

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2024 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the 2024 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2024 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2024 Bonds. See “TAX MATTERS.”*

[Rose Bowl Logo]

**[\$[PAR AMOUNT]\***  
**PASADENA PUBLIC FINANCING AUTHORITY**  
**Lease Revenue Refunding Bonds**  
**(Rose Bowl Renovation Project),**  
**Series 2024**

**Dated: Date of Delivery**

**Due: June 1, as shown on inside cover.**

The Pasadena Public Financing Authority Lease Revenue Refunding Bonds (Rose Bowl Renovation Project), Series 2024 (the “2024 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 2024 Bonds will not receive physical certificates representing the 2024 Bonds purchased, but will receive a credit balance on the books of the nominees of such purchasers.

The 2024 Bonds are being issued to refund, with certain other funds, [all/a portion] of the Pasadena Public Financing Authority Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2010B (Taxable-Build America Bonds), currently outstanding in the principal amount of \$106,660,000, and to pay costs of issuance of the 2024 Bonds. See “**PLAN OF REFUNDING**” herein.

The 2024 Capital Appreciation Bonds (as defined herein) will not pay interest on a current, periodic basis, but will accrete in value to their maturity value payable only at maturity on June 1 in each of the years and in the amounts set forth on the inside front cover hereof. Ownership interests in the 2024 Capital Appreciation Bonds will be in denominations of \$5,000 of their final accreted value or any integral multiple thereof. Interest on the 2024 Bonds, except the 2024 Capital Appreciation Bonds (the “2024 Current Interest Bonds”) is payable semiannually on June 1 and December 1, commencing June 1, 2025 (the “Interest Payment Dates”). Ownership interests in the 2024 Current Interest Bonds, will be in denominations of \$5,000 and any integral multiple thereof. Principal and accreted value of, premium, if any, and interest on the 2024 Bonds will be paid by U.S. Bank Trust Company, National Association, as trustee (the “Trustee”) to DTC, which in turn will remit such principal and accreted value, premium, if any, and interest to its participants for subsequent disbursement to beneficial owners of the 2024 Bonds as described herein. See “**APPENDIX F—BOOK-ENTRY ONLY SYSTEM**” herein.

The 2024 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, accreted value 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, restated and supplemented (collectively, the “Sublease”). 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 or accreted value at maturity of its lease revenue bonds which are payable on a parity with the 2024 Bonds from Base Rental Payments under the Sublease. See “**SECURITY AND SOURCES OF PAYMENT FOR THE 2024 BONDS**” herein. The Base Rental Payments are subject to abatement as described herein. See “**RISK FACTORS**” herein.

THE 2024 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 AND ACCRETED VALUE OF THE 2024 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 2024 BONDS. THE ISSUANCE OF THE 2024 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 2024 Bonds are subject to redemption prior to maturity as described herein. See “**THE 2024 BONDS—Redemption**” herein.

**Maturity Schedules 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 2024 Bonds will be offered when, as and if issued, subject to the approval of validity by Orrick, Herrington & Sutcliffe 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 Underwriter by Kutak Rock LLP, Counsel to the Underwriter. It is expected that the 2024 Bonds will be delivered through the facilities of DTC on or about \_\_\_\_\_, 2024, in New York, New*

\* Preliminary, subject to change.

*York, against payment therefor.*

[Stifel Logo]

Dated: \_\_\_\_\_, 2024

**MATURITY SCHEDULES**

**\$(PAR AMOUNT)\***  
**PASADENA PUBLIC FINANCING AUTHORITY**  
**Lease Revenue Refunding Bonds**  
**(Rose Bowl Renovation Project),**  
**Series 2024**

\$\_\_\_\_\_ **Current Interest Bonds**

<b>Maturity (June 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP†</b>
	\$	%	%	

\$\_\_\_\_\_ % Term Bond due June 1, 20\_\_\_, Yield \_\_\_\_\_%; CUSIP: \_\_\_\_\_†  
 \$\_\_\_\_\_ % Term Bond due June 1, 20\_\_\_, Yield \_\_\_\_\_%; CUSIP: \_\_\_\_\_†

\$\_\_\_\_\_ **Capital Appreciation Bonds**

<b>Maturity (June 1)</b>	<b>Principal (Denominational) Amount</b>	<b>Yield</b>	<b>Initial Amount per \$5,000 Final Compounded Amount at Maturity Date</b>	<b>Final Compounded Amount at Maturity Date</b>	<b>CUSIP†</b>
	\$	%	%		

\* 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 FactSet Research Systems Inc. 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 Underwriter, or the Municipal Advisor, is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2024 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2024 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 2024 Bonds.

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

Victor M. Gordo, Mayor/Chairman  
Tyron A. L. Hampton, Council Member/Board Member  
Felicia Williams, Council Member/Board Member  
Justin Jones, Council Member/Board Member  
Gene Masuda, Council Member/Board Member  
Jess Rivas, Council Member/Board Member  
Steve Madison, Vice Mayor/Vice Chairman  
Jason Lyon, Council Member/Board Member

**CITY STAFF**

Miguel Márquez, *City Manager*  
Matthew Hawkesworth, *Acting Assistant City Manager/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**

Raphael Henderson, *District 1*  
Aaron Milam, *District 2*  
Doug Kranwinkle, *District 3*  
Steve Haderlein, *District 4, RBOC President*  
Paul Arevalo, *District 5*  
Michael Hurley, *District 6*  
Eileen Williamson, *District 7*  
Pete Angelis, *UCLA Representative*  
Patty Barajas Tavera, *At Large Mayor's Representative*  
Tara L. Newman, *At Large Mayor's Representative*  
Philip Hawkey, *City Manager's Representative*  
Steve Madison, *City Council Representative*  
Craig Washington, *Tournament of Roses Representative*

**RBOC STAFF**

Jens Weiden, *Chief Executive Officer*  
Mo Salama, *Chief Financial Officer*

**BOND COUNSEL**

Orrick Herrington & Sutcliffe LLP  
Los Angeles, California

**DISCLOSURE COUNSEL**

Norton Rose Fulbright US LLP  
Los Angeles, California

**MUNICIPAL ADVISOR**

KNN Public Finance, LLC  
Berkeley, California

**TRUSTEE**

U.S. Bank Trust Company, National Association  
Los Angeles, California

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 Underwriter. 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 2024 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 2024 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 Underwriter. 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 Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does 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.

The 2024 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in the Act. The 2024 Bonds have not been registered or qualified under the securities laws of any state.

## Table of Contents

	Page
OFFICIAL STATEMENT .....	1
INTRODUCTION.....	1
General .....	1
The Authority .....	1
Purpose of the 2024 Bonds.....	1
Authority for Issuance.....	2
Sources of Payment for the 2024 Bonds.....	2
Bonds Constitute Limited Obligations; Lease Not Debt.....	2
Abatement .....	3
The City.....	3
Description of the 2024 Bonds.....	3
Continuing Disclosure.....	3
Summaries Not Definitive.....	3
Other Information.....	4
THE ROSE BOWL .....	4
THE 2024 BONDS.....	6
General .....	6
Redemption .....	6
SECURITY AND SOURCES OF PAYMENT FOR THE 2024 BONDS .....	9
Limited Obligation .....	9
Existing Parity Obligations .....	9
Covenant to Appropriate Funds for Rental Payments.....	11
Action on Default, No Acceleration of Base Rental Payments.....	11
Base Rental Payments .....	11
Additional Payments .....	11
Insurance .....	12
Additional Bonds .....	12
Substitution, Removal and Addition of Leased Property.....	12
No Reserve Fund.....	12
Rose Bowl Historical Operating Revenues.....	12
Projection of Certain Rose Bowl Operating Revenues and Expenses .....	16
PLAN OF REFUNDING .....	18
ESTIMATED SOURCES AND USES OF FUNDS.....	18
DEBT SERVICE.....	19
THE LEASED PROPERTY .....	20
RISK FACTORS.....	20
General Considerations – Lease Obligation Not a Tax Pledge .....	20
Sublease Has No Limit on Additional Obligations; City Has No Limit on Other General Fund Lease Obligations .....	20
Abatement .....	21
City Pension and OPEB Obligations.....	21
Seismic Considerations .....	22

Limited Recourse on Default .....	22
No Acceleration Upon Default.....	23
Certain Risks Associated with Sales Tax and Other Local Tax Revenues .....	23
Assessed Value of Taxable Property.....	23
Bankruptcy .....	24
Existing Constitutional and Statutory Limits on Municipalities; Future Change in Law .....	25
Risks to Revenues from Rose Bowl Operations .....	25
Economic Conditions in the State of California.....	26
Loss of Tax Exemption for the 2024 Bonds .....	26
Cybersecurity .....	27
Climate Issues .....	27
Public Health Emergencies .....	28
Other Factors.....	29
THE AUTHORITY.....	29
Organization and Membership .....	29
Powers .....	29
THE CITY.....	29
RATING.....	30
FINANCIAL STATEMENTS .....	30
LITIGATION .....	30
TAX MATTERS .....	30
MUNICIPAL ADVISOR.....	33
LEGAL MATTERS .....	33
UNDERWRITING.....	33
CONTINUING DISCLOSURE .....	33
ADDITIONAL INFORMATION.....	34
APPENDIX A – CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION.....	A-1
APPENDIX B – CITY OF PASADENA CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023.....	B-1
APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS .....	C-1
APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT.....	D-1
APPENDIX E – FORM OF OPINION OF BOND COUNSEL .....	E-1
APPENDIX F – BOOK-ENTRY ONLY SYSTEM .....	F-1
APPENDIX G – ACCRETED VALUE TABLE FOR 2024 CAPITAL APPRECIATION BONDS .....	G-1

