to the payment of the principal of or the interest on the 2018 Bonds. The issuance of the 2018 Bonds shall

not directly, indirectly or contingently obligate the State of California or any political subdivision thereof (including any member of the Authority) to levy or pledge any form of taxation. The Authority has no taxing power.

Abatement

The obligation of the City under the Sublease to make Base Rental Payments is in consideration for the beneficial use and possession of the Leased Property. The obligation of the City to make Base Rental Payments (other than to the extent that funds are available in the Lease Revenue Fund or from the proceeds of rental interruption insurance, if available) may be abated in whole or in part if the City does not have full use and possession of the Leased Property. See **“RISK FACTORS – Abatement.”**

The City

The City of Pasadena was incorporated in 1886 and became a freeholder charter city in 1901. The City covers nearly 23 square miles and is located in the County of Los Angeles in the northwestern portion of the San Gabriel Valley. The City is bounded on the west by the cities of Los Angeles, La Cañada and Glendale, on the south by the cities of South Pasadena and San Marino, on the east by the cities of Arcadia and Sierra Madre and on the north by the unincorporated community of Altadena and the San Gabriel Mountains. See **“THE CITY,” “APPENDIX A – CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION”** and **“APPENDIX B – CITY OF PASADENA CALIFORNIA AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017”** herein.

Description of the 2018 Bonds

The 2018 Bonds will be issued as fully-registered current interest bonds without coupons in denominations of \$5,000 each, or any integral multiple thereof. The 2018 Bonds will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the 2018 Bonds. See **“APPENDIX G – BOOK-ENTRY ONLY SYSTEM”** herein. Interest on the 2018 Bonds is payable semiannually each June 1 and December 1, commencing [December 1, 2019]. Principal of the 2018 Bonds is payable on December 1 in each year as set forth on the inside cover page hereof.

Continuing Disclosure

The City has covenanted for the benefit of the holders and beneficial owners of the 2018 Bonds to annually provide certain financial information and operating data relating to the City (the “Annual Report”) and to provide notices of the occurrence of certain enumerated events. See **“CONTINUING DISCLOSURE”** and **“APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT”** herein.

Summaries Not Definitive

Brief descriptions of the 2018 Bonds, the security and sources of payment for the 2018 Bonds, the Authority, the City and the Leased Property are included in this Official Statement together with summaries of the Indenture, the Lease and the Sublease. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture, the Lease, and the Sublease are qualified in their entirety by reference to such documents, and references herein to the 2018 Bonds are qualified in their entirety by reference to the forms thereof, copies of all of which are available for inspection at the principal corporate trust office of the Trustee.

Other Information

Copies of documents referred to herein and information concerning the 2018 Bonds are available from the Director of Finance, City of Pasadena, 100 North Garfield Avenue, Room 353, Pasadena, California 91101-7215; telephone (626) 744-4350. The City may impose a charge for copying, mailing and handling.

THE ROSE BOWL

Background. A 1922 National Historic Landmark and a California Historic Civil Engineering landmark, the Rose Bowl is among the most famous football stadiums in the country, and has been an icon of Pasadena since the first Tournament of Roses game was played there on January 1, 1923. Over the course of the Rose Bowl's history, it has hosted many well-known sporting events, including five Super Bowls, two Olympics, two World Cup Soccer Final Matches (one men's and one women's) and many international soccer matches and concerts. Notably, the Rose Bowl hosts the annual Rose Bowl Game and is the home of UCLA Bruin Football since 1982.

The stadium seating has been reconfigured several times since its original construction in 1922. For many years, the Rose Bowl had the largest football stadium capacity in the United States. The Rose Bowl's maximum stated seating capacity was 104,091 from 1972 to 1997. The current seating capacity is 88,500. The Rose Bowl underwent an extensive renovation project between 2010-2016 with a total cost of approximately \$182 million. The renovation project improved public safety, enhanced fan experience, improved various existing improvements, and expanded premium seating options. The renovation project was completed in early 2016.

Rose Bowl Operations. In 1995, the City entered into a Management and Operating Agreement (the "Management and Operating Agreement") with the Rose Bowl Operating Company, a special purpose nonprofit corporation established by the City to oversee operation and management of the Rose Bowl ("RBOC"). Under the Management and Operating Agreement, RBOC is responsible for the management, operation and maintenance of the Rose Bowl and certain other portions of the surrounding area.

Pursuant to an agreement between the City and the Pasadena Tournament of Roses Association, a California nonprofit corporation which is independent of the City ("TOR"), the Rose Bowl Game is hosted by TOR each year. The City and TOR executed an amended and restated agreement for TOR's use of the Rose Bowl in connection with the issuance of the \$39,925,000 Pasadena Public Financing Authority Lease Revenue Bonds (Rose Bowl Renovation Project) Series 2010A Bonds (Tax-Exempt) (the "2010A Bonds"). The amended and restated agreement extends through the 2043 Rose Bowl Game and provides for the use of the portions of the Rose Bowl described below for the Rose Bowl Game, which is usually played by the winners of the Pac-12 and Big 10 Conferences annually on or about January 1. Generally, under the agreement, TOR has exclusive use of the Rose Bowl between approximately December 16th through the day of the Rose Bowl Game unless it is mutually agreed that other uses may occur within that period. The areas of use include the field, press box, premium, lounge, and field seating, parking in certain lots, certain areas outside of the Rose Bowl fencing, scoreboards, video boards, signage and restrooms. As consideration for this use, TOR agrees to pay a licensing fee, allow for the imposition of a parking user fee, allow the imposition of a capital maintenance user fee, pay an admissions tax and make other payments to the City. As a part of the amended and restated agreement, the City retains all of the revenue from the sale of premium seating (subject to the City's obligation to purchase the individual underlying tickets from TOR), and TOR has certain rights with respect to advertising and merchandising sales and receives 25% of surplus net revenue generated from the receipt of certain revenue by the City from the sale of specific items (e.g., premium seating, parking user fees, capital maintenance user fees

and advertising/sponsorship inventory) after the deduction of certain RBOC expenses and debt service requirements.

Pursuant to an agreement between RBOC, as agent for the City, and the Regents of the University of California, on behalf of its Los Angeles campus ("UCLA"), intercollegiate home football games for the UCLA Bruins are held at the Rose Bowl approximately six times each year. UCLA and RBOC executed a restated agreement for UCLA's use of the Rose Bowl in connection with the issuance of the 2010A Bonds. Generally, the restated agreement between RBOC and UCLA has a term that extends through the 2043 football season and provides for use of the portions of the Rose Bowl described below for UCLA intercollegiate football home games between August 15th and approximately December 15th each year. The use areas include the field, press box, premium, lounge, and field seating, parking in certain lots, certain areas outside of the Rose Bowl fencing, scoreboards, video boards, signage and restrooms. As consideration for this use, UCLA allows the imposition of a parking user fee to be retained by RBOC, allows RBOC to retain all revenues from the sale of premium seating and from the sale of food and beverage concessions. RBOC shares revenues with UCLA received from sales of UCLA's emblematic merchandise. RBOC also receives 8% of the gross receipts from the sale of general tickets. As a part of this restated agreement, UCLA has certain rights with respect to advertising and receives 25% of surplus net revenues generated from the receipt of certain revenue by RBOC from the sale of specific items (e.g., premium seating, parking user fees, capital maintenance user fees and advertising/sponsorship inventory) after the deduction of certain RBOC expenses and debt service requirements.

In connection with its agreements with TOR and UCLA briefly summarized above, the City has established special reserves in order to deposit approximately 50% of any surplus revenues related to Rose Bowl operations. Such special reserves are not pledged in any manner to secure the 2018 Bonds under the Indenture, but may be available to the City, in its discretion, to pay repair and replacement costs and maintenance expenses related to the Rose Bowl Stadium and other costs, including without limitation, debt service on the 2018 Bonds.

RBOC and IMG College ("IMG"), a leading U.S. college media rights management company, have executed a contract that grants IMG the exclusive and sole right to sell advertising and promotional signage for the Rose Bowl Stadium, subject to certain limitations, with the Rose Bowl occupants and Legacy Connections. The contract has a 15-year term, which extends through 2026, and provides a minimum guaranteed series of payments that total \$36.1 million over the term, provided certain conditions are met. The contract also includes a revenue sharing provision in the event that certain revenue benchmarks are met. Neither the City nor the Authority can provide any assurance that any such revenue-sharing benchmarks can be achieved.

RBOC also executed a professional services contract with Legends Hospitality for premium seating sales services. The contract has a 15-year term, which extends through 2025, and provides payments to IMG College/Legends on a commission-basis with RBOC responsible for related expenses.

RBOC signed an agreement with AEG in 2016 to host Arroyo Seco Weekend, a two-day music and arts festival on an annual basis at the Rose Bowl Stadium and on parts of the Brookside Golf Course beginning in 2017. The annual festival takes place over two days in June. Attendance for the first two annual festival has been between 19,000 to 23,000 per day. The agreement is for 10 years with two 5-year renewal options for a total potential term of 20-years. The City/RBOC and AEG have the option to terminate this agreement at years 3, 10, and 15. The City projects that the festival will generate approximately \$60 million over the proposed 20-year period.

RBOC also signed an agreement with AEG in [2018] to host [] soccer games for the next 10 years. The City projects that these additional soccer games will generate approximately \$[] million over the proposed 10-year period.

[RBOC is currently negotiating a long-term management agreement with American Golf to operate the Brookside Golf Course. The City projects that the management agreement will generate approximately \$[] million over the proposed []year period.]

For a history of revenues received by the City from operations at the Rose Bowl, see “SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS—Rose Bowl Historical Operating Revenues.”

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the 2018 Bonds are as follows:

	2018A Bonds	2018B Bonds
Sources of Funds		
Principal Amount of Bonds	\$ _____	\$ _____
Original Issue		
[Premium/Discount]		
Total Sources		
Uses of Funds		
Escrow Fund		
Costs of Issuance Fund ⁽¹⁾		
Underwriters' Discount		
Total Uses	\$ _____	\$ _____

⁽¹⁾ Costs of issuance include fees and expenses for Bond Counsel, Disclosure Counsel, Municipal Advisor, Verification Agent, and Trustee, printing expenses, rating fees and other costs related to the issuance of the 2018 Bonds.

THE 2018 BONDS

General

The 2018 Bonds will be dated their date of delivery and will be issued in fully registered form, without coupons. The 2018 Bonds will be issued as fully-registered current interest bonds in denominations of \$5,000 or any integral multiple thereof.

The 2018 Bonds will be initially registered in the name of “Cede & Co.,” as nominee of DTC, which has been appointed depository for the 2018 Bonds, and registered ownership may not thereafter be transferred except as provided in the Indenture. See “APPENDIX G – BOOK-ENTRY ONLY SYSTEM” herein.

Principal of and premium, if any, on the 2018 Bonds will be paid by the Trustee at maturity or redemption to DTC, which in turn will remit such principal of and premium, if any, to its participants for subsequent disbursement to beneficial owners of the 2018 Bonds as described herein. See “APPENDIX G – BOOK-ENTRY ONLY SYSTEM” herein. Interest on the 2018 Bonds will be payable semiannually on June 1 and December 1, commencing [December 1, 2019], to DTC in the same manner as described in the preceding sentence. Interest on the 2018 Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

Redemption*

Optional Redemption of 2018A Bonds. The 2018A Bonds maturing on or before December 1, 20__ are not subject to redemption prior to their respective stated maturities. The 2018A Bonds maturing on or after December 1, 20__ are subject to redemption prior to their respective stated maturities, at the option of the Authority from lawfully available funds as a whole or in part (in such order of maturities as shall be designated in writing by the Authority and by lot within a maturity) on any date on or after December 1, 20__ at the redemption price of 100% of the principal amount of the 2018A Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

No Optional Redemption of 2018B Bonds. The 2018B Bonds are not subject to optional redemption prior to their stated maturity dates.

Special Mandatory Redemption for All 2018 Bonds. The 2018 Bonds are subject to redemption prior to their respective maturity dates, upon notice as provided in the Indenture, as a whole or in part on any date, from prepayments of Base Rental Payments made by the City pursuant to the Sublease from funds received by the City due to a taking of the Leased Property or any portion thereof under the power of eminent domain or from insurance proceeds received by the City due to damage to or destruction of the Leased Property or any portion thereof, under the circumstances and upon the conditions and terms prescribed in the Indenture and in the Sublease. Redemption of 2018 Bonds pursuant to this paragraph shall be made at a redemption price equal to the sum of the principal of the 2018 Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption, without premium.

Selection of 2018 Bonds for Redemption. Pursuant to the Indenture, if only a portion of any 2018 Bond is called for redemption, then upon surrender of such 2018 Bond the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new 2018 Bond or 2018 Bonds of the same Series, interest rate and maturity date, in aggregate principal amount equal to the unredeemed portion of the 2018 Bond being redeemed.

Whenever provision is made in the Indenture for the redemption of less than all of the 2018A Bonds, the Trustee shall select the 2018A Bonds to be redeemed from all 2018A Bonds not previously called for redemption, in such maturities as the Authority shall designate (and by lot within any maturity). For purposes of such selection, all 2018A Bonds shall be deemed to be comprised of separate \$5,000 portions and such portions shall be treated as separate 2018A Bonds, which may be separately redeemed.

Whenever provision is made in this Indenture for the redemption of less than all of the 2018B Bonds, such 2018B Bonds of a maturity shall be redeemed in part, on a *pro rata* basis; provided that, so long as the 2018B Bonds are held in book-entry-only form, the selection for redemption of such 2018B Bonds of a maturity shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a *pro rata* basis, the 2018B Bonds will be selected for redemption in accordance with DTC procedures, by lot or in such other manner as is in accordance with applicable DTC operational arrangements.

The Indenture provides that redemption allocations made by DTC, the Participants or such other intermediaries that may exist between the Authority and the beneficial owners of the 2018 Bonds will be made on a *pro-rata* pass-through distribution of principal basis. However, so long as the 2018 Bonds are held by DTC in the book-entry-only system, the selection for redemption of such 2018 Bonds will be made in accordance with the operational arrangements of DTC then in effect. Neither the Authority nor the Underwriters can provide any assurance and will not have any responsibility or obligation to ensure

* Preliminary; subject to change.

that DTC, the Participants or any other intermediaries allocate redemptions of the 2018 Bonds among beneficial owners on a *pro-rata* pass-through distribution of principal basis. If the DTC operational arrangements do not allow for the redemption of the 2018 Bonds on a *pro-rata* pass-through distribution of principal basis, the 2018 Bonds will be selected for redemption, in accordance with then applicable DTC procedures, which may include selection by lot. If the 2018 Bonds are no longer held by DTC in the book-entry-only system and less than all of the 2018 Bonds of a maturity and interest rate are to be redeemed, the 2018 Bonds to be redeemed will be selected by the Trustee on a *pro-rata* pass-through distribution of principal basis among all of the Owners of the 2018 Bonds based on the principal amount of 2018 Bonds owned by such Owners. See “**APPENDIX G – BOOK-ENTRY ONLY SYSTEM**” for a description of DTC and the Book-Entry Only System.

Notice of Redemption. Notice of any redemption shall be mailed at least 20 but not more than 60 days prior to the date fixed for redemption; *provided, however*, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such 2018 Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the 2018 Bond numbers and the maturity or maturities (in the event of redemption of all of the 2018 Bonds of such maturity or maturities in whole) of the 2018 Bonds to be redeemed, and shall require that such 2018 Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such 2018 Bonds will not accrue from and after the redemption date.

If DTC or its nominee is the registered owner of any 2018 Bond to be redeemed, notice of redemption will be given to DTC or its nominee as the registered owner of such 2018 Bond. Any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner of any 2018 Bond to be redeemed shall not affect the validity of the redemption of such 2018 Bond.

Effect of Redemption. The Indenture provides that from and after the date fixed for redemption, if funds available for the payment of the principal of, premium, if any, and interest on the 2018 Bonds so called for redemption shall have been duly provided, such 2018 Bonds so called shall cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date.

Rescission or Cancellation of Redemption. The Indenture provides that the Trustee shall rescind any redemption by notice of rescission if directed to do so by the Authority prior to the date of redemption, and that the Trustee shall give notice of rescission by the same means as for the giving of a notice of redemption. The redemption shall be deemed canceled once the Trustee has given notice of rescission. Under the Indenture neither the rescission nor the failure of funds being made available in part or in whole on or before a redemption date shall constitute an Event of Default.

SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS

Limited Obligation

THE 2018 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM REVENUES, CONSISTING PRIMARILY OF BASE RENTAL PAYMENTS TO BE MADE BY THE CITY AND FROM AMOUNTS ON DEPOSIT IN CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURE. THE 2018 BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY). THE AUTHORITY SHALL BE

OBLIGATED TO PAY THE PRINCIPAL OF THE 2018 BONDS, AND THE INTEREST THEREON, ONLY FROM THE REVENUES DESCRIBED ABOVE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE 2018 BONDS. THE ISSUANCE OF THE 2018 BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF (INCLUDING ANY MEMBER OF THE AUTHORITY) TO LEVY OR PLEDGE ANY FORM OF TAXATION. THE AUTHORITY HAS NO TAXING POWER.

The obligation of the City to pay Base Rental Payments 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. The obligation of the City to make Base Rental Payments does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Existing Parity Obligations

Under the Sublease, the City is also obligated to pay Base Rental Payments in connection with the financing and refinancing of Rose Bowl improvements through the issuance of (i) the 2010A Bonds), currently outstanding in the amount of \$13,423,264; (ii) the \$106,660,000 Pasadena Public Financing Authority Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2010B (Taxable—Build America Bonds), currently outstanding in the amount of \$106,660,000 with stated maturity dates from March 1, 2034 to March 1, 2043 (the “2010B Bonds”); (iii) the \$5,005,000 Pasadena Public Financing Authority Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2010C (Taxable), currently outstanding in the amount of \$2,440,000 with stated maturity dates from March 1, 2017 to March 1, 2020 (the “2010C Bonds”), (iv) the \$7,400,000 Pasadena Public Financing Authority Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2010D (Taxable — Recovery Zone Economic Development Bonds), currently outstanding in the amount of \$7,400,000 with a stated maturity date of March 1, 2043 (the “2010D Bonds” and together with the 2010A Bonds, the 2010B Bonds and the 2010C Bonds, the “2010 Bonds”); (v) the \$34,900,000 Pasadena Public Financing Authority Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2013A (Tax-Exempt), currently outstanding in the amount of \$34,900,000 with stated maturity dates from December 1, 2027 to December 1, 2042 (the “2013A Bonds”); (vi) the \$19,065,000 Pasadena Public Financing Authority Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2013B (Taxable), currently outstanding in the amount of \$13,525,000 with stated maturity dates from December 1, 2013 to December 1, 2027 (the “2013B Bonds” and together with the 2013A Bonds, the “2013 Bonds”); and (vii) the \$21,865,000 Pasadena Public Financing Authority Lease Revenue Refunding Bonds (Rose Bowl Renovation Project), Series 2016A currently outstanding in the amount of \$21,865,000 with stated maturity dates from April 1, 2022 to April 1, 2027 (the “2016 Bonds.”). The 2010 Bonds, the 2013 Bonds and the 2016 Bonds are referred to herein collectively as “Existing Parity Obligations.” As noted, the 2013 Bonds will be defeased and redeemed with the proceeds of the 2018 Bonds offered hereby. See “**PLAN OF REFUNDING**” herein.

On February 23, 2006, the Authority entered into an interest rate swap agreement (the “2006 Swap”) with Deutsche Bank AG, New York Branch (the “Counterparty”), relating to the \$47,300,000 Pasadena Public Financing Authority Variable Rate Demand Lease Revenue Bonds (Rose Bowl Refinancing and Improvement Projects), Series 2006 (the “2006 Bonds”), which were converted in May 2011 to a bank indexed interest rate mode in connection with a remarketing of the 2006 Bonds. The 2006 Bonds have been paid off and are no longer outstanding. Under the 2006 Swap, the City pays the Counterparty the fixed rate of 3.285% and receives a floating rate equal to 65% of one month LIBOR. The 2006 Swap has a notional amount equal to the principal amount of the 2006 Bonds and declines

exactly to the amortization schedule of the 2006 Bonds with a final maturity in 2023, As of October 4, 2018, the 2006 Swap had a market value for the Authority of negative \$811,412. The market value for the Authority of the 2006 Swap will fluctuate depending upon market conditions. On or about the date of the delivery of the 2018 Bonds, the Authority expects to terminate the 2006 Swap using available moneys of the City.

As permitted by their terms, the Lease and Sublease have been amended for the purpose of issuing the 2018 Bonds on a parity with the 2010 Bonds, the 2013 Bonds and the 2016 Bonds. The indenture for the 2010 Bonds, the 2013 Bonds and the 2016 Bonds is separate from the Indenture for the 2018 Bonds and the funds and accounts established under each indenture separately secure the 2010 Bonds, the 2013 Bonds, the 2016 Bonds and the 2018 Bonds, respectively. Amounts payable by the City under the Sublease, including the Base Rental Payments, secure the 2010 Bonds, the 2013 Bonds, the 2016 Bonds and the 2018 Bonds on an equal basis. The reserve funds established under the separate indentures for the Existing Parity Obligations are not available for the payment of the 2018 Bonds.

For a description of other indebtedness of the City, including obligations that are generally payable from its lawfully available funds, see **“APPENDIX A – CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION – BONDED INDEBTEDNESS – Long Term Debt Obligations Payable from the General Fund.”**

Sequestration of Direct Subsidy Payments. On September 14, 2012 the United States Office of Management and Budget (“OMB”) delivered a report to Congress (the “OMB Report”) that provided estimates of cuts to federal programs that were necessary to reduce spending to levels under the congressionally-mandated sequestration process of the Budget Control Act of 2011. The cuts identified in the OMB Report included cuts to the subsidy payments to be made by the federal government to issuers of “direct-pay” tax credit bonds, such as Build America Bonds (“BABs”) and Recovery Zone Economic Development Bonds (“Recovery Bonds”). The first cuts required under sequestration took effect in the federal fiscal year ended September 30, 2013 and as subsequently extended, such cuts will continue through and including the federal fiscal year 2024, absent further Congressional action (the “Sequester Cuts”). The 2010B Bonds and the 2010D Bonds were issued as direct-pay, tax credit bonds. For federal fiscal year ended September 30, 2018 the direct subsidy payments were reduced by 6.6% due to Sequester Cuts. For federal fiscal year ended September 30, 2019 direct subsidy payments will be reduced by 6.2%. The Authority is obligated to make all Base Rental Payments under the Sublease without regard to the receipt of any federal subsidy payments by the Authority or the City.

The City believes that a 6.2% reduction in federal subsidies will not materially adversely affect the financial condition of the City or the City’s ability to meet any of its outstanding Existing Parity Obligations. At this time the City can make no representations as to whether the Sequester Cuts will increase in any future year.

Covenant to Appropriate Funds for Rental Payments

The City has covenanted in the Sublease to take such action as may be necessary to include all Base Rental Payments and Additional Payments due under the Sublease in its annual budgets and to make the necessary annual appropriations therefor. The obligation of the City to make Base Rental Payments, however, is subject to abatement in the event of material damage or destruction of the Leased Property or the taking of the Leased Property in whole or in part.

Action on Default, No Acceleration of Base Rental Payments

Should the City default under the Sublease, the Trustee may terminate the Sublease and recover certain damages from the City, or may retain the Sublease and hold the City liable for all Base Rental Payments thereunder as the same become due. Base Rental Payments may not be accelerated upon a default under the Sublease. See **"RISK FACTORS"** herein.

For a description of the events of default and permitted remedies of the Trustee contained in the Sublease and the Indenture, see **"APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—The Sublease—Defaults and Remedies"** and **"—Indenture—Events of Default and Remedies of Bond Owners"** herein.

Base Rental Payments

For the right to the use and occupancy of the Leased Property, the Sublease requires the City to make Base Rental Payments. To secure the payment of the Base Rental Payments, the City will pay to the Trustee, for deposit into the Lease Revenue Fund, on each May 26 and November 26, an amount sufficient to pay the principal of and interest on the 2018 Bonds due on the following June 1 and December 1, respectively.

Pursuant to the Indenture, on or before each Interest Payment Date and each Principal Payment Date, the Trustee will transfer amounts in the Lease Revenue Fund as are necessary to the Interest Account and the Principal Account to provide for the payment of the interest and principal in respect of the 2018 Bonds. See **"APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Indenture – Revenues; Flow of Funds"** herein.

Debt Service on the Existing Parity Obligations and the 2018 Bonds is described below under the heading **"DEBT SERVICE."**

Additional Payments

The Sublease requires the City to pay all amounts, costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of the Sublease, the Indenture, the Authority's interest in the Leased Property and the lease of the Leased Property to the City, including but not limited to the payment of all fees, costs and expenses and all administrative costs of the Authority related to the 2018 Bonds, and the Leased Property, including without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification payable by the Authority to the Trustee under the Indenture, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the 2018 Bonds or of the Indenture; but not including in such Additional Payments amounts required to pay the principal of or interest on the 2018 Bonds.