[THIS PAGE INTENTIONALLY LEFT BLANK]



## OFFICIAL STATEMENT

**[\$[PAR AMOUNT]]\***  
**PASADENA PUBLIC FINANCING AUTHORITY**  
**Lease Revenue Refunding Bonds**  
**(Rose Bowl Renovation Project),**  
**Series 2024**

### 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 2024 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 C – 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 \$[PAR AMOUNT]\* Pasadena Public Financing Authority Lease Revenue Refunding Bonds (Rose Bowl Renovation Project), Series 2024 (the “2024 Bonds”), consisting of \$[ ]\* aggregate principal amount of current interest bonds (the “2024 Current Interest Bonds”) and \$[ ]\* aggregate principal (denominational) amount of capital appreciation bonds (the “2024 Capital Appreciation Bonds”). All of the 2024 Bonds except for the 2024 Capital Appreciation Bonds will be issued as current interest bonds (the “2024 Current Interest 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 2024 Bonds**

The 2024 Bonds are being issued to refund and redeem, with certain other funds, [all or a portion] of the Pasadena Public Financing Authority Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2010B (Taxable-Build America Bonds), currently outstanding in the principal amount of \$106,660,000 (the “2010B Bonds”), and pay costs of issuance of the 2024 Bonds. See “**PLAN OF REFUNDING**” herein.

---

\* Preliminary, subject to change.

## **Authority for Issuance**

The 2024 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 a Bond Indenture, dated as of November 1, 2024 (the “Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, Los Angeles, California, as trustee (the “Trustee”).

## **Sources of Payment for the 2024 Bonds**

The City has leased the Rose Bowl Stadium (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 Third Amendment to Amended and Restated Lease, dated as of November 1, 2024 (collectively, the “Lease”), between the City and the Authority, and the Authority has subleased the Leased Property to the City pursuant to a Sublease, dated as of February 1, 2006, as amended, restated and supplemented, including as amended and supplemented by a Fourth Amendment to Amended and Restated Sublease, dated as of November 1, 2024 (collectively, the “Sublease”), by and between the Authority and the City. The City is required under the Sublease 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 or accreted value of, premium, if any, and interest on the 2024 Bonds, as well as the principal, premium, if any and interest on approximately \$[ ] aggregate principal amount and, as applicable, accreted value at maturity, 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 2024 BONDS – Rose Bowl Historical Operating Revenues**” herein.

## **Bonds Constitute Limited Obligations; Lease Not Debt**

The 2024 Bonds are limited obligations of the Authority payable solely from Revenues, consisting primarily of Base Rental Payments to be made by the City under the Sublease, and amounts on deposit in certain funds and accounts held under the Indenture. The 2024 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 or accreted value of the 2024 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 or accreted value of or the interest on the 2024 Bonds. The issuance of the 2024 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 Flintridge 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 ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023”** herein.

### **Description of the 2024 Bonds**

The 2024 Capital Appreciation Bonds will be issued as fully-registered bonds without coupons in denominations of \$5,000 of the final maturity value each, or any integral multiple thereof. The 2024 Current Interest Bonds will be issued as fully-registered current interest bonds without coupons in denominations of \$5,000 each, or any integral multiple thereof. The 2024 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 2024 Bonds. See **“APPENDIX F – BOOK-ENTRY ONLY SYSTEM”** herein. Interest on the 2024 Current Interest Bonds is payable semiannually each June 1 and December 1, commencing June 1, 2025. Principal or accreted value of the 2024 Bonds is payable on June 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 2024 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 D – FORM OF CONTINUING DISCLOSURE AGREEMENT”** herein.

### **Summaries Not Definitive**

Brief descriptions of the 2024 Bonds, the security and sources of payment for the 2024 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 2024 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 2024 Bonds are available from the Director of Finance, City of Pasadena, 100 North Garfield Avenue, Room S348, Pasadena, California 91109; 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 Pasadena Tournament of Roses Association Rose Bowl Game® (the “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 approximately 88,500. The Rose Bowl also has a safe standing area with a capacity of approximately [ ]. 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 public benefit corporation established by the City to oversee operation and management of the Rose Bowl Stadium (“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 (the “TOR 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 has historically been 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 seating, 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 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. Pursuant to the TOR 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 (the "UCLA 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. Generally, the UCLA Agreement 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. Pursuant to the UCLA 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.

[Under the agreements with TOR and UCLA briefly summarized above, increases of net revenue for the RBOC attributable to a \$182 million renovation projection completed in 2017 would be distributed to UCLA and the TOR, with 25% of that net revenue distributed to each of them and the remaining 50% being retained by the RBOC for future capital improvements. Such distributions are not pledged in any manner to secure the 2024 Bonds under the Indenture. No such distributions were made under the agreements in the five fiscal years ended June 30, 2023.]

In 2010, RBOC and IMG College ("IMG"), a leading U.S. college media rights management company, executed a contract that granted 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 had a 15-year term, commencing July 1, 2011 and extending through [month] 2026, and provided a minimum guaranteed series of payments that totaled \$36.1 million over the term, provided certain conditions were met. The contract also included a revenue sharing provision in the event that certain revenue benchmarks were met. The IMG contract was terminated effective August 31, 2024, and a new contract has been entered into with JMIS College, LLC ("JMIS") granting JMIS substantially the same rights as IMG. The contract with JMIS extends through June 30, 2035, and provides for an annual rights fees of the greater of: (1) a minimum guaranteed series of payments per contract year that total of approximately \$47 million over the contract term; or (2) an amount equal to forty-eight percent (48%) of gross revenue for the contract year.

RBOC has also executed a professional services contract with Legends Hospitality ("Legends") for premium seating sales services. The contract has a 15-year term, which extends through 2025, and provides payments to 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 festivals 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. The agreement was updated in 2021 to provide for up to ten (10) music festival dates annually with an annual minimum guaranteed payment of \$3 million per contract year for an initial five-year term with four one-year renewal terms subject to a 3% annual escalator. The minimum guaranteed series of payments over the nine-year contract term total approximately \$27.9 million. The contract term expires in December 2029.

RBOC also signed an agreement with AEG in 2018 to host 1-2 soccer games for the next 10 years. The City projects that these additional soccer games will generate approximately \$3 to \$6 million over the proposed 10-year period.

RBOC recently entered into a long-term management agreement with Troon Golf, LLC to operate the Brookside Golf Course for a ten-year term with one ten-year renewal term. The City projects that the management agreement will generate approximately \$2 million per year over the potential 20 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 2024 BONDS—Rose Bowl Historical Operating Revenues.”**

## **THE 2024 BONDS**

### **General**

The 2024 Bonds will be dated their date of delivery and will be issued in fully registered form, without coupons. The 2024 Capital Appreciation Bonds will be issued as fully-registered bonds without coupons in denominations of \$5,000 of their final accreted value each, or any integral multiple thereof. The 2024 Current Interest Bonds will be issued as fully-registered current interest bonds without coupons in denominations of \$5,000 or any integral multiple thereof.

The 2024 Bonds will be initially registered in the name of “Cede & Co.,” as nominee of DTC, which has been appointed depository for the 2024 Bonds, and registered ownership may not thereafter be transferred except as provided in the Indenture. See **“APPENDIX F – BOOK-ENTRY ONLY SYSTEM”** herein.

Principal and accreted value of and premium, if any, on the 2024 Bonds will be paid by the Trustee at maturity or redemption to DTC, which in turn will remit such principal and accreted value of and premium, if any, to its participants for subsequent disbursement to beneficial owners of the 2024 Bonds as described herein. See **“APPENDIX F – BOOK-ENTRY ONLY SYSTEM”** herein. The approximate accreted value of the 2024 Capital Appreciation Bonds is set forth in the Accreted Value Table attached hereto as Appendix G. Interest on the 2024 Current Interest Bonds will be payable semiannually on June 1 and December 1, commencing June 1, 2025, to DTC in the same manner as described in the preceding sentence. Interest and accreted value on the 2024 Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

### **Redemption**

**2024 Current Interest Bonds - Optional Redemption.** The 2024 Current Interest Bonds maturing on or before June 1, 20\_\_ are not subject to redemption prior to their respective stated maturities. The

2024 Current Interest Bonds maturing on or after June 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 June 1, 20\_\_ at the redemption price of 100% of the principal amount of the 2024 Current Interest Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

**2024 Capital Appreciation Bonds – Optional Redemption.** The 2024 Capital Appreciation Bonds maturing on or after June 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 among maturities on such basis as shall be designated by the Authority and by lot within a maturity on any date after June 1, 20\_\_, at a price equal to 100% of the Accreted Value thereof as of the date of redemption, without premium.

**Sinking Account Redemption.** The 2024 Current Interest Bonds maturing on June 1, 20\_\_ (the “20\_\_ Term Bonds”) are subject to mandatory redemption, in part by lot, from sinking account payments set forth in the following schedule commencing on June 1, 20\_\_ at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; provided, however, that in lieu of redemption thereof, such 20\_\_ Term Bonds may be purchased by the Authority and tendered to the Trustee.