Insurance

The Sublease requires the City to cause to be maintained casualty insurance insuring the Leased Property against fire, lightning and all other risks covered by an extended coverage endorsement in an amount equal to the lesser of the replacement cost of the Leased Property (without deduction for depreciation) or the outstanding principal amount of the 2018 Bonds, subject to a deductible of not to exceed \$25,000 or such greater amount as may be covered by any self-insurance method permitted under the Sublease. The City may, subject to the restrictions contained in the Sublease, self-insure against such

risks. The Sublease does not require that insurance be maintained for earthquake or flood risks and there is no insurance covering such risks at the Leased Property.

The Sublease requires the City to cause to be maintained, throughout the term of the Sublease, use and occupancy insurance to cover the Authority's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Leased Property as a result of any of the hazards covered by the insurance described in the preceding paragraph, in an amount sufficient at all times to pay maximum annual Base Rental for a 24-month period measured in the manner set forth in the Sublease.

The City is also required to obtain certain public liability and property damage insurance coverage in protection of the Authority and the City and worker's compensation insurance. See **"APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Sublease,"** for additional information regarding the insurance requirements contained in the Sublease. See also **"APPENDIX A – CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION – Insurance."**

Additional Bonds

The City may cause to be issued additional bonds payable from the Base Rental Payments under the Sublease under the conditions set forth in the Sublease (see **"APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Sublease"**).

Substitution, Removal and Addition of Leased Property

The City and Authority may substitute, remove and add real property for the Leased Property under the conditions set forth in the Sublease (see **"APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Sublease"**).

No Reserve Fund

The Authority will not establish a reserve fund for the 2018 Bonds.

Rose Bowl Historical Operating Revenues

Although not pledged as security for the 2018 Bonds, the City expects to receive certain revenues from Rose Bowl operations. In that regard, the City and RBOC, as agent for the City, have entered into separate agreements with TOR, UCLA, IMG College, Legends, [American Golf], AEG, a concessionaire and others (see **"THE ROSE BOWL—Rose Bowl Operations"**). [To be confirmed.] The following table describes certain revenues received by the City from Rose Bowl operations for the past five years.

The Rose Bowl operation revenues are not pledged as security for the 2018 Bonds under the Indenture and neither the City or the Authority undertake any obligation to update the following information. However, the net revenues received from the Rose Bowl operations have historically been sufficient to make all payments under the Sublease. See **"SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Existing Parity Obligations"** herein.

**Historical Revenues for the
Fiscal Years Ending June 30,**

Revenue Sources	2014	2015	2016	2017	2018 ⁽¹⁾
Revenue					
Operating Revenue					
License Fee/Rent/Admissions Tax/Rebates ⁽²⁾	\$4,653,409	\$8,425,342	\$5,100,374	\$8,459,190	\$11,080,588
Ticket Surcharge	1,761,112	823,200	867,180	868,150	869,890
Ticketmaster Rebate	0	0	1,141,513	1,298,562	1,528,228
Concessions (Net)	3,297,011	3,621,271	3,738,587	2,619,369	2,942,242
Novelties (Net)	56,311	200,844	102,209	102,130	94,073
Parking/Shuttle (Net)	2,112,448	3,265,136	2,942,383	1,632,555	1,512,946
Advertising/Sponsorship (Net)	1,830,779	1,885,190	2,207,015	2,792,154	2,908,875
Premium Seating (Net)	7,054,557	5,433,893	7,408,512	7,804,669	7,277,450
TV/Miscellaneous	0	0	193,915	110,169	(270,602)
Operating Revenue - Total	<u>20,765,628</u>	<u>23,654,876</u>	<u>23,701,688</u>	<u>25,686,948</u>	<u>27,943,690</u>
Other Revenues	422,312	824,685	883,254	900,116	1,370,683
Revenue - Total	<u>\$21,187,940</u>	<u>\$24,479,561</u>	<u>\$24,584,942</u>	<u>\$26,587,054</u>	<u>\$29,314,373</u>
Expenses					
Event Expenses (Net of Billable Costs Recovery)	4,180,762	7,255,743	7,732,732	7,294,735	10,565,353
Operating Expenses					
Executive	1,103,797	1,193,888	1,282,967	1,153,737	1,234,268
Human Resources	87,648	121,667	236,968	308,431	376,710
Finance	393,691	549,289	597,538	629,903	628,277
Event Management	196,556	250,520	239,496	259,598	271,588
Corporate Communications	84,346	63,159	59,824	82,277	124,910
Field Operations	423,941	411,373	434,410	473,327	509,026
Stadium Operations	379,366	432,057	407,773	400,681	409,029
Facility Maintenance	0	0	2,105,110	2,386,973	2,776,334
General Operating Overhead	1,725,332	1,975,105	0	0	0
Pavilion Operations	316,304	594,368	620,407	665,691	853,639
Marketing	222,650	419,966	355,126	415,228	359,156
Legacy	0	0	0	183,613	198,084
Abatements	65,000	65,000	65,000	65,000	65,000
Other Non-Reimbursable Costs	(1,106)	0	(196,992)	499,952	594,634
Operating Expenses - Total	<u>4,997,527</u>	<u>6,076,393</u>	<u>6,207,626</u>	<u>7,524,411</u>	<u>8,400,655</u>
Expenses - Total	<u>\$9,178,289</u>	<u>\$13,332,137</u>	<u>\$13,940,358</u>	<u>\$14,819,146</u>	<u>\$18,966,008</u>
Operating Income/(Loss) Before Golf Course/Debt Service	12,009,650	11,147,424	10,644,584	11,767,918	10,348,365
Add: Transfer from Golf Course - ⁽³⁾	1,579,228	1,616,799	1,645,518	1,459,549	1,333,935
Less: Debt Service ⁽⁴⁾	(8,396,964)	(9,692,688)	(10,138,093)	(9,709,364)	(10,412,610)
Adjusted Income/(Loss) After Golf Course/Debt Service - ⁽⁵⁾	<u>\$5,191,914</u>	<u>\$3,071,535</u>	<u>\$2,152,008</u>	<u>\$3,518,102</u>	<u>\$1,269,688</u>

(1) Unaudited.

(2) Increase is due to additional concerts, soccer games, and other minor events.

(3) Reflects amounts available from golf course operations.

(4) Debt service on Existing Parity Obligations.

(5) Does not include surplus distribution (if any) and capital contribution (Legacy/Concessionaire), etc.

Source: RBOC.

Estimate of Certain Rose Bowl Operating Revenues

Based upon projections prepared by RBOC for the City, the following table describes certain estimated anticipated revenues that may be received by the City from Rose Bowl operations.

Revenue Sources	Estimated Revenues for the Fiscal Years Ending June 30,				
	2019 ⁽¹⁾	2020	2021	2022	2023
Revenue					
Operating Revenue					
License Fee/Rent	\$9,010,438	\$9,316,701	\$8,664,965	\$8,644,633	\$9,235,599
Admissions Tax/Rebates	740,058	722,519	562,476	575,126	588,071
Ticket Surcharge	870,582	879,288	888,081	1,296,962	1,309,931
Ticket Master Rebate	1,179,756	1,028,171	599,229	611,213	623,437
Concessions (Net)	2,919,718	2,569,238	2,694,350	2,444,079	2,856,645
Novelties (Net)	59,216	60,134	36,883	33,452	39,778
Parking/Shuttle (Net)	1,093,055	990,409	626,085	616,327	637,160
Advertising/Sponsorship (Net)	3,004,509	3,103,499	3,203,027	3,301,418	3,400,347
Premium Seating (Net)	7,673,060	7,853,131	7,942,878	7,986,443	8,689,153
TV/Miscellaneous	32,113	32,130	11,849	11,142	12,386
Operating Revenue - Total	26,582,505	26,555,220	25,229,823	25,520,795	27,392,507
Other Revenue - Total	1,126,017	893,397	900,851	908,379	915,984
Revenue - Total	27,708,522	27,448,617	26,130,674	26,429,174	28,308,491
Expenses					
Event Expenses (Net of Billable Costs Recovery)	9,453,170	9,088,023	8,271,917	7,673,447	8,852,047
Operating Expenses					
Executive	1,219,939	1,244,338	1,269,225	1,294,609	1,320,501
Human Resources	414,709	423,003	431,463	440,092	448,894
Finance	659,035	672,216	685,660	699,373	713,361
Event Management	299,005	304,985	311,085	317,306	323,653
Corporate Communications	152,406	155,454	158,563	161,734	164,969
Field Operations	526,812	537,348	548,095	559,057	570,238
Stadium Operations	616,960	629,299	641,885	654,723	667,817
Facility Maintenance	2,837,935	2,894,694	2,952,588	3,011,639	3,071,872
Pavilion Operations	890,270	908,075	926,237	944,762	963,657
Marketing	384,196	391,880	399,718	407,712	415,866
Legacy	379,202	386,786	394,522	402,412	410,460
Abatements	65,000	80,000	80,000	80,000	80,000
Other	307,646	294,075	(479,902)	(494,300)	(509,129)
Operating Expenses - Total	8,753,115	8,922,153	8,319,138	8,479,120	8,642,160
Expenses - Total	\$18,206,785	\$18,010,176	\$16,591,055	\$16,152,567	\$17,494,207
Operating Income/(Loss) Before Golf Course/Debt Service	\$9,502,237	\$9,438,441	\$9,539,619	\$10,276,607	\$10,814,284
Add: Transfer from Golf Course - ⁽²⁾	1,093,161	835,540	856,428	877,839	899,785
Less: Debt Service ⁽³⁾	(10,547,106)	(10,686,621)	(10,833,528)	(11,050,958)	(11,201,472)
Adjusted Income/(Loss) After Golf Course/Debt Service ⁽⁴⁾	(\$48,290)	(\$412,642)	(\$437,483)	\$103,486	\$512,595

⁽¹⁾ Fiscal Year 2018-19 Budget.

⁽²⁾ Reflects amounts available from golf course operations.

⁽³⁾ Debt service on Existing Parity Obligations, assumes issuance of the Bonds. Estimated.

⁽⁴⁾ Does not include surplus distribution (if any) and capital contribution (Legacy/Concessionaire), etc.

Source: RBOC.

The projections above have been provided by the RBOC. The projections are based upon a variety of assumptions, forecasts and other information, will be affected by fluctuating economic conditions and are dependent upon the occurrence of future events that cannot be predicted with certainty. Therefore, the actual results realized will vary from the projections and such variations could be material. Neither the City nor the Authority can provide any assurance that the projections will be realized or that comparable results will be attained following the 5-year period described above. The estimated revenue sources are not pledged as security for the 2018 Bonds under the Indenture and neither the City or the Authority undertake any obligation to update this information. See "RISK FACTORS – Risks to Revenues From Rose Bowl Operations" herein.

PLAN OF REFUNDING

General

Proceeds of the 2018 Bonds will be deposited with U.S. Bank National Association, as escrow agent and trustee for the 2013 Bonds (the "Escrow Agent"), pursuant to an Escrow Agreement, dated as of December 1, 2018 (the "Escrow Agreement"), by and between the Authority and the Escrow Agent. Amounts so deposited will be invested in Escrow Securities, as defined in the Escrow Agreement, and held by the Escrow Agent and will be sufficient to pay the debt service coming due and the redemption price of the 2013 Bonds, being refunded through and including January 2, 2019 (the "Redemption Date").

Verification

_____, as verification agent (the "Verification Agent"), upon delivery of the Bonds, will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to it by the Authority, relating to the sufficiency of moneys and/or federal securities and the interest thereon to provide for the redemption and defeasance of the 2013 Bonds. The report of the Verification Agent will include a statement to the effect that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or information coming to its attention, subsequent to the date of its report. See "VERIFICATION OF MATHEMATICAL ACCURACY" herein.]

DEBT SERVICE

Set forth below are the principal of, interest and total debt service requirements for the 2018 Bonds and Existing Parity Obligations, assuming no redemptions:

Bond Year (December 1)	2018A Bonds Principal	2018A Bonds Interest	2018B Bonds Principal	2018B Bonds Interest	Existing Parity Obligations ⁽¹⁾	Total
2018						
2019						
2020						
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2033						
2034						
2035						
2036						
2037						
2038						
2039						
2040						
2041						
2042						
2043						
Total						

⁽¹⁾ A portion of the 2010B Bonds were issued as "Build America Bonds" that are "qualified bonds" under the provisions of the American Recovery and Reinvestment Act of 2009. The Direct BABs Subsidy Payments expected to be received from the U.S. Treasury in connection with such 2010B Bonds have been reduced assuming the existing 6.2% reduction in the sequestration rate. **"SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Existing Parity Obligations – Sequestration of Direct Subsidy Payments."** Excludes the 2013 Bonds to be refunded.

THE LEASED PROPERTY

The Leased Property consists of the land on which the Rose Bowl Stadium is located, and includes all improvements thereon. The land on which the Leased Property is located is in the northwest section of the City in the area generally known as the Arroyo Seco. The Rose Bowl Stadium was built in the 1920s and has been designated as an historical landmark, The Rose Bowl Stadium hosts the home football games for the University of California, Los Angeles and the Rose Bowl Game each year. For information concerning the operations at the Rose Bowl, see “**THE ROSE BOWL.**”

The City may substitute projects with an annual fair rental value at least equal to 100% of the maximum amount of annual Base Rental Payments payable under the Sublease, subject to certain conditions contained in the Sublease (see “**APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS**”).

RISK FACTORS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating purchase of the 2018 Bonds. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the 2018 Bonds. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

General Considerations – Lease Obligation Not a Tax Pledge

THE OBLIGATION OF THE CITY TO MAKE THE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Although the Sublease does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Sublease to pay the Base Rental Payments and Additional Payments from any source of legally available funds and the City has covenanted in the Sublease that it will take such action as may be necessary to include all rental payments due under the Sublease in its annual budgets and to make necessary annual appropriations for all such rental payments. The City is currently liable and will become liable on other obligations payable from general fund revenues, some of which may have a priority over the Sublease.

Sublease Has No Limit on Additional Obligations; City has no limit on other General Fund lease obligations

In addition to the Existing Parity Obligations, as of July 1, 2018 the City had outstanding \$119,460,000 of taxable pension bonds, \$57,734,159 Certificates of Participation, and \$1,463,026 equipment leasing arrangements directly paid by the General Fund. See “**SECURITY AND SOURCES OF PAYMENT FOR THE 2018 BONDS – Existing Parity Obligations**” herein.

The Sublease does not prohibit the City from incurring additional obligations payable from general revenues. The City has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the City, the funds

available to make Base Rental Payments may be decreased. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other activities before making Base Rental Payments and other payments due under the Sublease. See **"APPENDIX A – CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION – BONDED AND OTHER INDEBTEDNESS."**

Abatement

Base Rental Payments and Additional Payments are paid by the City in each rental period for and in consideration of the right to use and occupy the Leased Property during each such period. Pursuant to the Sublease, during any period in which, by reason of material damage to, or destruction or condemnation of, the Leased Property, or any defect in title to the Leased Property, there is substantial interference with the City's right to use and occupy any portion of the Leased Property, rental payments due under the Sublease will be abated proportionately. Such abatement will continue for the period commencing on the date of such interference resulting from such damage, destruction, condemnation, or title defect, and ending, with respect to damage to or destruction of the Leased Property, upon the substantial completion of the work of repair or replacement of the Leased Property, or portion thereof, so damaged or destroyed.

In the event that such portion of the Leased Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the City's rental interruption insurance will be available in lieu of Base Rental Payments, plus the period in which other funds are available from funds and accounts established under the Indenture will be available in lieu of Base Rental Payments, or in the event that casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of such portion of the Leased Property or prepayment of the 2018 Bonds, there could be insufficient funds to make payments to Owners in full.

In the event of any such substantial interference, the Sublease continues in full force and effect, and the City waives any right to terminate the Sublease by virtue of such substantial interference. The Trustee cannot terminate the Sublease in the event of such substantial interference. Abatement of Base Rental Payments and Additional Payments is not an event of default under the Sublease and the Trustee is not permitted in such event to take any action or avail itself of any remedy against the City. See **"APPENDIX D – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Sublease – Rental Abatement"** herein.

City Pension and OPEB Obligations

The City has significant pension and post-employment retirement benefits ("OPEB") payable to its employees and pensioners. See **"APPENDIX A – CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION."** These obligations, and particularly the pension obligations, are in the nature of "defined benefit plans" where the City's obligations to its employees and pensioners are fixed, without regard to the earnings on the City's or the State's (CalPERS') retirement system investments. If investment returns on the City's or CalPERS plans are not realized as expected, or if pension or other OPEB benefits increase because of demographic or other factors, the City's payments for its pension and OPEB obligations could increase, thus decreasing the revenues available to make Base Rental Payments.

Further, the City's pension obligations are Constitutionally protected under California law, meaning that the City has limited ability to alter its obligations outside of a municipal bankruptcy (Chapter 9) proceeding. Even in a bankruptcy proceeding, the City may have limited ability to avoid paying its pension obligations, and in particular, any obligation to make payments to CalPERS,

potentially resulting in an adverse impact on the treatment in bankruptcy of other City creditors, including the Bond Owners. See **"RISK FACTORS – Bankruptcy"** below.

Seismic Considerations

Generally, some level of seismic activity occurs within the City on a regular basis. Periodically, the magnitude of a single seismic event can cause significant ground shaking and potential for damage to property located at or near the center of such seismic activity. The Rose Bowl is located in close proximity to numerous earthquake faults. Although there can be no assurance that the Leased Property will not suffer significant damage in an earthquake, the State has adopted design standards that have resulted in buildings being designed to withstand earthquakes of a magnitude anticipated in the region where the Leased Property is located and the City undertook seismic safety retrofitting and related improvements to the Leased Property that were completed in 2006.

During 2005 RBOC received an engineering evaluation of seismic risk for the Rose Bowl that concluded the Rose Bowl has a "fair" seismic rating and met the then applicable University of California Seismic Safety Policy for Purchased and Leased Buildings. Nevertheless, there is no assurance that the Rose Bowl would not suffer major damage in the event of a severe earthquake and the City cannot predict whether such an earthquake may occur. Neither RBOC, the City, UCLA nor TOR has purchased earthquake insurance for the Rose Bowl. See **"THE LEASED PROPERTY."**

Limited Recourse on Default

If the City defaults on its obligations to make rental payments with respect to the Leased Property, the Trustee may retain the Sublease and hold the City liable for all rental payments on an annual basis and will also have the right to re-enter and re-let the Leased Property. In the event such re-letting occurs, the City would be liable for any resulting deficiency in rental payments (without acceleration). Alternatively, the Trustee may terminate the Sublease with respect to the Leased Property and proceed against the City to recover damages pursuant to the Sublease.

Due to the special purpose function of the Leased Property for football games, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting of the Leased Property. In any case, due to the specialized nature of the Leased Property, no assurance can be given that the Trustee would be able to re-let the Leased Property so as to provide rental income sufficient to make principal and interest payments on the 2018 Bonds in a timely manner, and the Trustee is not empowered to sell the fee interest in the Leased Property for the benefit of the Owners of the 2018 Bonds. Any suit for money damages would be subject to limitations on legal remedies against charter cities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Moreover, there can be no assurance that such re-letting will not adversely affect the exclusion of any interest on the 2018A Bonds from federal income taxation or the exemption of interest on the 2018 Bonds from state income taxation.

No Acceleration Upon Default

If the City defaults on its obligation to make Base Rental Payments, there is no available remedy of acceleration of the total Base Rental Payments due over the term of the Sublease. The City will only be liable for Base Rental Payments on an annual basis, and the Trustee would be required to seek a separate judgment in each fiscal year for that fiscal year's rental payments.

Bankruptcy

In addition to the limitation on remedies contained in the Indenture, the rights and remedies provided in the Indenture, the Lease and the Sublease may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles that may affect the enforcement of creditors' rights. The City is a governmental unit and therefore cannot be the subject of an involuntary case under the United States Bankruptcy Code (the "Bankruptcy Code"). However, the City is a municipality and therefore may seek voluntary protection from its creditors pursuant to Chapter 9 of the Bankruptcy Code for purposes of adjusting its debts. If the City were to become a debtor under the Bankruptcy Code, the City would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 case. Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have a priority of payment superior to that of Owners of the 2018 Bonds; and (iv) the possibility of the adoption of a plan (an "Adjustment Plan") for the adjustment of the City's various obligations over the objections of the Trustee or all of the Owners of the 2018 Bonds and without their consent, which Adjustment Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that such Adjustment Plan is "fair and equitable" and in the best interests of creditors. The Adjustment Plans approved by the Bankruptcy Courts in connection with the bankruptcies of the cities of Vallejo, San Bernardino and Stockton resulted in significant reductions in the amounts payable by the cities under lease revenue obligations substantially identical or similar to the 2018 Bonds. The City can provide no assurances about the outcome of the bankruptcy cases of other California municipalities or the nature of any Adjustment Plan if it were to file for bankruptcy.

In addition, the City could either reject the Sublease or the Lease or assume the Sublease or the Lease despite any provision of the Sublease or the Lease that makes the bankruptcy or insolvency of the City an event of default thereunder. If the City rejects the Lease, the Trustee, on behalf of the Owners of the 2018 Bonds, would have a pre-petition unsecured claim that may be substantially limited in amount, and this claim would be treated in a manner under an Adjustment Plan over the objections of the Trustee or Owners of the 2018 Bonds. Moreover, such rejection would terminate the Lease and the City's obligations to make payments thereunder. The City may also be permitted to assign the Lease (or the Sublease) to a third party, regardless of the terms of the transaction documents. If the City rejects the Sublease, the Trustee, on behalf of the Owners of the 2018 Bonds, would have a pre-petition unsecured claim and this claim would be treated in a manner under an Adjustment Plan over the objections of the Trustee or Owners of the 2018 Bonds. Moreover, such rejection may terminate both the Sublease and the Lease and the obligations of the City to make payments thereunder.

Existing Constitutional and Statutory Limits on Municipalities; Future Change in Law

Over the years, the California electorate has adopted, through its Constitutionally-protected initiative powers, a variety of measures which have limited the ability of municipal entities, such as the City, to increase revenues through the imposition of taxes, fees, assessments or otherwise without voter approval. Most notably, the California electorate in 1978 approved Article XIII A of the California Constitution (Proposition 13), which limits the amounts of *ad valorem* tax on real property to 1% of "full cash value" as determined by the County assessor, and the Right to Vote on Taxes Act ("Proposition 218"), in 1996, which requires majority voter approval for the imposition, extension or increase of general taxes and two-thirds voter approval for the imposition, extension or increase of special taxes by a local government, which is defined in Proposition 218 to include the City. Proposition 13 and other initiative

measures have also placed limits on the ability of municipalities to appropriate funds for its purposes. See **“CONSTITUTIONAL AND STATUTORY LIMITATIONS AFFECTING CITY REVENUES AND APPROPRIATIONS.”**

Similarly, the State Legislature has approved legislation in past years which has diverted revenue from local agencies for State use and imposed costs upon local agencies without providing offsetting revenue resources. The City Council, or the City’s electorate, may also enact legislation or approve initiatives adversely affecting the revenues and expenditures of the City in a manner which may reduce General Fund revenues available to make Base Rental Payments.

No assurance can be given that the State or the City electorates will not at some future time adopt initiatives, or that the State Legislature or the City Council will not enact legislation that will amend the laws of the State, including the Constitution or the City Charter, in a manner that could result in a reduction of the City’s General Fund revenues and therefore a reduction of the funds legally available to the City to make Base Rental Payments.

Risks to Revenues from Rose Bowl Operations

As with any entertainment venue, there are a variety of factors that could materially adversely affect the revenues derived from operations at the Rose Bowl. While such revenues are not pledged as security for the 2018 Bonds and the Sublease is a general fund obligation of the City, a portion of these revenues are anticipated to be received by the City and would be available to the City in its discretion to fund all or a portion of the Base Rental Payments. In the event that either TOR or UCLA terminated or defaulted under their respective agreements with RBOC for use of the Rose Bowl, the revenues derived from Rose Bowl operations could be materially reduced. Moreover, if sales of premium seating, such as luxury suites, loge boxes and club seats, were less than anticipated, revenues derived from Rose Bowl operations would be reduced.

Many other factors might also affect revenues derived from Rose Bowl Operations, including, among others, if the format or system relating to the college football playoff system changes, it could reduce the importance and popularity of the Rose Bowl Game. Similarly, if the UCLA intercollegiate football program were suspended, discontinued or curtailed for any reason, including without limitation internal compliance actions by UCLA administration or sanctions by the NCAA, or if the competitiveness or popularity of the UCLA football team materially declined, the revenues from operations at the Rose Bowl for UCLA and the City could be materially reduced.

A new NFL stadium in the greater Los Angeles Area is in the construction stages. Once complete, the new NFL stadium may affect the revenues of the Rose Bowl. The Rose Bowl may face an increasingly competitive market for concerts and special events when the NFL stadium opens in 2020. To counteract possible revenue declines, the RBOC and the City entered into an agreement with AEG to host a two-day music and arts festival on an annual basis at the Rose Bowl. The City projects that the festival will generate approximately \$60 million over the proposed 20-year period. See **“THE ROSE BOWL”** herein.

In addition, a number of factors, many of which may be beyond the control of the City, could have an adverse impact on operating revenues from the Rose Bowl, including a general decline in the popularity of football as a spectator sport, the building of another stadium facility in and around the Los Angeles metropolitan area, adverse changes in the economy affecting public expenditures for athletic events, entertainment or tourism, terrorist attacks, adverse weather, environmental and other disasters, litigation or other adversarial proceedings, and laws and regulations governing health, safety, environmental and other matters.