**Schedule of Mandatory Sinking Account Payments  
2024 Current Interest Bonds Maturing June 1, 20\_\_**

<b>Redemption Date (<u>June 1</u>)</b>	<b>Principal <u>Amount</u></b>
*	\$

---

\* Maturity

The 2024 Current Interest Bonds maturing on June 1, 20\_\_ (the “20\_\_ Term Bonds”) are subject to mandatory redemption, in part by lot, from sinking account payments set forth in the following schedule commencing on June 1, 20\_\_ at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; provided, however, that in lieu of redemption thereof, such 20\_\_ Term Bonds may be purchased by the Authority and tendered to the Trustee.

**Schedule of Mandatory Sinking Account Payments  
2024 Current Interest Bonds Maturing June 1, 20\_\_**

<b>Redemption Date (<u>June 1</u>)</b>	<b>Principal <u>Amount</u></b>
*	\$

---

\* Maturity

**Special Mandatory Redemption.** The 2024 Bonds are subject to redemption on any date prior to their respective stated maturities, as a whole or in part by lot, from payments made by the City from funds received by the City due to a taking of the Leased Property or portions thereof under the power of

eminent domain, from the net proceeds of insurance received for material damage to or destruction of the Leased Property or portions thereof under the circumstances and upon the conditions and terms prescribed in the Indenture and Sublease, or from the proceeds of title insurance in the event of defective title to the Leased Property as provided for in the Sublease, at a redemption price equal to the sum of the principal amount thereof, without premium, plus accrued interest thereon to the redemption date.

***Selection of 2024 Bonds for Redemption.*** Pursuant to the Indenture, upon surrender of any 2024 Bond redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the registered owner thereof, at the expense of the Authority, a new 2024 Bond or 2024 Bonds of Authorized Denominations and of the same maturity, equal in aggregate principal amount to the unredeemed portion of the 2024 Bond surrendered. The 2024 Bonds shall be redeemed only in Authorized Denominations.

Whenever provision is made in the Indenture for the redemption of less than all of the 2024 Bonds, the Trustee shall select the 2024 Bonds to be redeemed, in the Authorized Denominations, by lot, in any manner which the Trustee in its sole discretion shall deem appropriate and fair. The Trustee shall promptly notify the Authority and the City in writing of any redemption of the 2024 Bonds or portions thereof so selected for redemption. The selection of the Bonds shall be at such time as determined by the Trustee.

***Notice of Redemption.*** Notice of redemption shall be mailed by first-class mail by the Trustee, not less than 20 nor more than 60 days prior to the date fixed for redemption, to the respective Holders of any 2024 Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee. Each notice of redemption shall state the date of such notice, the date of original issuance of the 2024 Bonds, the date fixed for redemption, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number, if any, of the 2024 Bonds, to be redeemed and, in the case of 2024 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on said 2024 Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a 2024 Bond to be redeemed in part only, and that from and after such date, interest on such 2024 Bond (or the portion thereof to be redeemed) shall cease to accrue, and shall require that such 2024 Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice.

Failure by the Trustee to mail notice of redemption pursuant to the Indenture to any one or more of the Holders of any 2024 Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Holder or Holders to whom such notice was mailed.

[Any notice given pursuant to the Indenture may be conditional and may be rescinded by written notice given to the Trustee by the Authority at the direction of the City no later than five Business Days prior to the date specified for redemption. The Trustee shall give notice of such rescission, as soon thereafter as practicable, in the same manner, to the same persons, as notice of such redemption was given pursuant to the Indenture.]

If DTC or its nominee is the registered owner of any 2024 Bond to be redeemed, notice of redemption will be given to DTC or its nominee as the registered owner of such 2024 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 2024 Bond to be redeemed shall not affect the validity of the redemption of such 2024 Bond.



***Effect of Redemption.*** The Indenture provides that if notice of redemption has been duly given and money for payment of the principal and accreted value of, premium, if any, and interest accrued to the redemption date of the 2024 Bonds (or portions thereof) called for redemption has been transferred to the Trustee, then on the redemption date designated in such notice, the 2024 Bonds so called for redemption will become due and payable and from and after the redemption date, interest on the 2024 Bonds (or portions thereof) so called for redemption will cease to accrue and the Holders of such 2024 Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

***Rescission or Cancellation of Redemption.*** The Trustee shall rescind any redemption by notice of rescission if directed in writing to do so by the Authority pursuant to the Indenture, and 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. 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 2024 BONDS**

### **Limited Obligation**

THE 2024 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM REVENUES, CONSISTING PRIMARILY OF BASE RENTAL PAYMENTS TO BE MADE BY THE CITY UNDER THE SUBLEASE AND FROM AMOUNTS ON DEPOSIT IN CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURE. THE 2024 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 OR ACCRETED VALUE OF THE 2024 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 OR ACCRETED VALUE OF OR THE INTEREST ON THE 2024 BONDS. THE ISSUANCE OF THE 2024 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 aggregate accreted value at maturity of \$11,588,264.85 with stated maturity dates from March 1, 2027 through March 1, 2033; (ii) the 2010B Bonds, currently outstanding in the principal amount of \$106,660,000 with stated maturity dates on March 1, 2033 and March 1, 2043 (the "2010B Bonds"); (iii) the Pasadena Public Financing Authority Lease Revenue Bonds (Rose Bowl Renovation Project), Series 2010D (Taxable-Recovery Zone Economic Development Bonds), currently

outstanding in the principal amount of \$7,400,000 with a stated maturity date of March 1, 2043 (the “2010D Bonds” and together with the 2010A Bonds and the 2010B Bonds, the “2010 Bonds”); (iv) the Pasadena Public Financing Authority Lease Revenue Refunding Bonds (Rose Bowl Renovation Project), Series 2016A currently outstanding in the amount of \$13,320,000 with stated maturity dates from April 1, 2025 to April 1, 2027 (the “2016 Bonds”), (v) the Pasadena Public Financing Authority Lease Revenue Refunding Bonds (Rose Bowl Renovation Project), Series 2018A (Tax-Exempt) currently outstanding in the amount of \$30,585,000 with stated maturity dates from December 1, 2027 through December 1, 2042 (the “2018A Bonds”), and (vi) the Pasadena Public Financing Authority Lease Revenue Refunding Bonds (Rose Bowl Renovation Project), Series 2018B (Taxable) currently outstanding in the amount of \$4,720,000 with stated maturity dates from December 1, 2024 through December 1, 2027 (the “2018B Bonds” and, together with the 2018A Bonds, the “2018 Bonds”). The 2010 Bonds, the 2016 Bonds and the 2018 Bonds are referred to herein collectively as “Existing Parity Obligations.” As noted, [all or a portion of] the 2010B Bonds will be refunded and redeemed with the proceeds of the 2024 Bonds offered hereby. See **“PLAN OF REFUNDING”** herein.

As permitted by their terms, the Lease and Sublease have been amended for the purpose of issuing the 2024 Bonds on a parity with the 2010 Bonds, the 2016 Bonds and the 2018 Bonds. The indentures for the 2010 Bonds, the 2016 Bonds and the 2018 Bonds are separate from the Indenture for the 2024 Bonds and the funds and accounts established under each indenture separately secure the 2010 Bonds, the 2016 Bonds, the 2018 Bonds and the 2024 Bonds, respectively. Amounts payable by the City under the Sublease, including the Base Rental Payments, secure the 2010 Bonds, the 2016 Bonds, the 2018 Bonds and the 2024 Bonds on an equal basis. The reserve fund established under the separate indenture for the 2010 Bonds is not available for the payment of the 2024 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 – CITY FINANCIAL INFORMATION — 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 2031, 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 ending September 30, 2024 through 2031, the direct subsidy payments are currently reduced by 5.7% due to the Sequester Cuts. 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 5.7% 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. See “RISK FACTORS – Abatement” herein.

### **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 C – 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 or accreted value of and interest on the 2024 Bonds due on the following June 1 and December 1, respectively.

Pursuant to the Indenture, on or before each Interest 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 or accreted value in respect of the 2024 Bonds. See “APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Indenture – Revenues; Flow of Funds” herein.

Debt Service on the Existing Parity Obligations and the 2024 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 2024 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 2024 Bonds or of the Indenture; but not including in such Additional Payments amounts required to pay the principal or accreted value of or interest on the 2024 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 2024 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 C – 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 – THE CITY – 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 C – 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 C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – The Sublease"**).

## **No Reserve Fund**

The Authority will not establish a reserve fund for the 2024 Bonds.

## **Rose Bowl Historical Operating Revenues**

Although not pledged as security for the 2024 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, JMIS, Legends, Troon Golf, LLC, AEG, a concessionaire and others (see **"THE ROSE BOWL—Rose Bowl Operations"**). The following table describes certain revenues received by the City from Rose Bowl operations for the past five fiscal years.

**The Rose Bowl operation revenues are not pledged as security for the 2024 Bonds under the Indenture and neither the City or the Authority undertake any obligation to update the following**

**information.** While the net revenues received from the Rose Bowl operations have historically been sufficient to pay all or a substantial portion of payments due under the Sublease, this was not the case for a period during the COVID-19 pandemic. During that period, the RBOC was unable to host large-scale events due to public health restrictions related to the pandemic. As a result, revenue declined. In response, the City (via the annual adopted operating budget) contributed \$11.5 million in fiscal year 2020-21 and \$10 million in fiscal year 2021-22 from its General Fund reserves to relieve corresponding portions of RBOC’s obligations to the City. See “**SECURITY AND SOURCES OF PAYMENT FOR THE 2024 BONDS – Existing Parity Obligations**” herein.