Economic Conditions in the State of California

State income tax and other receipts can fluctuate significantly from year to year, depending on economic conditions in the State and the nation. Decreases in the State's General Fund revenues may affect appropriations made by the State to public agencies, including the City. See "**APPENDIX A – CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION – STATE OF CALIFORNIA BUDGET INFORMATION.**"

Loss of Tax Exemption for the 2018A Bonds

THE 2018A BONDS ARE NOT SUBJECT TO MANDATORY REDEMPTION AND THE RESPECTIVE RATES OF INTEREST ON THE 2018A BONDS ARE NOT SUBJECT TO ADJUSTMENT IF THE INTEREST ON THE 2018A BONDS, OR ANY PORTION THEREOF IS DETERMINED TO BE INCLUDED IN GROSS INCOME FOR THE PURPOSES OF FEDERAL INCOME TAXATION. See "TAX MATTERS" herein and "APPENDIX F – FORM OF OPINION OF BOND COUNSEL."

The Code imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the 2018A Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of 2018A Bond proceeds, limitations on the investment earnings of 2018A Bond proceeds prior to expenditure, a requirement that certain investment earnings on 2018A Bond proceeds be paid periodically to the United States and a requirement that issuers file an information return with the Internal Revenue Service (the "IRS"). The Authority and the City have covenanted in certain of the documents referred to herein that they will comply with such requirements. Failure by the Authority or the City to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the treatment of interest on the 2018A Bonds as taxable, retroactively to the respective dates of original issuance of the 2018A Bonds affected by any such failure.

In addition, users of the Rose Bowl such as TOR may adversely affect the tax status of the 2018A Bonds. For example, this could occur if TOR was no longer an organization described in Section 501(c)(3) of the Code, or if it used certain portion of the Rose Bowl in a manner that created unrelated trade or business income within the meaning of Section 513(a) of the Code. In a tax certificate to be delivered to the City on or before the issuance of the 2018A Bonds, TOR has covenanted to use its best efforts to maintain its status as a 501(c)(3) organization and to use certain portions of the Rose Bowl in a manner that will not result in unrelated trade or business income. TOR has also agreed to notify the Authority as soon as possible after TOR becomes aware of a change in its status as an organization described in Section 501(c)(3) of the Code or that it is using or may be treated as using certain portions of the Rose Bowl in an unrelated trade or business.

The IRS Tax Exempt and Government Entities Division has a subdivision that is specifically devoted to tax-exempt bond compliance and that has been active in auditing tax-exempt bond transactions such as the 2018A Bonds. The Borrower has not sought to obtain a private letter ruling from the IRS with respect to the 2018A Bonds, and the opinion of Bond Counsel is not binding on the IRS. See "**TAX MATTERS**" herein.

Other Factors

The City in general has been, or in the future may be, affected by a number of other factors which could impact its financial condition. In addition to the factors discussed above, such factors include, among others, (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements, (b) legislative changes, voter initiatives, referenda and statewide

propositions, (c) acts of terrorism or cyber-terrorism, (d) natural disasters or other physical calamities, in addition to earthquakes discussed above, including, but not limited to, wildfires and floods and (e) changes to the climate. Any of these factors (as well as other factors) could have an adverse effect on the financial condition of the City.

The City is unable to predict what impact such factors will have on the business operations and financial condition of the City, but the impact could be significant. This Official Statement includes a brief discussion of certain of these factors. This discussion does not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date hereof.

CONSTITUTIONAL AND STATUTORY LIMITATIONS AFFECTING CITY REVENUES AND APPROPRIATIONS

Article XIII A of the State Constitution – Proposition 13

Section 1(a) of Article XIII A of the State Constitution (“Article XIII A”) limits the maximum *ad valorem* tax on real property to 1% of full cash value (as defined in Section 2 of Article XIII A), to be collected by counties and apportioned according to law. Section 1(b) of Article XIII A provides that the 1% limitation does not apply to (i) *ad valorem* taxes to pay interest or redemption charges on indebtedness approved by the voters prior to July 1, 1978, or (ii) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition, or (iii) any bonded indebtedness incurred by a school district, community college district or county office of education for the construction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities approved after November 8, 2000 by 55% of the voters of the district or county, as appropriate, voting on the proposition. Section 2 of Article XIII A defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under ‘full cash value’ or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment” (“Full Cash Value”). The Full Cash Value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. Taxpayers in the City may appeal the determination of the Los Angeles County Assessor of the Full Cash Value of their property. At any given point in time, appeals are pending in the City. If the assessed value of a property is reduced as a result of an assessment appeal, the reduction is borne by relevant taxing agencies, including the City.

Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except to pay debt service on indebtedness approved by the voters as described above.

The voters of the State have approved amendments to Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the Full Cash Value of other real property between parents and children, do not constitute a “purchase” or “change of ownership” triggering reappraisal under Article XIII A. Another amendment permits the State Legislature to allow persons over the age of 55 who meet certain criteria or “severely disabled homeowners” who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence’s assessed value to the new residence. Another amendment permits the State Legislature to allow persons who are either 55 years of age or older, or who are “severely disabled,” to transfer the old residence’s assessed value to their new residence located in either the same or a different county and acquired or newly constructed within two years of the sale of their old residence.

In 1990, the voters approved a further amendment of Article XIII A to permit the State Legislature to exclude from the definition of "new construction" certain additions and improvements, including seismic retrofitting improvements and improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Article XIII A has also been amended to provide that there would be no increase in the Full Cash Value base in the event of reconstruction of property damaged or destroyed in a disaster.

Section 4 of Article XIII A provides that cities, counties and special districts cannot, without a two-thirds vote of the qualified electors, impose "special taxes."

Article XIII B of the State Constitution – Gann Limit

State and local government agencies in the State are each subject to an annual "appropriations limit" imposed by Article XIII B of the State Constitution ("Article XIII B"). Article XIII B prohibits government agencies and the State from spending "appropriations subject to limitation" in excess of the appropriations limit imposed. The base year for establishing such appropriations limit is fiscal year 1978-79. "Appropriations subject to limitation" are generally authorizations to spend "proceeds of taxes," which include all, but are not limited to, tax revenues, and the proceeds from (i) regulatory licenses, user charges or other user fees to the extent that such proceeds exceed "the cost reasonably borne by that entity in providing the regulation, product, or service," (ii) the investment of tax revenues, and (iii) certain subventions received from the State. No limit is imposed on appropriations of funds which are not "proceeds of taxes," appropriated for debt service on indebtedness existing prior to the passage of Article XIII B or authorized by the voters, or appropriations required to comply with certain mandates of courts or the federal government.

As amended at the June 5, 1990 election by Proposition 111, Article XIII B provides that, in general terms, an agency's appropriations limit is based on the limit for the prior year adjusted annually to reflect changes in cost of living, population and, when appropriate, transfer of financial responsibility of providing services from one governmental unit to another. Proposition 111 liberalized the aforementioned adjustment factors as compared to the original provisions of Article XIII B. If an agency's revenues during any two consecutive fiscal years exceed the combined appropriations limits for those two years, the excess must be returned by a revision of tax rates or fee schedules within the two subsequent fiscal years.

Section 7900, *et seq.* of the State Government Code defines certain terms used in Article XIII B and sets forth the methods for determining the appropriations limits for local jurisdictions. The City's appropriations limit for fiscal year 2017-18 was \$286.5 million, with approximately \$133.4 million of the City's appropriations being subject to this limit. The City estimates that its appropriations limit for fiscal year 2018-19 is \$299.1 million, with an estimated \$132.9 million of the City's appropriations being subject to this limit.

Articles XIII C and XIII D of the State Constitution – Proposition 218 and Proposition 26

On November 5, 1996, the voters of the State approved Proposition 218, the "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the State Constitution, which contain a number of provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIII C of the State Constitution ("Article XIII C") requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the

City require a majority vote, and taxes for specific purposes, even if deposited in the general fund, require a two-thirds vote. The voter approval requirements of Article XIII C reduce the City's flexibility to deal with fiscal problems by raising revenue through new or extended or increased taxes and no assurance can be given that the City will be able to raise taxes in the future to meet increased expenditure requirements.

Article XIII D of the State Constitution ("Article XIII D") contains several new provisions making it generally more difficult for local agencies to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property.

Article XIII D also contains several new provisions affecting a "fee" or "charge," defined for purposes of Article XIII D to mean "any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service." All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) with respect to any parcel or person, exceed the proportional cost of the service attributable to the parcel, (iv) are for a service not actually used by, or immediately available to, the owner of the property in question, or (v) are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The City must then hold a hearing upon the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the City may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services (or fees for electrical and gas service, which are not treated as "property related" for purposes of Article XIII D), no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area. The City has three enterprise funds that are self-supporting from fees and charges (refuse, water and electricity), two of which (water and refuse) have been judicially determined to be property-related for purposes of Article XIII D. As a result, the City has since 2000 followed the notice and public hearing requirements of Section 6 of Article XIII D before imposing or increasing any water or refuse service fees or charges.

However, California courts have held that property-related fees which are used by a city for general fund purposes and which are not compensation to the city for the costs of providing the related service are an impermissible tax under Article XIII D. Under Section 1408 of the City Charter, last approved by the voters in 1993, the City annually transfers up to 6% of the gross revenue of the water enterprise fund to the General Fund. No assurance can be given that future water enterprise transfers to the General Fund will not have to be reduced or eliminated under Article XIII D. See "**APPENDIX A-CITY FINANCIAL INFORMATION – Water and Power Enterprise Fund Transfers to General Fund**" for a discussion of *Rooney v. City of Pasadena*.

In addition to the provisions described above, Article XIII C removes prohibitions and limitations on the initiative power in matters of any "local tax, assessment, fee or charge." Consequently, the voters of the City could, by future initiative, repeal, reduce or prohibit the future imposition or increase of any local tax, assessment, fee or charge. "Assessment," "fee" and "charge," are not defined in Article XIII C, so it was unclear whether the definitions of these terms in Article XIII D (which are generally property-related as described above) would limit the scope of the initiative power set forth in Article XIII C. The issue was clarified in 2006, when the California Supreme Court held that the Article XIII D definitions do

not limit the scope of Article XIII C initiative powers. Accordingly, the Article XIII C initiative power could potentially apply to non-property-related revenue sources that currently constitute a substantial portion of general fund revenues. No assurance can be given that the voters of the City will not, in the future, approve initiatives that repeal, reduce or prohibit the future imposition or increase of local taxes, assessments, fees or charges.

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIII D.

Proposition 26 also provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Since the adoption date of Proposition 26, any new or increased electric rates may not exceed the reasonable cost of providing electric service and the burden of establishing the reasonableness of such rates is placed upon the City. Sections 1407 and 1408 of the City Charter, last approved by the voters in 1993, authorize the City to transfer up to 16% of the gross income from the electric enterprise fund to the General Fund for general municipal purposes. See "**APPENDIX A- CITY FINANCIAL INFORMATION.**" Since Proposition 26 was enacted, there is little caselaw interpreting this Constitutional provision. However, in August 2018, the California Supreme Court decided *Citizens for Fair REU Rates v. City of Redding*, 6 Cal.5th 1 (2018). The court held that transfers (described as "payments in lieu of taxes" or a PILOT) from the City of Redding's electric utility to that city's general fund, approved with each biennial budget, are not the type of exaction that is subject to Article XIII C of the California Constitution. The court reasoned that it is only the Redding electric utility rate, not the PILOT, that is imposed on customers for electric service. The California Supreme Court concluded that because the total rate revenue of Redding's electric utility was insufficient to cover its operating expenses (other than the PILOT), Redding's electric rates did not exceed the costs of providing electric service, and therefore did not constitute a tax. It should be noted, however, that transfers to the General Fund under the Pasadena City Charter are not denominated as "PILOT" payments.

Another published appellate opinion holds that Proposition 26 is not retroactive as to local governments and, for that reason, it is the City's further belief that transfers from its Light & Power Fund should be unaffected by Proposition 26. Accordingly, in the absence of judicial authority to the contrary, the City intends to continue making these transfers to the General Fund in accordance with its Charter. Nonetheless, there can be no assurance that such transfers will not have to be reduced or eliminated in the future, based on further guidance from the courts.

Lawsuit Challenging Annual Charter-Authorized Light & Power Fund Transfer. Pursuant to Sections 1407 and 1408 of its Charter, Pasadena makes annual transfers from the Light & Power Fund to the General Fund, the most recent being approximately \$17.8 million. In October 2017, the City was served with a putative class action lawsuit entitled *Komesar v. City of Pasadena*, which generally asserts that the City's electric utility rates are more than reasonably necessary to operate the utility to the extent they finance the City's annual transfers from the Light & Power Fund to the General Fund, and, as such, are taxes requiring voter approval pursuant to Article XIII C of the California Constitution (last amended through Proposition 26 in 2010). Plaintiff is seeking a refund, on behalf of herself and a class of all others similarly situated, of the alleged taxes. Plaintiff has also asked the court to prevent the City from continuing to impose electric rates based on its current rate structure, until and unless the City obtains voter approval. No trial date is set in the case. A number of lawsuits asserting similar claims have been filed against cities around the State of California. Proposition 26 is subject to interpretation by California courts, and the City is monitoring litigation involving other cities, in the event the courts may issue guidance in those matters. Therefore, the City is unable to predict the outcome of the litigation at this time.

Proposition 1A

As part of then-Governor Schwarzenegger's agreement with local jurisdictions, Senate Constitutional Amendment No. 4 was enacted by the State Legislature and subsequently approved by the voters as Proposition 1A ("Proposition 1A") at the November 2004 election. Proposition 1A amended the State Constitution to, among other things, reduce the State Legislature's authority over local government revenue sources by placing restrictions on the State's access to local governments' property, sales, and vehicle license fee revenues as of November 3, 2004.

Proposition 1A prohibits the State from mandating activities on cities, counties or special districts without providing for the funding needed to comply with the mandates. If the State does not provide funding for the mandated activity, the requirement on cities, counties or special districts to abide by the mandate would be suspended. In addition, Proposition 1A expanded the definition of what constitutes a mandate on local governments to encompass State action that transfers to cities, counties and special districts financial responsibility for a required program for which the State previously had partial or complete responsibility. The State mandate provisions of Proposition 1A do not apply to schools or community colleges or to mandates relating to employee rights.

Proposition 1A also allowed the State to borrow up to 8% of local property tax revenues, beginning with fiscal year 2008-09, but only if the Governor proclaimed such action was necessary due to a severe State fiscal hardship and two-thirds of both houses of the State Legislature approved the borrowing. The amount borrowed was required to be paid back within three years. The 2009-10 State budget authorized the State to exercise its Proposition 1A borrowing authority. This borrowing generated \$1.998 billion that was used to offset State general fund spending. Such diverted revenues were repaid, with interest.

Proposition 22

Proposition 22 ("Proposition 22") which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increase a school and community college district's share of property tax revenues, prohibits the State from borrowing or

redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. Proposition 22 prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies. While Proposition 22 will not change overall State and local government costs or revenues by the express terms thereof, it will cause the State to adopt alternative actions to address its fiscal and policy objectives. Due to the prohibition with respect to the State's ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A (2004). In addition, Proposition 22 supersedes Proposition 1A of 2006. Accordingly, the State is prohibited from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local governments except pursuant to specified procedures involving public notices and hearings.

Statutory Limitations

A statutory initiative ("Proposition 62") was adopted by State voters at the November 4, 1986 General Election, which (1) requires that any tax for general governmental purposes imposed by local governmental entities be approved by resolution or ordinance adopted by two-thirds vote of the governmental agency's legislative body and by a majority of the electorate of the governmental entity voting in such election, (2) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters within that jurisdiction voting in such election, (3) restricts the use of revenues from a special tax to the purpose or for the service for which the special tax was imposed, (4) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIII A, (5) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities and (6) requires that any tax imposed by a local governmental entity on or after August 1, 1985 be ratified by a majority vote of the electorate voting in such election within two years of the adoption of the initiative or be terminated by November 15, 1988. Proposition 62 requirements are generally not applicable to general taxes and special taxes levied prior to its November 4, 1986 effective date.

On September 28, 1995, the California Supreme Court filed its decision in *Santa Clara County Local Transportation Authority v. Carl Guardino*, 11 Cal. 4th 220 (1995) ("*Santa Clara*"), which upheld a Court of Appeal decision invalidating a 1/2-cent countywide sales tax for transportation purposes levied by a local transportation authority. The California Supreme Court based its decision on the failure of the authority to obtain a two-thirds vote of the electorate for the levy of a "special tax," as required by Proposition 62. The *Santa Clara* decision did not address the question of whether or not it should be applied retroactively.

In deciding the *Santa Clara* case on Proposition 62 grounds, the Court disapproved the decision in *City of Woodlake v. Logan*, 230 Cal. App. 3d 1058 (1991) ("*Woodlake*"), where the Court of Appeal had held portions of Proposition 62 unconstitutional as a referendum on taxes prohibited by the State Constitution. The State Supreme Court determined that the voter approval requirement of Proposition 62 is a condition precedent to the enactment of each tax statute to which it applies, while referendum refers to a process invoked only after a statute has been enacted. Numerous taxes to which Proposition 62 would apply were imposed or increased without voter approval in reliance on *Woodlake*. The Court notes as apparently distinguishable, but did not confirm, the decision in *City of Westminster v. County of Orange*, 204 Cal. App. 3d 623 (1988), which held unconstitutional the provision of Proposition 62 requiring voter approval of taxes imposed during the "window period" of August 1, 1985 until November 5, 1986. Proposition 62 as an initiative statute does not have the same level of authority as a constitutional

initiative, but is analogous to legislation adopted by the State Legislature. After the passage of Proposition 218, certain provisions of Proposition 62 (e.g., voter approval of taxes) are now governed by the State Constitution.

Following the *Santa Clara* decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62. On June 4, 2001, the State Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al.* (“*La Habra*”). In this case, the court held that a public agency’s continued imposition and collection of a tax is an ongoing violation upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D and the propositions described above were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time, other initiative measures could be adopted, which may place further limitations on the ability of the State, the City or local districts to increase revenues or to increase appropriations which may affect the City’s revenues or its ability to expend its revenues.

THE AUTHORITY

Organization and Membership

The Authority was formed pursuant to the provisions of the Joint Powers Act and the Joint Exercise of Powers Agreement, dated as of April 24, 2000 (the “JPA Agreement”), by and between the City, and the Successor Agency to the Pasadena Community Development Commission (the “Commission”). The Authority was formed by and between the City and the Commission to assist in the financing of public capital improvements.

The Authority functions as a public entity, separate and apart from the City and the Successor Agency, and is administered by an eight-member governing board consisting of the Mayor and the members of the City Council. The City Attorney serves as counsel to the Authority. The Authority has no employees and all staff work is performed by the City or consultants. The City has covenanted in the Indenture to maintain the existence of the Authority until all of the 2018 Bonds are paid in full.

Powers

Under the JPA Agreement, the Authority is empowered to assist in the financing of public capital improvements through the issuance of bonds in accordance with the Joint Powers Act. To exercise its powers, the Authority is authorized, in its own name, to do all necessary acts, including but not limited to making and entering into contracts; employing agents and employees; and to sue or be sued in its own name.

THE CITY

Information with respect to the City, including financial information and certain economic and demographic information relating to the City, is provided in “**APPENDIX A – CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION**” attached hereto. A copy of the financial

statements of the City for the fiscal year ended June 30, 2017 is attached hereto as Appendix B. Appendix A and Appendix B should be read completely. See **“FINANCIAL STATEMENTS”** below.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned the 2018 Bonds a rating of "___" and Fitch Ratings ("Fitch") has assigned the 2018 Bonds a rating of "___". Each rating reflects only the views of the respective rating organization, and an explanation of the significance of such rating may be obtained from the rating agencies at S&P Global Ratings, 55 Water Street, New York, NY 10041 and Fitch Ratings, One State Street Plaza, New York, New York 10004. The City and the Authority furnished to the rating agencies certain information and materials concerning the 2018 Bonds and the City. Generally, the rating agencies base their ratings on such information and materials and on investigations, studies and assumptions made by the rating agencies. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the respective rating agency, if in its judgment circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect on the market price of the 2018 Bonds.

FINANCIAL STATEMENTS

The City's financial statements for the fiscal year ended June 30, 2017, included in Appendix B hereto, have been audited by Lance, Soll & Lunghard, LLP, independent auditors, as stated in their report appearing in Appendix B hereto. Lance, Soll & Lunghard, LLP has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Lance, Soll & Lunghard, LLP with respect to any event subsequent to its report dated December 15, 2017.

The audited financial statements of the City for the year ended June 30, 2018 are currently expected to be presented to the City Council in December, 2018 and will be filed by the City with the MSRB through EMMA as soon as available.

LITIGATION

At the time of delivery of and payment for the 2018 Bonds, officials of the City and the Authority will certify that to the best of such officials' knowledge there is no action, suit, litigation, inquiry or investigation before or by any court, governmental agency, public board or body that has been served or threatened, against the City or the Authority, respectively, seeking to prohibit, restrain or enjoin the sale, execution or delivery of the 2018 Bonds or the payments of the Base Rental Payments or challenging the validity or enforceability of the Sublease or the Indenture or the titles of the officers of the City or the Authority to their respective offices.

At all times, including the date of this Official Statement, there are certain other actions, claims, disputes, inquiries and investigations, including those currently in litigation, that arise in the normal course of the City's activities. [See "**APPENDIX A – CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION – THE CITY OF PASADENA – Retirement Systems – SB481 Litigation.**"] Such actions could, if determined adversely to the City, affect expenditures by the City, and in some cases, its revenues. Management of the City and the Office of the City Attorney are of the opinion that no pending actions are likely to have a material adverse effect on the City's ability to pay the Base Rental Payments as they become due and payable under the Sublease.

TAX MATTERS

2018A Bonds

Tax-Exemption

The Internal Revenue Code of 1986 (the "Code") imposes certain requirements that must be met subsequent to the issuance and delivery of the 2018A Bonds for interest thereon to be and remain excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the 2018A Bonds to be included in the gross income of the owners thereof for federal income tax purposes retroactive to the date of issuance of the 2018A Bonds. Each of the Authority and the City has covenanted to maintain the exclusion of the interest on the 2018A Bonds from the gross income of the owners thereof for federal income tax purposes.

In the opinion of Norton Rose Fulbright US LLP, Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the 2018A Bonds is exempt from personal income taxes of the State of California and, assuming compliance with the covenants mentioned herein, interest on the 2018A Bonds is excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. In the further opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, the 2018A Bonds are not "specified private activity bonds" within the meaning of section 57(a)(5) of the Code and, therefore, interest on the 2018A Bonds will not be treated as an item of tax preference for purposes of computing the alternative minimum tax imposed by section 55 of the Code. Receipt or accrual of interest on 2018A Bonds owned by a corporation may affect the computation of the alternative minimum taxable income. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code will be computed.

Pursuant to the Indenture and in the *Tax Certificate Pertaining to Arbitrage and Other Matters under Sections 103 and 141-150 of the Internal Revenue Code of 1986*, to be delivered by the Authority and the City in connection with the issuance of the 2018A Bonds, each of the Authority and the City will make representations relevant to the determination of, and will make certain covenants regarding or affecting, the exclusion of interest on the 2018A Bonds from the gross income of the owners thereof for federal income tax purposes. In reaching its opinions described in the immediately preceding paragraph, Bond Counsel will assume the accuracy of such representations and the present and future compliance by each of the Authority and the City with such covenants. In addition, Bond Counsel will rely upon the opinion of Hahn & Hahn LLP, counsel to TOR, regarding, among other matters, (i) the status of the TOR as an organization described in section 501(c)(3) of the Code, and (ii) the contemplated use of the Leased Property by TOR as other than in an "unrelated trade or business" of TOR within the meaning of section 513(a) of the Code. In its opinion, Bond Counsel notes that the opinion of Hahn & Hahn LLP is subject to a number of qualifications and limitations. Failure of TOR to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of its status or otherwise to continue as an organization described in section 501(c)(3) of the Code, or use of the Leased Property in an unrelated trade or business of TOR, may result in interest on the 2018A Bonds being included in gross income for federal income tax purposes from the date of issuance of the Bonds.

Except as stated in this section above, Bond Counsel will express no opinion as to any federal or state tax consequence of the receipt of interest on, or the ownership or disposition of, the 2018A Bonds. Furthermore, Bond Counsel will express no opinion as to any federal, state or local tax law consequence with respect to the 2018A Bonds, or the interest thereon, if any action is taken with respect to the 2018A Bonds or the proceeds thereof predicated or permitted upon the advice or approval of other counsel.

Bond Counsel has not undertaken to advise in the future whether any event after the date of issuance of the 2018A Bonds may affect the tax status of interest on the 2018A Bonds or the tax consequences of the ownership of the 2018A Bonds.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Authority and the City described above. No ruling has been sought from the Internal Revenue Service (the "Service") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service. The Service has an ongoing program of examining the tax-exempt status of the interest on municipal obligations. If an audit of the 2018A Bonds is commenced, under current procedures the Service is likely to treat the Authority as the "taxpayer," and the owners would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the 2018A Bonds, the Authority and/or the City may have different or conflicting interests from the owners. Public awareness of any future audit of the 2018A Bonds could adversely affect the value and liquidity of the 2018A Bonds during the pendency of the audit, regardless of its ultimate outcome.