**Historical Revenues and Expenses for the  
Fiscal Years Ending June 30,  
(dollar amounts in thousands)**

Revenue Sources	2020	2021	2022	2023	2024 <sup>(1)</sup>
<b>Revenue</b>					
Operating Revenue					
License Fee/Rent/Maint. User Fee <sup>(2)</sup>	\$ 7,607	\$ 3,989	\$ 7,378	\$12,485	\$11,663
Ticket Surcharge (Admissions Tax) <sup>(2)</sup>	327	-	377	1,011	1,323
Rebate (Net) <sup>(2)</sup>	377	-	3	1,054	4,234
Concessions (Net) <sup>(2)</sup>	2,509	230	2,266	3,124	5,727
Novelties (Net) <sup>(2)</sup>	67	-	38	53	742
Parking/Shuttle (Net) <sup>(2)</sup>	2,626	12	2,127	3,813	6,981
Advertising/Sponsorship (Net) <sup>(2)</sup>	3,169	830	3,370	3,473	3,560
Premium Seating (Net) <sup>(2)</sup>	5,647	(74)	5,837	5,977	6,640
TV/Miscellaneous <sup>(2)</sup>	-	-	-	-	-
Operating Revenue – Total	<u>\$22,327</u>	<u>\$ 4,987</u>	<u>\$21,396</u>	<u>\$30,989</u>	<u>\$40,870</u>
Other Revenues	1,184	1,444	1,517	2,263	1,915
<b>Revenue – Total</b>	<u>\$23,511</u>	<u>\$ 6,431</u>	<u>\$22,913</u>	<u>\$33,253</u>	<u>\$42,785</u>
<b>Expenses</b>					
Event Expenses (Net of Billable Costs Recovery)	\$ 7,541	\$ 1,321	\$ 7,081	\$12,502	\$18,558
Operating Expenses					
Executive	1,267	1,116	1,456	661	912
Human Resources	430	371	689	939	803
Finance	663	669	719	911	1,017
Event Management	366	336	422	432	606
Corporate Communications	166	101	179	194	376
Field Operations	528	222	296	384	408
Administration	29	14	0	193	108
Stadium Operations	624	386	563	615	678
Facility Maintenance	2,944	2,518	3,260	2,949	3,670
Pavilion Operations	783	344	457	509	537
Marketing	536	631	927	955	1,230
Legacy	402	314	410	449	652
Abatements	75	75	75	75	75
Other Non-Reimbursable Costs	220	96	(2)	(51)	-
Operating Expenses - Total	<u>\$ 9,034</u>	<u>\$ 7,190</u>	<u>\$ 9,450</u>	<u>\$ 9,215</u>	<u>\$11,071</u>
<b>Expenses – Total</b>	<u>\$16,575</u>	<u>\$ 8,512</u>	<u>\$16,531</u>	<u>\$21,716</u>	<u>\$29,629</u>
<b>Operating Income/(Loss) Before Golf Course/Debt Service</b>	\$ 6,936	\$ (2,080)	\$ 6,382	\$11,536	\$13,157
Add: Transfer from Golf Course - <sup>(3)</sup>	892	1,509	2,331	2,214	2,175
Add: City Contributions	-	11,448	9,258	-	-
Less: Reserves <sup>(4)</sup>	-	(1,500)	(3,865)	(3,232)	(3,875)
Less: Debt Service <sup>(5)</sup>	(10,947)	(11,448)	(12,158)	(13,332)	(11,457)
<b>Adjusted Income/(Loss) After Golf Course/Debt Service - <sup>(6)</sup></b>	<u>\$ (3,119)</u>	<u>\$ (2,072)</u>	<u>\$ 1,948</u>	<u>\$ (2,813)</u>	<u>\$ 0</u>

<sup>(1)</sup> Unaudited.

- (2) Key fluctuations are due to changes in event mix - concerts, soccer games, and other enterprise (formerly minor) events
  - (3) Reflects amounts available from golf course operations.
  - (4) [Reserve policy for [operations, capital and preventive maintenance]. Fiscal year 2023-24 and forward capital reserve will be from operating net income.]
  - (5) Debt service on Existing Parity Obligations.
  - (6) Does not include surplus distribution (if any) and capital contribution (legacy/concessionaire), etc.
- Source: RBOC.

In fiscal years ending June 30, 2020 through 2022, public health restrictions during the COVID-19 pandemic reduced opportunities to hold major events at the Rose Bowl. During that period, unavoidable expenses were absorbed through operating cash balances. In addition, the City relieved RBOC of a portion of its payment obligations to the City, as discussed above.

## Projection of Certain Rose Bowl Operating Revenues and Expenses

Set forth below are projections prepared by RBOC for the City showing estimated revenues and expenses for Rose Bowl operations for the five fiscal years ending June 30, 2029.

### Projected Revenues and Expenses for the Fiscal Years Ending June 30,

Fiscal Year:	2025	2026	2027	2028	2029
<b>Revenue Sources</b>					
<b>Revenue</b>					
Operating Revenue					
License Fee/Rent/Maint. User Fee <sup>(1)</sup>	\$10,962	\$12,627	\$12,889	\$13,108	\$12,474
Ticket Surcharge (Admissions Tax)	1,286	1,761	1,702	1,868	1,202
Rebate	2,384	3,615	3,325	3,835	1,974
Concessions (Net)	4,254	5,542	5,459	5,845	3,985
Novelties (Net)	311	344	348	354	325
Parking/Shuttle (Net)	5,597	7,382	7,104	7,547	4,942
Advertising/Sponsorship (Net)	3,670	3,780	3,893	4,010	4,131
Premium Seating (Net)	7,003	7,638	7,535	7,290	6,781
TV/Miscellaneous	-	-	-	-	-
Operating Revenue - Total	\$35,467	\$42,687	\$42,255	\$43,856	\$35,814
Other Revenue – Total	3,888	4,487	4,612	4,741	4,839
<b>Revenue – Total</b>	\$39,355	\$47,174	\$46,868	\$48,597	\$40,653 <sup>(2)</sup>
<b>Expenses</b>					
Event Expenses (Net of Billable Costs Recovery)	\$15,006	\$20,030	\$19,695	\$21,435	\$13,524
Operating Expenses					
Executive	1,089	1,150	1,216	1,288	1,365
Human Resources	955	1,004	1,057	1,113	1,173
Finance	1,193	1,228	1,265	1,302	1,341
Event Management	703	723	848	978	1,006
Corporate Communications	542	558	575	592	610
Field Operations	565	582	599	617	636
Administration	306	316	325	335	345
Stadium Operations	696	717	738	760	783
Facility Maintenance	4,119	4,345	4,475	4,609	4,852
Pavilion Operations	715	737	759	782	806
Marketing	1,303	1,342	1,382	1,423	1,465
Legacy	745	767	789	812	836
Abatements	75	75	75	75	75
Other Non-Reimbursable Costs	1,492	1,536	1,582	1,630	1,679
Operating Expenses – Total	\$14,499	\$15,080	\$15,686	\$16,316	\$16,972
<b>Expenses – Total</b>	\$29,504	\$35,110	\$35,381	\$37,751	\$30,496
<b>Operating Income/(Loss) Before Golf Course/Debt Service</b>	\$ 9,851	\$12,064	\$11,487	\$10,846	\$10,157
Add: Transfer from Golf Course - <sup>(3)</sup>	2,508	3,167	4,349	4,813	5,591
Add: City Contributions	-	-	-	-	-
Less: Reserves <sup>(4)</sup>	(413)	(1,710)	(1,905)	(1,321)	(1,032)
Less: Debt Service <sup>(5)</sup>	(13,116)	(13,521)	(13,931)	(14,338)	(14,715)
<b>Adjusted Income/(Loss) After Golf Course/Debt Service <sup>(6)</sup></b>	\$ (1,170)	\$ 0	\$ 0	\$ 0	\$ 0

<sup>(1)</sup> Key fluctuations are due to changes in event mix - concerts, soccer games, and other enterprise (formerly minor) events.



<sup>(2)</sup> [ ]]

<sup>(3)</sup> Reflects projected amounts from golf course operations. For fiscal year 2025-26 and forward, assumes additional revenues from proposed expansion of golf facilities, including new miniature golf facilities.]

<sup>(4)</sup> [Reserve policy for [operations, capital and preventive maintenance]. Fiscal year 2023-24 and forward capital reserve will be from operating net income.]

<sup>(5)</sup> Debt service on Existing Parity Obligations.

<sup>(6)</sup> 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 2024 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

Proceeds of the 2024 Bonds will be deposited with U.S. Bank Trust Company, National Association, as trustee for the 2010B Bonds (the “2010 Trustee”), pursuant to the indenture for the 2010 Bonds (the “2010 Indenture”). Amounts so deposited will be sufficient to pay on the date of issuance of the 2024 Bonds the redemption price of the 2010B Bonds being refunded plus, in each case, accrued interest to the redemption date on such 2010B Bonds to be redeemed.

Pursuant to the 2010 Indenture, at the written request of the Authority, the redemption price of the 2010B Bonds to be redeemed at the option of the Authority will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the Authority at the Authority’s expense to calculate such redemption price. Under the 2010 Indenture, the Authority and the Trustee may conclusively rely on the determination of such redemption prices by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

[Description of escrow and verification, if applicable.]

Upon issuance of the 2024 Bonds, amounts in the debt service reserve fund for the 2010 Bonds (the “2010 Reserve Fund”) will be transferred to pay a portion of the redemption price of the refunded 2010B Bonds, and the reserve fund requirement for the 2010 Reserve Fund at such time will be satisfied instead with other City funds.

### ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the 2024 Bonds are as follows:

Sources of Funds	
Principal Amount of Bonds	\$
[Net] Original Issue Premium/(Discount)	
Transfer from 2010 Reserve Fund	
Total Sources	\$ _____
Uses of Funds	
Redemption of Refunded 2010B Bonds	\$
Costs of Issuance <sup>(1)</sup>	
Total Uses	\$ _____

<sup>(1)</sup> Costs of issuance include underwriter’s discount, fees and expenses for Bond Counsel, Disclosure Counsel, Municipal Advisor, and Trustee, printing expenses, rating fees and other costs related to the issuance of the 2024 Bonds.

**DEBT SERVICE**

Set forth below are the principal or accreted value of, interest and total debt service requirements for the 2024 Bonds and Existing Parity Obligations, excluding the 2010B Bonds to be refunded, and assuming no redemptions:

Fiscal Year	Existing Parity Obligations	2024 Current Interest Bonds Principal	2024 Current Interest Bonds Interest	2024 Capital Appreciation Bonds Accreted Value	Total
2025	\$ [ ]	\$	\$	\$	\$
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
Total	\$ [ ]	\$	\$	\$	\$

## **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 real property and/or improvements 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 C – 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 2024 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 2024 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 June 30, 2024 the City had outstanding approximately \$128 million of taxable pension bonds, \$42 million of Certificates of Participation, and \$3 million of equipment leasing arrangements directly paid by the General Fund. See “**SECURITY AND SOURCES OF PAYMENT FOR THE 2024 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 – CITY FINANCIAL 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 moneys in 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 2024 Bonds, there could be insufficient funds to make payments to Owners in full.

It is not always possible to predict the circumstances under which abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the lease or at the time of the abatement. If the latter, the value of the Leased Property could be substantially higher or lower than its value at the time of the issuance of the 2024 Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the 2024 Bonds.

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 C – 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, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting of the Leased Property. The Rose Bowl is subject to restrictive covenants limiting the use of the Leased Property to a public park. 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, accreted value and interest payments on the 2024 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 2024 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 2024 Bonds from federal income taxation or the exemption of interest on the 2024 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.

## **Certain Risks Associated with Sales Tax and Other Local Tax Revenues**

For the past several Fiscal Years, sales and use tax revenues have been among the largest sources of General Fund revenues to the City. See **"APPENDIX A – CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION."**

Sales and use tax revenues are based upon the gross receipts of retail sales of tangible goods and products by retailers with taxable transactions in the City, which could be impacted by a variety of factors. For example, in times of economic recession, the gross receipts of retailers often decline, and such a decline would cause the sales tax revenues received by the City to decline. See **"APPENDIX A – CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION."**

Many categories of transactions are exempt from the Statewide sales tax, and additional categories could be added in the future. Currently, most sales of food products for human consumption are exempt; this exemption, however, does not apply to liquor or to restaurant meals. The rate of sales tax levied on taxable transactions in the City or the fee charged by the California Department of Tax and Fee Administration for administering the City's sales tax could also be changed.

## **Assessed Value of Taxable Property**

Property taxes are currently among the largest sources of the City's General Fund revenues. Natural and economic forces can affect the assessed value of taxable property within the City. The City is located in a seismically active region, and damage from an earthquake in or near the area could cause extensive damage to taxable property. Other natural or manmade disasters, such as floods (which areas in and around the City experienced in 2023), fire, wildfire, ongoing drought, toxic dumping, erosion, civil unrest or acts of terrorism, could cause a reduction in the assessed value of taxable property within the City. See the captions "– Seismic Considerations" above and "– Climate Considerations" and "– Other Factors" below.

In addition, economic and market forces, such as a downturn in the regional economy, could affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets as has been experienced in the past. Total assessed values could also be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

Reductions in the market values of taxable property may cause property owners to appeal assessed values and may also be associated with an increase in delinquency rates for property taxes. Section 2(b) of Article XIII A of the State Constitution and Section 51 of the State Revenue and Taxation Code, which were adopted pursuant to Proposition 8 in 1978, require the County assessor to annually enroll either a property's adjusted base year value (the "Proposition 13 Value") or its current market value, whichever is less. When the current market value replaces the higher Proposition 13 Value on the assessor's roll, such lower value is referred to as the "Proposition 8 Value."

Although the annual increase for a Proposition 13 Value is limited to no more than 2%, the same restriction does not apply to a Proposition 8 Value. The Proposition 8 Value of a property is reviewed annually as of January 1; the current market value must be enrolled as long as the Proposition 8 Value falls below the Proposition 13 Value. Thus, any subsequent increase or decrease in market value is enrolled regardless of any percentage increase or decrease. Only when a current Proposition 8 Value exceeds the Proposition 13 Value attributable to a piece of property (adjusted for inflation) does a county assessor reinstate the Proposition 13 Value.

Decreases in the assessed value of taxable property within the City resulting from a natural disaster or other calamity, economic recession, reclassification by ownership or use or as a result of the implementation of Proposition 8 all may have an adverse impact on property tax collections by the City, and consequently, the General Fund revenues that are available to make Base 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 2024 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 2024 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 California 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 2024 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 2024 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 2024 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 2024 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 2024 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 **“APPENDIX A – CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION – CONSTITUTIONAL AND STATUTORY LIMITS ON TAXES, REVENUES AND APPROPRIATIONS.”**

Similarly, in the past the State Legislature has approved legislation that 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 or the City, the State 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 2024 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.

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 additional stadium facilities or other large-scale entertainment facilities 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.

Such factors that could affect revenues derived from Rose Bowl operations, could include, among others, changes to the format or system relating to the college football playoff system changes and collegiate athletic conference realignments, which 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. From time to time, other large-scale stadiums have been constructed in the region. The Rose Bowl could face an increasingly competitive market for concerts and special events from existing or new alternative venues, which could affect revenues derived from Rose Bowl Operations. See **“THE ROSE BOWL”** herein.

### **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 2024 Bonds**

THE INTEREST ON THE 2024 BONDS, OR ANY PORTION THEREOF, COULD BE DETERMINED TO BE INCLUDED IN GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION, AND SUCH A DETERMINATION WOULD NOT SUBJECT THE 2024 BONDS TO MANDATORY REDEMPTION OR TO AN ADJUSTMENT OF THEIR RESPECTIVE RATES OF INTEREST. See **“TAX MATTERS”** herein and **“APPENDIX E – 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 2024 Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of 2024 Bond proceeds, limitations on the investment earnings of 2024 Bond proceeds prior to expenditure, a requirement that certain investment earnings on 2024 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 inclusion of all or a portion of the interest on the 2024 Bonds in federal gross income, retroactively to date of original issuance of the 2024 Bonds.

In addition, users of the Rose Bowl such as TOR may adversely affect the tax status of the 2024 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 gave rise to an “unrelated trade or business” 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 2024 Bonds, TOR will covenant 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 give rise to an unrelated trade or business. 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 examining tax-exempt bond transactions such as the 2024 Bonds. There can be no assurance as to the effect on the market price of the 2024 Bonds in the event that they are selected for audit. Neither the Authority nor the City has sought to obtain a private letter ruling from the IRS with respect to the 2024 Bonds, and the opinion of Bond Counsel is not binding on the IRS. See “**TAX MATTERS**” herein.

## **Cybersecurity**

The City and the Authority, like many other public and private entities, rely on computer and other digital networks and systems to conduct their operations. As a recipient and provider of personal, private or other sensitive electronic information, the City and the Authority are potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks.

The City has adopted information security policies that codify cybersecurity awareness and training requirements, as well as policies to protect City information and information systems. The City’s policies apply to the Authority as well. The City’s Department of Information Technology (DoIT) also publishes additional information technology policies internally and communicates them to staff as necessary. These policies cover many topics, including but not limited to password strength, remote access, the use of multifactor authentication, systems backup, vulnerability management, patch management and user provisioning. Cybersecurity awareness and training is mandatory for every staff member with City sign-on credentials.

In December 2023, the City experienced a cyber incident related to sensitive information disclosure. The City’s Department of Public Health inadvertently shared the wrong file to a third-party organization via email. The incident was discovered the following morning and acted upon before the partner organization had accessed the message. The data was purged from the third-party system without being accessed.

No assurance can be given that their efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack would not materially impact the operations or finances of any entity, including with respect to the administration of the 2024 Bonds. The City and the Authority are also reliant on other entities and service providers in connection with its information technology generally, as well as with the administration of the 2024 Bonds, including without limitation the Trustee. No assurances can be given that security and operational control measures will ensure against any and all cybersecurity threats and attacks. A cybersecurity incident or breach could damage the Authority’s and/or the City’s information technology systems and cause disruption to Authority and City services and operations and/or affect the owners of the 2024 Bonds. The cost of any such disruption or remedying damage caused by future attacks could be substantial.

## **Climate Issues**

Numerous scientific studies on climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures, will become more common, and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. Many places, including the City, have seen changes in weather, with associated increases in droughts and intensified rainfall, as well as more frequent and severe heat waves. If these changes become more pronounced, as expected, in the coming decades, they will most likely present local challenges to human health and welfare, the economy, and ecosystems.