Existing law may change to reduce or eliminate the benefit to bondholders of the exemption of interest on the 2018A Bonds from personal income taxation by the State of California or of the exclusion of the interest on the 2018A Bonds from the gross income of the owners thereof for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the 2018A Bonds. Prospective purchasers of the 2018A Bonds should consult with their own tax advisors with respect to any proposed or future change in tax law.

A copy of the form of opinion of Bond Counsel relating to the 2018A Bonds is included in Appendix F hereto.

Tax Accounting Treatment of Bond Premium and Original Issue Discount on 2018A Bonds

To the extent that a purchaser of a 2018A Bond acquires that 2018A Bond at a price in excess of its "stated redemption price at maturity" (within the meaning of section 1273(a)(2) of the Code), such excess will constitute "bond premium" under the Code. Section 171 of the Code, and the Treasury Regulations promulgated thereunder, provide generally that bond premium on a tax-exempt obligation must be amortized over the remaining term of the obligation (or a shorter period in the case of certain callable obligations); the amount of premium so amortized will reduce the owner's basis in such obligation for federal income tax purposes, but such amortized premium will not be deductible for federal income tax purposes. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of the obligation. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity. The rate and timing of the amortization of the bond premium and the corresponding basis reduction may result in an owner realizing a taxable gain when its 2018A Bond is sold or disposed of for an amount equal to or in some circumstances even less than the original cost of the 2018A Bond to the owner.

The excess, if any, of the stated redemption price at maturity of 2018A Bonds of a maturity over the initial offering price to the public of the 2018A Bonds of that maturity is "original issue discount." Original issue discount accruing on 2018A Bond is treated as interest excluded from the gross income of the owner thereof for federal income tax purposes and is exempt from California personal income tax to the same extent as would be stated interest on that 2018A Bond. Original issue discount on any 2018A Bond purchased at such initial offering price and pursuant to such initial offering will accrue on a semiannual basis over the term of the 2018A Bond on the basis of a constant yield method and, within

each semiannual period, will accrue on a ratable daily basis. The amount of original issue discount on such a 2018A Bond accruing during each period is added to the adjusted basis of such 2018A Bond to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such 2018A Bond. The Code includes certain provisions relating to the accrual of original issue discount in the case of purchasers of 2018A Bonds who purchase such 2018A Bonds other than at the initial offering price and pursuant to the initial offering.

Bond Counsel is not opining on the accounting for or consequence to a 2018A Bond purchaser of bond premium or original issue discount on the 2018A Bonds. Persons considering the purchase of 2018A Bonds with original issue discount or initial bond premium should consult with their own tax advisors with respect to the determination of original issue discount or amortizable bond premium on such 2018A Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such 2018A Bonds.

Other Tax Consequences

Although interest on the 2018A Bonds may be exempt from California personal income tax and excluded from the gross income of the owners thereof for federal income tax purposes, an owner's federal, state or local tax liability may be otherwise affected by the ownership or disposition of the 2018A Bonds. The nature and extent of these other tax consequences will depend upon the owner's other items of income or deduction. Without limiting the generality of the foregoing, prospective purchasers of the 2018A Bonds should be aware that (i) section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the 2018A Bonds and the Code contains additional limitations on interest deductions applicable to financial institutions that own tax-exempt obligations (such as the 2018A Bonds), (ii) with respect to insurance companies subject to the tax imposed by section 831 of the Code, section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on the 2018A Bonds, (iii) interest on the 2018A Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by section 884 of the Code, (iv) passive investment income, including interest on the 2018A Bonds, may be subject to federal income taxation under section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income, (v) section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the 2018A Bonds and (vi) under section 32(i) of the Code, receipt of investment income, including interest on the 2018A Bonds, may disqualify the recipient thereof from obtaining the earned income credit. Bond Counsel will express no opinion regarding any such other tax consequences.

2018B Bonds

General. The delivery of the 2018B Bonds is subject to the receipt of an opinion of Bond Counsel, based upon existing provisions of the laws of the State, that interest on the 2018B Bonds is exempt from personal income taxes of the State.

The following is a general summary of the United States federal income tax consequences of the purchase and ownership of the 2018B Bonds. The discussion is based upon laws, Treasury Regulations, rulings and decisions now in effect, all of which are subject to change or possibly differing interpretations. No assurances can be given that future changes in the law will not alter the conclusions reached herein. The discussion below does not purport to deal with United States federal income tax consequences applicable to all categories of investors. Further, this summary does not discuss all aspects of United States federal income taxation that may be relevant to a particular investor in the 2018B Bonds

in light of the investor's particular personal investment circumstances or to certain types of investors subject to special treatment under United States federal income tax laws (including insurance companies, tax exempt organizations, financial institutions, brokers-dealers, and persons who have hedged the risk of owning the 2018B Bonds). The summary is therefore limited to certain issues relating to initial investors who will hold the 2018B Bonds as "capital assets" within the meaning of section 1221 of the Code, and acquire such 2018B Bonds for investment and not as a dealer or for resale. This summary addresses certain federal income tax consequences applicable to beneficial owners of the 2018B Bonds who are United States persons within the meaning of Section 7701(a)(30) of the Code ("U.S. persons") and, except as discussed below, does not address any consequences to persons other than U.S. persons. Prospective investors should note that no rulings have been or will be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions.

INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE 2018B BONDS.

Payments of Stated Interest on the 2018B Bonds. The stated interest paid on the 2018B Bonds will be included in the gross income, as defined in section 61 of the Code, of the beneficial owners thereof and be subject to U.S. federal income taxation when received or accrued, depending on the tax accounting method applicable to the beneficial owners thereof.

Original Issue Discount. If a substantial amount of the 2018B Bonds of any stated maturity is purchased at original issuance for a purchase price (the "Issue Price") that is less than their face amount by more than one quarter of one percent times the number of complete years to maturity, the 2018B Bonds of such maturity will be treated as being issued with "original issue discount." The amount of the original issue discount will equal the excess of the principal amount payable on such 2018B Bonds at maturity over its Issue Price, and the amount of the original issue discount on the 2018B Bonds will be amortized over the life of the 2018B Bonds using the "constant yield method" provided in the Treasury Regulations. As the original issue discount accrues under the constant yield method, the beneficial owners of the 2018B Bonds, regardless of their regular method of accounting, will be required to include such accrued amount in their gross income as interest. This can result in taxable income to the beneficial owners of the 2018B Bonds that exceeds actual cash distributions to the beneficial owners in a taxable year.

The amount of the original issue discount that accrues on the 2018B Bonds each taxable year will be reported annually to the IRS and to the beneficial owners. The portion of the original issue discount included in each beneficial owner's gross income while the beneficial owner holds the 2018B Bonds will increase the adjusted tax basis of the 2018B Bonds in the hands of such beneficial owner.

Premium. If a beneficial owner purchases a 2018B Bond for an amount that is greater than its stated redemption price at maturity, such beneficial owner will be considered to have purchased the 2018B Bond with "amortizable bond premium" equal in amount to such excess. A beneficial owner may elect to amortize such premium using a constant yield method over the remaining term of the 2018B Bond and may offset interest otherwise required to be included in respect of the 2018B Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a 2018B Bond held by a beneficial owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a 2018B Bond. However, if the 2018B Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until

later in the term of the 2018B Bond. Any election to amortize bond premium applies to all taxable debt instruments held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of “modified adjusted gross income” of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Holders of the 2018B Bonds should consult with their tax advisor concerning this additional tax, as it may apply to interest earned on the 2018B Bonds as well as gain on the sale of a 2018B Bond.

Disposition of Bonds and Market Discount. A beneficial owner of 2018B Bonds will generally recognize gain or loss on the redemption, sale or exchange of a 2018B Bond equal to the difference between the redemption or sales price (exclusive of the amount paid for accrued interest) and the beneficial owner’s adjusted tax basis in the 2018B Bonds. Generally, the beneficial owner’s adjusted tax basis in the 2018B Bonds will be the beneficial owner’s initial cost, increased by the original issue discount previously included in the beneficial owner’s income to the date of disposition. Any gain or loss generally will be capital gain or loss and will be long-term or short-term, depending on the beneficial owner’s holding period for the 2018B Bonds.

If the Authority elects to defease the 2018B Bonds by depositing in escrow sufficient cash and/or obligations to pay when due outstanding 2018B Bonds (a “legal defeasance”), under current tax law, a beneficial owner of 2018B Bonds may be deemed to have sold or exchanged its 2018B Bonds. In the event of such a legal defeasance, a beneficial owner of 2018B Bonds generally would recognize gain or loss in the manner described above. Ownership of the 2018B Bonds after a deemed sale or exchange as a result of a legal defeasance may have tax consequences different from those described above, and each beneficial owner should consult its own tax advisor regarding the consequences to such beneficial owner of a legal defeasance of the 2018B Bonds.

Under current law, a purchaser of a 2018B Bond who did not purchase the 2018B Bonds in the initial public offering (a “subsequent purchaser”) generally will be required, on the disposition of the 2018B Bonds, to recognize as ordinary income a portion of the gain, if any, to the extent of the accrued “market discount.” Market discount is the amount by which the price paid for the Bonds by a subsequent purchaser is less than the sum of Issue Price and the amount of original issue discount previously accrued on the 2018B Bonds. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire 2018B Bonds with market discount. As an alternative to the inclusion of market discount in income upon disposition, a subsequent purchaser may elect to include market discount in income currently as it accrues on all market discount instruments acquired by the subsequent purchaser in that taxable year or thereafter, in which case the interest deferral rule will not apply. The re-characterization of gain as ordinary income on a subsequent disposition of 2018B Bonds could have a material effect on the market value of the 2018B Bonds.

Backup Withholding. Under section 3406 of the Code, a beneficial owner of the 2018B Bonds who is a U.S. person, as defined in section 7701(a)(30) of the Code, may, under certain circumstances, be subject to “backup withholding” on payments of current or accrued interest on the 2018B Bonds. This withholding applies if such beneficial owner of 2018B Bonds: (i) fails to furnish to payor such beneficial owner’s social security number or other taxpayer identification number (“TIN”); (ii) furnishes the payor an incorrect TIN; (iii) fails to report properly interest, dividends, or other “reportable payments” as

defined in the Code; or (iv) under certain circumstances, fails to provide the payor with a certified statement, signed under penalty of perjury, that the TIN provided to the payor is correct and that such beneficial owner is not subject to backup withholding.

Backup withholding will not apply, however, with respect to payments made to certain beneficial owners of the 2018B Bonds. Beneficial owners of the 2018B Bonds should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations. Under sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the rate of 30% on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest received by the beneficial owners of the 2018B Bonds is not treated as effectively connected income within the meaning of section 864 of the Code, such interest will be subject to 30% withholding, or any lower rate specified in an income tax treaty, unless such income is treated as portfolio interest. Interest will be treated as portfolio interest if: (i) the beneficial owner provides a statement to the payor certifying, under penalties of perjury, that such beneficial owner is not a U.S. person and providing the name and address of such beneficial owner; (ii) such interest is treated as not effectively connected with the beneficial owner's United States trade or business; (iii) interest payments are not made to a person within a foreign country which the IRS has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) interest payable with respect to the 2018B Bonds is not deemed contingent interest within the meaning of the portfolio debt provision; (v) such beneficial owner is not a controlled foreign corporation, within the meaning of section 957 of the Code; and (vi) such beneficial owner is not a bank receiving interest on the 2018B Bonds pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business.

Assuming payments on the 2018B Bonds are treated as portfolio interest within the meaning of sections 871 and 881 of the Code, then no backup withholding under section 1441 and 1442 of the Code and no backup withholding under section 3406 of the Code is required with respect to beneficial owners or intermediaries who have furnished Form W-8BEN, Form W-8BEN-E, Form W-8EXP or Form W-8IMY, as applicable, provided the payor does not have actual knowledge that such person is a U.S. person.

Foreign Account Tax Compliance Act. Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to a foreign financial institution, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act ("FATCA") imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the 2018B Bonds and sales proceeds of 2018B Bonds held by or through a foreign entity. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

Reporting of Interest Payments. Subject to certain exceptions, interest payments made to beneficial owners with respect to the 2018B Bonds will be reported to the IRS. Such information will be

filed each year with the IRS on Form 1099 which will reflect the name, address, and TIN of the beneficial owner. A copy of Form 1099 will be sent to each beneficial owner of a 2018B Bond for U.S. federal income tax purposes.

MUNICIPAL ADVISOR

Urban Futures, Incorporated (the "Municipal Advisor") has acted as Municipal Advisor to the City in conjunction with the issuance of the 2018 Bonds. The Municipal Advisor has assisted the City in preparation of this Official Statement and in other matters related to the planning, structuring, issuance of the 2018 Bonds. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the 2018 Bonds.