The City commissioned a study titled Climate Action Plan, which was completed in 2018. The Climate Action Plan stated that major impacts of climate change that are expected to affect the City include extreme and rising temperatures, changes in precipitation and droughts, storm frequency and intensity, and wildfire risk. The Climate Action Plan summarizes these impacts as follows:

*Extreme and Rising Temperatures.* The City can expect to experience warmer and more extreme temperatures. According to the California Energy Commission (the “CEC”), the City can expect to experience a rise in average annual temperature of about 3.5 to 6.0 degrees Fahrenheit above the historical average by the end of the 21st century. The City can also expect to experience an increase in the annual number of extreme heat days (temperatures above 96 degrees Fahrenheit) and longer and more frequent heat waves (four or more extreme heat days).

*Changes in Precipitation and Drought.* The City can expect to experience a decrease in annual rainfall, along with associated drier conditions. According to the CEC, the City can expect a decrease in annual rainfall of about 6 inches by the end of the 21st century. As a result of decreased annual rainfall, droughts may become more frequent, longer, and more severe.

*Storm Frequency and Intensity, and Windstorms.* The City is likely to experience altered seasons and intense rainstorms and windstorms. While average conditions may be drier, the expectation is that more intense rainstorms will occur during a shorter rainy season, resulting in increased flooding and associated landslides.

*Wildfire Risk.* Although the City is likely to see increases in the number and severity of rainstorms, the overall precipitation is likely to decrease over time. This decline in precipitation and rise in temperatures during the summer months may result in drier vegetation and greater threat from wildfire. Wildfire in turn makes the surrounding steep slopes of the City increasingly susceptible to landslides in high precipitation events.

If the changes become more pronounced in the coming decades, they will most likely present local challenges to human health and welfare, the economy, and ecosystems. Additionally, climate change and other environmental concerns have led, and may continue to lead, to new laws and regulations at the federal and state levels (including but not limited to air, water, hazardous substances and waste regulations) that could have a material adverse effect on the operations and financial condition of the City.

The City is unable to predict whether the impacts of climate change will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the business operations, the local economy or the financial condition of the City.

See “**APPENDIX A – CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION - Budgetary Principles and Developments - Capital Planning for Climate Issues.**”

**Public Health Emergencies**

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020 the World Health Organization (“WHO”) announced the official name for the outbreak of COVID-19, an upper respiratory tract illness. COVID-19 has since spread across the globe. The WHO declared the COVID-19 outbreak to be a pandemic. The spread of COVID-19 has had and continues to have significant adverse health and financial impacts throughout the world, including the City.

While COVID-19 case rates have significantly declined, vaccination rates have increased, certain emergency orders have been lifted, and the national and local economy has been improving, the economic effects of the COVID-19 pandemic are uncertain in many respects. There could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the operations and finances of the City. The City is unable to predict what impact public health emergencies will have on the business operations and financial condition of the City, but the impact could be significant.

### **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 and climate change discussed above. 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.

## **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 2024 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 annual

comprehensive financial report of the City for the fiscal year ended June 30, 2023 is attached hereto as Appendix B. Appendix A and Appendix B should be read completely. See “**FINANCIAL STATEMENTS**” below.

### **RATING**

S&P Global Ratings, a division of S&P Global Inc. (“S&P”), has assigned the 2024 Bonds a rating of “[ ]”. Such rating reflects only the views of such rating organization, and an explanation of the significance of such rating may be obtained from the rating agency at S&P Global Ratings, 55 Water Street, New York, NY 10041. The City and the Authority furnished to the rating agency certain information and materials concerning the 2024 Bonds and the City. Generally, the rating agency bases its rating on such information and materials and on investigations, studies and assumptions made by the rating agency. There is no assurance that such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the 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 2024 Bonds.

### **FINANCIAL STATEMENTS**

The City’s financial statements for the fiscal year ended June 30, 2023, 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 28, 2023.

### **LITIGATION**

At the time of delivery of and payment for the 2024 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 2024 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. 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 or its financial position.

### **TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2024 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of

California personal income taxes. Bond Counsel is of the further opinion that interest on the 2024 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2024 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2024 Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix E hereto.

To the extent the issue price of any maturity of the 2024 Bonds is less than the amount to be paid at maturity of such 2024 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2024 Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the 2024 Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the 2024 Bonds is the first price at which a substantial amount of such maturity of the 2024 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2024 Bonds accrues daily over the term to maturity of such 2024 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2024 Bonds to determine taxable gain or loss upon trade or business disposition (including sale, redemption, or payment on maturity) of such 2024 Bonds. Beneficial Owners of the 2024 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2024 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2024 Bonds in the original offering to the public at the first price at which a substantial amount of such 2024 Bonds is sold to the public.

2024 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2024 Bonds. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2024 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2024 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2024 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the 2024 Bonds may adversely affect the value of, or the tax status of interest on, the 2024 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events, or matters.

Although Bond Counsel is of the opinion that interest on the 2024 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2024 Bonds may otherwise affect a Beneficial Owner's federal, state, or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2024 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2024 Bonds. Prospective purchasers of the 2024 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations, or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2024 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (the "IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2024 Bonds ends with the issuance of the 2024 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Beneficial Owners regarding the tax-exempt status of the 2024 Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 2024 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2024 Bonds, and may cause the Authority or the Beneficial Owners to incur significant expense.

Payments on the 2024 Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of 2024 Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the 2024 Bonds and the gross proceeds of a sale, exchange, redemption, retirement, or other disposition of the 2024 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations)



are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

### **MUNICIPAL ADVISOR**

KNN Public Finance, LLC (the “Municipal Advisor”) has acted as Municipal Advisor to the City in conjunction with the issuance of the 2024 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 2024 Bonds. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the 2024 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.

### **LEGAL MATTERS**

The validity of the 2024 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe 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 Underwriter by Kutak Rock LLP, as counsel to Stifel, Nicolaus & Company, Incorporated (the “Underwriter”). The proposed form of opinion of Bond Counsel is set forth in APPENDIX E hereto. Bond Counsel and Underwriter’s 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 Underwriter, the 2024 Bonds are being purchased by the Underwriter at a purchase price equal to \$\_\_\_\_\_ (consisting of the principal amount of 2024 Bonds [plus/less] a [net] original issue [premium/discount] of \$\_\_\_\_\_ and less an Underwriter’s discount of \$\_\_\_\_\_). The Bond Purchase Agreement provides that the Underwriter will purchase all of the 2024 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 Underwriter 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 Underwriter.

### **CONTINUING DISCLOSURE**

The City has covenanted for the benefit of Bond Owners and beneficial owners of the 2024 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, 2024. 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 D – FORM OF CONTINUING DISCLOSURE AGREEMENT.**” These covenants have been made in order to assist the Underwriter 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 2024 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 2024 Bond (including persons holding 2024 Bond through any nominees, depositories or other intermediaries). See “APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT.”

In the last five years, the City has failed to comply with certain of its prior continuing disclosure agreements as follows: [To come, if applicable.] 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 2024 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 2024 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 ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

## APPENDIX A

### THE CITY OF PASADENA

*The financial and demographic information provided below is presented as general background data and has been collected from sources which the City deems to be reliable. Under the Indenture, neither the Trustee nor any Owner of any 2024 Bond has the right to compel the exercise of the taxing power by the City or the sale or forfeiture of any of its property. The principal and accreted value of and interest on any 2024 Bonds and any premiums upon redemption thereof prior to maturity are not a debt of the City nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the Revenues and other funds which are pledged to the payment of the 2024 Bonds, interest thereon and any premiums upon redemption pursuant to the Indenture.*

#### **General**

The City of Pasadena, California (the “City”) was incorporated in 1886 and became a freeholder charter city in 1901. The City adopted its city manager form of government by amendments to the City Charter in 1921. The City Council is responsible for the administration of the City.

The City covers nearly 23 square miles and is located in Los Angeles County in the northwestern portion of the San Gabriel Valley. The City is bounded on the west by the cities of Los Angeles, La Cañada Flintridge and Glendale, on the south by South Pasadena and San Marino, on the east by Arcadia and Sierra Madre, and on the north by the unincorporated community of Altadena and the San Gabriel Mountains.

In addition to general governmental services such as fire and safety, the City provides its approximately 140,000 residents with power, water and refuse services. The Southern California Gas Company supplies natural gas, and the County of Los Angeles provides sewage services.

The City consistently receives international recognition for the Rose Parade and Rose Bowl events and has achieved significant success in blending urban amenities with suburban neighborhoods. Engineering, finance and health care comprise the primary industry sectors. In addition, the academic and research pursuits of the California Institute of Technology, the Jet Propulsion Laboratory and the Art Center College of Design bring a unique combination of resources to the City. The City’s downtown continues to serve as the corporate and entertainment center for the San Gabriel Valley’s approximately 2 million residents.

#### **City Council**

All powers of the City are vested in the City Council which is empowered to carry out the provisions of the City Charter and perform all duties and obligations of the City as imposed by State law. The City has an eight-member City Council comprised of members elected in seven City Council districts and a citywide elected mayor. Each Council Member and the Mayor are elected for four-year staggered terms. The Council Members elect the Vice-Mayor from their membership, who serves consecutive one-year terms. The names, occupations and term expirations of the current members of the City Council are as follows:

<u>Name</u>	<u>Occupation</u>	<u>Term Expiration</u>
Victor M. Gordo, Mayor	Attorney	December 2028 <sup>(1)</sup>
Tyrone A.L. Hampton (District 1)	Business Owner	December 2028 <sup>(1)</sup>
Felicia Williams (District 2)	Business Owner	December 2024 <sup>(2)</sup>
Justin Jones (District 3)	Civil Engineer	December 2026 <sup>(3)</sup>
Gene Masuda, (District 4)	Business Owner	December 2028 <sup>(1)</sup>
Jessica Rivas (District 5)	Attorney	December 2026
Steve Madison Vice Mayor (District 6)	Attorney	December 2028 <sup>(1)</sup>
Jason Lyon (District 7)	Attorney	December 2026

<sup>(1)</sup> Current term ends in December 2024. In March 2024, re-elected to an additional term ending in December 2028.

<sup>(2)</sup> In March 2024, Rick Cole was elected to serve the next term ending in December 2028.

<sup>(3)</sup> Appointed to a vacant seat following the death of John J. Kennedy. In March 2024, elected to serve for the remaining unexpired term ending in December 2026.

### **City Staff**

*Miguel Márquez, City Manager*, was appointed to serve as the City’s City Manager in August 2022. As City Manager, he is responsible for implementing the policies and ordinances enacted by the City Council and ensuring that the City’s Charter and Municipal Code are properly adhered to by the City’s 17 departments and 2,000-plus employees. He has overall responsibility for development of the City’s annual operating and capital improvement program budgets, which totals approximately \$1.16 billion for Fiscal Year 2024-25. This budget includes funding for the City’s three operating companies, namely the Rose Bowl Operating Company (previously defined as “RBOC”), the Pasadena (Convention) Center Operating Company, and the Pasadena Community Access Corporation, which oversees the public, education and government cable channels for Pasadena.

As City Manager, Mr. Márquez leads the City’s executive leadership team, comprised of 15 department directors, the City Attorney, the City Clerk, three Assistant City Managers, a Deputy City Manager, an Assistant to the City Manager, and the Public Information Officer. Mr. Márquez also serves as the City’s chief executive liaison for the Tournament of Roses, the Chamber of Commerce, and the numerous business improvement and management districts throughout the City.

Prior to joining the City, Mr. Márquez served as the Chief Operating Officer of the County of Santa Clara for six years. In that role, he was responsible for all operations of the County of Santa Clara, the largest county in northern California. The county has about 2 million residents, more than 20,000 full-time equivalent employees, and had an annual operating budget in excess of \$11 billion for Fiscal Year 2022-23. The County operates an extensive health and hospital system, a social services agency, a finance agency, an employee services agency, a public safety and justice system, and many other internal and external service departments.

In addition to these management positions, Mr. Márquez has held numerous key positions in other organizations, including, among others, Associate Justice of the Sixth District Court of Appeal, County Counsel for the County of Santa Clara, and General Counsel of the San Francisco Unified School District. He holds a law degree from the UC Berkeley School of Law, a Master in Public Policy degree from Harvard University’s Kennedy School of Government, and a bachelor’s degree in Public Policy from Stanford University.

*Matthew E. Hawkesworth, Acting Assistant City Manager/Director of Finance*, joined the City in October 2015. His responsibilities include management of the financial affairs of the City, which include: preparation of the annual operating budget; preparation of the Annual Comprehensive Financial Report (ACFR); purchasing; collections; payroll; investments; debt management and financing of major City capital improvements. In February 2024, he began the acting assignment as Assistant City Manager, which includes duties related to the Planning and Community Development Department and the Reconnecting Communities project for the State Route 710. Prior to his current position, he served as Assistant City Manager for the City of Rosemead for eight years overseeing Finance, Human Resources, Public Works, Technology and Risk Management; Finance Director/Treasurer for the City of Claremont for three years; and a variety of positions in the Finance Department for the City of El Monte over nine years. Mr. Hawkesworth received his Bachelor of Arts degree in Social Science (economics and political science) from the

University of La Verne (California) in 1995. He has completed numerous advanced courses in finance and accounting through the Government Finance Officers Association and is a graduate of the Claremont Leadership Academy, sponsored by the Claremont McKenna College Kravis Leadership Institute. During his career, Mr. Hawkesworth has been an active participant of the Government Finance Officers Association, California Society of Municipal Finance Officers, Cal-ICMA, serving as a budget and ACFR reviewer for the annual awards program; served on the League of California Cities Revenue and Taxation Committee and Other Post-Employment Benefits (“OPEB”) Taskforce, and Cal-ICMA Governance and Budget committees. Mr. Hawkesworth also has a humanistic side, demonstrated by his founding of a non-profit organization in 2011 dedicated to providing bicycles and helmets to low-income and at-risk youth.

*Michele Beal Bagneris, City Attorney*, was named the Pasadena City Attorney in May 1997. At that time, she was a shareholder in the law firm of Richards, Watson & Gershon, where she specialized in public law since joining the firm in 1983. Initially, while serving as City Attorney, she continued to practice law as a member of the law firm, advising public clients in a wide range of areas, including land use, general advisory matters, litigation, labor and employment, code enforcement and nuisance abatement matters. She also served as the City Attorney for the City of Monrovia from 1992 through September 1999, when she became the in-house City Attorney for the City of Pasadena. She currently serves in that position and is also the City Prosecutor. As the City Attorney/City Prosecutor, she is responsible for managing all legal matters for the City, including supervision of in-house lawyers and any outside counsel engaged to advise the City. Ms. Bagneris received her bachelor’s degree in International Relations from Stanford University in 1980 and her Juris Doctorate Degree in 1983 from UC Berkeley School of Law. She is active in professional and community organizations including serving as Vice President of the Los Angeles County Prosecutor’s Association, past President of the League of California Cities City Attorney’s Department, the City Attorney’s Association of Los Angeles County, and Los Angeles County Prosecutor’s Association. She has also served on the State Bar Committee on Human Rights and as a member of the League of California Cities Board of Directors, and has served as a member of other legal and community organizations. She is admitted to practice law in the State of California, United States District Court and the U.S. Court of Appeals, Ninth Circuit.

**Population**

The following table presents a ten-year history of the population of the City since 2015.

**TABLE A-1  
POPULATION  
For Years 2015 through 2024**

Year (as of January 1)	Population <sup>(1)</sup>
2015	141,510
2016	141,023
2017	143,333
2018	144,388
2019	146,312
2020	139,998
2021	139,402
2022	138,779
2023	138,187
2024	139,692

<sup>(1)</sup> As of January 1 of each year, except 2020 population is as of April 1.  
Source: State of California, Department of Finance.

**Education**

Total enrollment within the Pasadena Unified School District is shown for the ten fiscal years below.

**TABLE A-2  
PASADENA UNIFIED SCHOOL DISTRICT  
TOTAL ENROLLMENT  
Fiscal Years 2014-15 through 2023-24**

<b>Fiscal Year Ended</b>	<b>Total Enrollment</b>
<b>June 30</b>	
2015	18,586
2016	18,492
2017	18,410
2018	18,164
2019	17,748
2020	17,427
2021	16,761
2022	15,866
2023	15,410
2024	15,219

Source: California Department of Education.

**Employment**

Although no annual calendar year information is regularly compiled on employment and unemployment in the City alone, fiscal year unemployment rates can be found on page 260 of the City’s Annual Comprehensive Financial Report attached hereto as Appendix B.

The following table shows annual average employment, unemployment and labor force (not seasonally adjusted) information for Los Angeles County for calendar years 2015 through 2023.

**TABLE A-3  
LOS ANGELES COUNTY  
EMPLOYMENT, UNEMPLOYMENT AND LABOR FORCE  
AVERAGES FOR CALENDAR YEARS 2015 THROUGH 2023<sup>(1)</sup>  
(in thousands)**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
County Employment	4,641	4,751	4,864	4,882	4,918	4,363	4,559	4,765	4,764
County Unemployment	333	268	246	238	231	611	449	249	252
County Civilian Labor Force	4,974	5,019	5,110	5,120	5,149	4,975	5,008	5,013	5,016
County Unemployment Rate	6.7%	5.3%	4.8%	4.6%	4.5%	12.3%	9.0%	5.0%	5.0%
State Unemployment Rate	6.3%	5.5%	4.8%	4.2%	4.1%	10.1%	7.3%	4.3%	4.8%

Source: State of California Employment Development Department.

<sup>(1)</sup> Preliminary Los Angeles County employment data indicated an unemployment rate of 6.5% as of July 2024.

[Remainder of page intentionally left blank.]



**Major Employers**

Industry in the City is diversified. Some of the leading industries include higher education, research and development, health care, financial services and communications. The major employers within the City as of September 2024 are listed below.

**TABLE A-4  
MAJOR EMPLOYERS  
as of September 2024**

<b>Company</b>	<b>Approximate Number of Employees</b>	<b>Business Line</b>
California Institute of Technology-Jet Propulsion Laboratory	5,029	Aerospace Research
Kaiser Permanente	4,760	Health Care
California Institute of Technology-Campus	3,900	Education
Huntington Memorial Hospital	2,832	Hospital
Pasadena City College	2,619	Education
Pasadena Unified School District	2,420	Education
The City of Pasadena	2,260	Government
ACCO Engineered Systems	1,350	Engineering/Construction
Art Center College of Design	883	Education
Wescom Credit Union	800	Financial
Hathaway-Sycamores	657	Social Services
Western Asset Management	558	Financial
East West Bank	569	Financial
One West Bank	554	Financial
The Langham Huntington Hotel	532	Hotel
Los Angeles Employees Retirement Association	380	Financial
Fuller Theological Seminary	360	Education
Parsons Corporation	347	Engineering/Construction
Las Encinas Hospital	330	Healthcare
Rusnak Pasadena	319	Automotive Retail
Macy's	315	Retail
Shriner's Hospital for Children	275	Healthcare
Tetra Tech	250	Engineering
Tokio Marine Management	250	Insurance
Westin Hotel	248	Hotel
Bluebeam	245	Software/Technology
Target	247	Retail
Ayzenberg Group	239	Advertising
Heliogen	214	Manufacturing/Technology
Whole Foods	212	Retail/Grocery
Kaiser School of Medicine	200	Education

Sources: City of Pasadena Department of Finance, Data Axle, Pasadena Chamber of Commerce.