The Municipal Advisor has not audited, authenticated or otherwise independently verified the information set forth in the Official Statement, or any other information related to the City with respect to the accuracy or completeness of disclosure of such information. The Municipal Advisor makes no guaranty, warranty or other representation respecting the accuracy or completeness of this Official Statement or any other matter related to this Official Statement.

VERIFICATION OF MATHEMATICAL ACCURACY

Upon delivery of the 2018 Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations, contained in schedules provided to them that were prepared by the Authority, relating to the sufficiency of monies to pay, when due, the principal, whether at maturity or upon prior redemption, interest and redemption premium requirements with respect to the 2013 Bonds. The report of the Verification Agent will include the statement to the effect that the scope of its engagement is limited to verifying the mathematical accuracy of the computations contained in such schedules provided to it, and that it has no obligation to update its report because of events occurring, or date or information coming to its attention, subsequent to the date of its report.

LEGAL MATTERS

The validity of the 2018 Bonds and certain other legal matters are subject to the approving opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority and the City by Michele Beal Bagneris, City Attorney, and by Norton Rose Fulbright US LLP, Los Angeles, California, Disclosure Counsel. Certain matters will be passed upon for the Underwriters by Stradling Yocca Carlson & Rauth, P.C., as counsel to Stifel, Nicolaus & Company, Incorporated and Bank of America Merrill Lynch (collectively, the "Underwriters"). The proposed form of opinion of Bond Counsel is set forth in APPENDIX F hereto. Bond Counsel and Underwriters' Counsel undertake no responsibility for the accuracy, completeness or fairness of this Official Statement.

UNDERWRITING

Pursuant to a Bond Purchase Agreement among the Authority, the City and the Underwriters, the 2018A Bonds are being purchased by the Underwriters at a purchase price equal to \$ _____ (consisting of the principal amount of 2018A Bonds [plus/less] [an/a net] original issue premium of \$ _____ and less an Underwriters' discount of \$ _____) and the 2018B Bonds are being purchased by the Underwriters at a purchase price equal to \$ _____ (consisting of the principal amount of 2018B Bonds less an Underwriters' discount of \$ _____). The Bond Purchase Agreement provides that the Underwriters will purchase all of the 2018 Bonds if any are purchased, the

obligation to make such purchase, if made, being subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval or certain legal matters by counsel, and certain other conditions.

The Underwriters may offer and sell Bonds to certain dealers and others at a price other than the offering price. The offering price may be changed from time to time by the Underwriters.

[Underwriters' Distribution Agreement Language?]

CONTINUING DISCLOSURE

The City has covenanted for the benefit of Bond Owners and beneficial owners of the 2018 Bonds to provide certain financial information and operating data relating to the City by not later than 240 days following the end of the City's fiscal year (currently ending June 30) (the "Annual Report"), commencing with the report for the fiscal year ended June 30, 2018. The City has also agreed in the Continuing Disclosure Agreement to provide notices within 10 business days of the occurrence of certain listed events. See **"APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT."** These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule"). The City is not required to make any voluntary disclosures under the terms of the Continuing Disclosure Agreement.

The Annual Report will be filed by the City with the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Marketplace Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>. Notwithstanding any provision of the Indenture, failure of the City to comply with the requirements of the Rule or the Continuing Disclosure Agreement will not be considered an Event of Default under the Indenture and will not result in the acceleration of the maturity of any 2018 Bond; provided however that the Trustee, may, and in some cases, must, and an Owner or a Beneficial Owner may take such actions as may be necessary and appropriate to cause the City to comply with the disclosure obligations described above. For purposes of the Continuing Disclosure Agreement only, "Beneficial Owner" means any person which has the power, directly or indirectly, to vote or give consent with respect to, or to dispose of ownership of, any 2018 Bond (including persons holding 2018 Bond through any nominees, depositories or other intermediaries). See **"APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT."**

Due to the implementation of a new enterprise resource planning system, the City was 59 days late in filing its unaudited financial statements and its unaudited Water and Power Annual Report for fiscal year 2014-15, and did not file its unaudited Comprehensive Annual Financial Report or its unaudited Water and Power Annual Report but rather filed its audited Comprehensive Annual Financial Report and its audited Water and Power Annual Report when they became available on February 29, 2016. Digital Assurance Certification, L.L.C., will act as dissemination agent under the Continuing Disclosure Agreement.

ADDITIONAL INFORMATION

References made herein to certain documents and reports are brief summaries thereof which do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or the Owners of any of the 2018 Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Authority and the City.

At the time of delivery and payment for the 2018 Bonds, an authorized representative of the Authority and the City will deliver a certificate stating that to the best of his or her knowledge this Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein (excepting therefrom the information contained herein describing DTC, and its book entry system), in the light of the circumstances under which they were made, not misleading. Such certificate will also certify that to the best of his or her knowledge from the date of this Official Statement to the date of such delivery and payment there was no material adverse change in the information set forth herein.

PASADENA PUBLIC FINANCING AUTHORITY

By: _____
Treasurer

APPENDIX A

CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION

APPENDIX B

**CITY OF PASADENA CALIFORNIA AUDITED FINANCIAL
STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

APPENDIX C

CITY OF PASADENA STATEMENT OF INVESTMENT POLICY

APPENDIX D

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

§ _____

Pasadena Public Financing Authority
Lease Revenue Refunding Bonds
(Rose Bowl Renovation Project)

§ _____
Series 2018A
(Tax-Exempt)

§ _____
Series 2018B
(Taxable)

Ladies and Gentlemen:

We have acted as Bond Counsel to the Pasadena Public Financing Authority (the "Authority"), in connection with the issuance of its § _____ Pasadena Public Financing Authority Lease Revenue Refunding Bonds (Rose Bowl Renovation Project), Series 2018A (Tax-Exempt) (the "2018A Bonds") and its § _____ Pasadena Public Financing Authority Lease Revenue Refunding Bonds (Rose Bowl Renovation Project), Series 2018B (Taxable) (the "2018B Bonds" and together with the 2018A Bonds, the "Bonds"). The Bonds are being issued under the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6584) and Article 9 (commencing with Section 53550), Chapter 3, Division 2, Title 5, of the California Government Code (the "Bond Law"), and pursuant to an Indenture, dated as of December 1, 2018 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee").

The Bonds are limited obligations of the Authority secured under the Indenture by a pledge of Revenues and certain other moneys held under the Indenture. The Revenues consist primarily of (i) the Base Rental Payments allocable to the Bonds made by the City of Pasadena (the "City") pursuant to the Sublease, dated as of February 1, 2006, as amended and supplemented, including as amended and supplemented by a Third Amendment to Amended and Restated Sublease, dated as of December 1, 2018 (collectively, the "Sublease"), between the City and the Authority, (ii) any proceeds of Bonds originally deposited with the Trustee and all moneys on deposit in the funds and accounts (other than the Rebate Fund) established under the Indenture, (iii) investment income with respect to such moneys held by the Trustee and (iv) any insurance proceeds or condemnation awards received by or payable to the Trustee relating to the Base Rental Payments. The City has leased certain real property and improvements (the "Leased Property") to the Authority pursuant to the Lease, dated as of February 1, 2006, as amended and supplemented, including as amended and supplemented by a Second Amendment to Amended and Restated Lease, dated as of December 1, 2018 (collectively, the "Lease"), between the City and the Authority. Pursuant to the Indenture, the Authority has assigned to the Trustee, for the benefit of the Owners, certain of the Authority's rights under the Lease and the Sublease, including the right to receive Base Rental Payments under the Lease.

As Bond Counsel, we have examined copies certified to us as being true and complete copies of the proceedings of the Authority and the City in connection with the issuance of the 2018A Bonds including, without limitation, the Indenture, the Lease, the Sublease, and the *Tax Certificate Pertaining to Arbitrage and Other Matters under Sections 103 and 141-150 of the Internal Revenue Code of 1986*, executed and delivered by the Authority and the City in connection with the execution and delivery of the 2018A Bonds (the "Tax Certificate"). We have also examined such certificates of officers of the Authority and the City and others as we have considered necessary for the purposes of this opinion.

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

We have relied on the opinion of Hahn & Hahn LLP, counsel to the Pasadena Tournament of Roses Association (the "Association") regarding, among other matters, (i) the status of the Association as an organization described in section 501(c)(3) of the Code, and (ii) the contemplated use of the Leased Property by the Association as other than in an "unrelated trade or business" of the Association within the meaning of section 513(a) of the Code. We note that such opinion is subject to a number of qualifications and limitations. Failure of the Association to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of its status or otherwise to continue as an organization described in section 501(c)(3) of the Code, or use of the Leased Property in an unrelated trade or business of the Association, may result in interest on the 2018A Bonds being included in gross income for federal income tax purposes from the date of issuance of the 2018A Bonds

Based upon the foregoing, we are of the opinion that:

1. The Bonds constitute valid and binding limited obligations of the Authority as provided in the Indenture, and are entitled to the benefits of the Indenture.

2. The Indenture has been duly and validly authorized, executed and delivered by the Authority and, assuming the enforceability thereof against the Trustee, constitutes the legally valid and binding obligation of the Authority, enforceable against the Authority in accordance with its terms. The Indenture creates a valid pledge, to secure the payment of principal of and interest on the Bonds, of the Revenues and certain other amounts held by the Trustee in certain funds and accounts established pursuant to the Indenture, subject to the provisions of the Indenture permitting the application thereof for other purposes and on the terms and conditions set forth therein.

3. The Lease and Sublease have been duly and validly authorized, executed and delivered by the Authority and the City and constitute the legally valid and binding obligations of the Authority and the City, enforceable against the Authority and the City in accordance with their terms.

4. [Under existing statutes, regulations, rulings and court decisions, and assuming compliance with the covenants mentioned below, interest on the 2018A Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 (the "Code") from the gross income of the owners thereof for federal income tax purposes. We are further of the opinion that under existing statutes, regulations, rulings and court decisions, the 2018A Bonds are not "specified private activity bonds" within the meaning of section 57(a)(5) of the Code and, therefore, that interest on the 2018A Bonds will not be treated as an item of tax preference for purposes of computing the alternative minimum tax imposed by section 55 of the Code. Receipt or accrual of interest on 2018A Bonds owned by a corporation may affect the computation of the alternative minimum taxable income of that corporation. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code will be computed. We are further of the opinion that interest on the 2018 Bonds is exempt from personal income taxes of the State of California under present state law.]

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the 2018A Bonds for interest thereon to be and remain excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Non-compliance with such requirements could cause the interest on the 2018A Bonds to fail to be excluded from the gross income of the owners thereof retroactive to the date of issuance of the 2018A Bonds. Pursuant to the Indenture and in the *Tax Certificate Pertaining to Arbitrage and Other Matters under Sections 103 and 141-150 of the Internal Revenue Code of 1986* being delivered by the Authority and the City in connection with the

issuance of the 2018A Bonds, each of the Authority and the City is making representations relevant to the determination of, and is undertaking certain covenants regarding or affecting, the exclusion of interest on the 2018A Bonds from the gross income of the owners thereof for federal income tax purposes. In reaching our opinions described in the immediately preceding paragraph, we have assumed the accuracy of such representations and the present and future compliance by each of the Authority and the City with such covenants. Further, except as stated in the preceding paragraph, we express no opinion as to any federal or state tax consequence of the receipt of interest on, or the ownership or disposition of, the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequence with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof predicated or permitted upon the advice or approval of other counsel.

We have not examined title to any Leased Property and express no opinion with respect thereto, nor do we express any opinion as to the priority of any liens or security interest created by any document or the State of California or quality of title to any of the real or personal property described in or subject to any lien of the Indenture, the Lease, the Sublease and the Tax Certificate or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property.

The opinions expressed in paragraphs 1 through 3 above are qualified to the extent the enforceability of the Bonds, the Indenture, the Lease, and the Sublease may be limited by applicable bankruptcy, insolvency, debt adjustment, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally or as to the availability of any particular remedy. The enforceability of the Bonds, the Indenture, the Lease, and the Sublease is subject to the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, to the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the limitations on legal remedies against governmental entities in California.

No opinion is expressed herein on the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any fact or circumstance that may hereafter come to our attention or to reflect any change in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of results and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix G concerning DTC and its book-entry system has been obtained from sources that the Authority and the City believe to be reliable, but the Authority and the City take no responsibility for the accuracy thereof.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2018 Bonds. The 2018 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the 2018 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings' rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. The information set forth on these websites is not incorporated by reference herein.

Purchases of 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2018 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2018 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2018 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2018 Bonds, except in the event that use of the book-entry system for the 2018 Bonds is discontinued.

To facilitate subsequent transfers, all 2018 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2018 Bonds with DTC and their

registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2018 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2018 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2018 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2018 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2018 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the 2018 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2018 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2018 Bond certificates are required to be printed and delivered.

The City or the Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2018 Bond certificates will be printed and delivered.