[Remainder of page intentionally left blank.]

## Housing

The following table presents a ten-year history of total housing units within the City, for the fiscal years 2013-14 through 2022-23.

**TABLE A-5**  
**HOUSING UNITS<sup>(1)</sup>**  
**For Fiscal Years 2013-14 through 2022-23**

<b>Fiscal Year Ended</b>	
<b>June 30</b>	<b>Housing Units</b>
2014	60,369
2015	60,361
2016	60,703
2017	61,766
2018	62,170
2019	62,653
2020	62,753
2021	63,161
2022	62,229
2023	62,517

<sup>(1)</sup> As of fiscal year end. Includes single family dwellings and multifamily units, including rental units and condominiums.  
Source: State of California, Department of Finance.

## Building Permit Activity

The City's General Plan targets development in the City, providing for growth in employment and housing. Since 1992 (the year the General Plan was approved), there have been seven specific plan areas established and approved by the City Council for the following areas: North Lake, West Gateway, South Fair Oaks, East Pasadena, East Colorado, Fair Oaks/Orange Grove and the Central District. The Land Use and Mobility Elements of the General Plan were updated in 2004 at the same time the City's Zoning Code was updated.

The following table shows the value of building permits issued in the City for fiscal years 2018-19 through 2023-24.

[Remainder of page intentionally left blank.]

**TABLE A-6**  
**CITY OF PASADENA**  
**BUILDING PERMIT VALUATION AND PERMIT ACTIVITY**  
**for Fiscal Years 2018-19 through 2023-24**  
**(Valuation in Millions)**

	<b>Fiscal Year Ended June 30,</b>					
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Building Permit Valuations</b>						
Nonresidential	\$59.8	\$63.4	\$57.0	\$112.5	\$188.1	\$121.1
Residential	39.1	39.2	62.9	53.2	56.3	48.6
Residential New Construction	174.2	230.5	13.9	13.9	4.5	48.5
Total	<u>\$273.1</u>	<u>\$333.1</u>	<u>\$133.8</u>	<u>\$179.6</u>	<u>\$248.9</u>	<u>\$218.2</u>
<b>Number of Permits Issued</b>						
Non Residential	542	528	486	510	556	455
Residential	2,452	2,455	2,625	2,645	2,845	2,951
Residential New Construction	45	57	3	2	14	18
Total	<u>3,039</u>	<u>3,040</u>	<u>3,114</u>	<u>3,157</u>	<u>3,415</u>	<u>3,424</u>

Source: City of Pasadena, Planning and Permitting Department.

[Remainder of page intentionally left blank.]

## Taxable Sales

The following table indicates taxable transactions in the City by type of business for the twelve-month periods ending March 31, 2015 through March 31, 2024.

**TABLE A-7**  
**CITY OF PASADENA**  
**TAXABLE TRANSACTIONS BY TYPE OF BUSINESS**  
**(\$ in Millions)**

Type of Business	Twelve-Month Periods Ended March 31,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Apparel Stores	\$ 191.2	\$ 189.3	\$ 183.5	\$ 179.2	\$ 178.0	\$ 160.6	\$ 97.2	\$ 148.8	\$ 149.4	\$ 161.1
Auto Dealers & Supplies	536.6	570.2	615.4	627.6	732.6	704.5	776.3	838.0	892.1	876.9
Building Materials	141.2	154.6	154.5	170.1	170.7	157.2	177.7	258.2	291.4	292.1
Drug Stores	32.7	33.0	34.9	35.8	37.2	35.0	31.5	44.9	53.6	55.3
Eating & Drinking Places	494.9	535.9	562.8	585.7	610.1	607.3	404.2	638.4	704.4	727.8
Food Stores	115.3	117.9	119.7	120.2	130.2	138.2	129.0	138.4	149.5	154.3
Furnishings & Appliances	292.0	301.7	288.5	302.1	282.5	262.9	160.9	246.8	264.7	238.7
General Merchandise	225.4	220.4	215.9	216.6	205.7	195.2	139.5	172.4	172.8	166.0
Other Retail Stores	262.3	261.9	268.3	262.9	264.6	244.8	211.3	287.8	292.4	276.5
Packaged Liquor	31.4	32.3	32.7	33.9	44.1	47.9	71.0	72.7	67.5	56.1
Service Stations	162.1	148.1	134.5	149.1	158.0	150.6	90.2	156.1	175.1	167.6
<b>Total Retail</b>	<b>2,485.1</b>	<b>2,565.4</b>	<b>2,610.5</b>	<b>2,683.1</b>	<b>2,813.6</b>	<b>2,704.0</b>	<b>2,288.7</b>	<b>3,002.4</b>	<b>3,212.7</b>	<b>3,172.2</b>
Non-Store & Part Time Retailers	5.2	5.3	5.1	5.1	4.5	4.1	1.8	4.0	4.7	5.2
Business, Serv & Repair Group	227.7	232.5	247.2	238.6	283.6	232.6	133.2	228.7	254.0	268.0
Manufacture & Wholesaler Group	259.2	209.9	232.7	164.2	158.9	113.2	82.1	84.6	99.2	91.5
State Adjustments & Transfers	(0.3)	0.3	0.4	0.2	2.6	0.7	0.7	1.8	2.5	3.0
<b>Total Sales All Outlets</b>	<b>2,976.8</b>	<b>3,013.4</b>	<b>3,095.9</b>	<b>3,091.2</b>	<b>3,263.3</b>	<b>3,054.6</b>	<b>2,506.6</b>	<b>3,321.4</b>	<b>3,573.1</b>	<b>3,539.9</b>
<b>Retail Group</b>	<b>2,485.1</b>	<b>2,565.4</b>	<b>2,610.5</b>	<b>2,683.1</b>	<b>2,813.6</b>	<b>2,704.0</b>	<b>2,288.7</b>	<b>3,002.4</b>	<b>3,212.7</b>	<b>3,172.2</b>
Non-Store & Part time Retailers		5.3	5.1	5.1	4.5	4.1	1.8	4.0	4.7	5.2
Business Service & Repair Group	227.7	232.5	247.2	238.6	283.6	232.6	133.2	228.7	254.0	268.0
Manufacture & Wholesales Group	259.2	209.9	232.7	164.2	158.9	113.2	82.1	84.6	99.2	91.5
State Adjustment & Transfers	(0.3)	0.3	0.4	0.3	2.6	0.7	0.7	1.8	2.5	3.0
<b>Total Point of Sales</b>	<b>2,976.8</b>	<b>3,013.4</b>	<b>3,095.9</b>	<b>3,091.3</b>	<b>3,263.3</b>	<b>3,054.6</b>	<b>2,506.6</b>	<b>3,321.4</b>	<b>3,573.1</b>	<b>3,539.9</b>
County Pool	384.5	399.0	431.9	434.0	482.0	546.5	687.1	753.5	748.5	756.2
State Pool		1.8	2.0	2.3	1.8	1.4	1.3	1.7	1.2	1.7
<b>Total Sales Tax Receipts</b>	<b>\$3,363.1</b>	<b>\$3,414.2</b>	<b>\$3,529.8</b>	<b>\$3,527.6</b>	<b>\$3,747.1</b>	<b>\$3,602.5</b>	<b>\$3,195.1</b>	<b>\$4,076.5</b>	<b>\$4,322.9</b>	<b>\$4,297.7</b>

Source: California Department of Tax and Fee Administration, City of Pasadena: HDL Companies.

## Community Facilities

The City has a central library and eight branch libraries, four community centers, 24 parks and 33 playgrounds. Other entertainment and cultural facilities include the Rose Bowl, the Norton Simon Museum, the Pacific Asia Museum, the Gamble House, the Wrigley Estate, California Institute of Technology, Beckman Auditorium, the Pasadena Civic Auditorium and the Pasadena Playhouse. The City has long enjoyed a reputation as a community rich in culture, traditions and quality of life. The City is also home to the Tournament of Roses, sponsors of the well-known New Year's Day Parade and Rose Bowl football game held in the City annually.

The central library is currently closed in anticipation of seismic retrofit and other improvements. The City anticipates seeking voter approval at the election to be held on November 5, 2024, for \$195,000,000 principal amount of general obligation bonds to finance the seismic retrofit of, and improvements to, the central library.

## Transportation

The City is served by an extensive surface and air transportation network. Several major freeways make the City accessible to the entire Los Angeles Basin. The City is served by three commercial airports: Bob Hope Airport, located in nearby Burbank, is within 15 miles, Los Angeles International Airport is within 27 miles and Ontario International Airport is within 45 miles. The City supplements the local Los Angeles County Metropolitan Transportation Authority (Metro) and the Foothill Transit Authority bus routes with the Pasadena Transit bus services to expand the covered area. The Pasadena Transit buses provide convenient and nominal-fare transportation between many of the City's residential neighborhoods, retail, business and entertainment centers within the City. There are currently five routes that offer service seven days per week. In addition, the City provides Dial-A-Ride bus services for the elderly and disabled which is available for a nominal usage fee.

The nearest port facilities are located in the Los Angeles and Long Beach harbors which are approximately 30 and 35 miles away, respectively. The \$2 billion Alameda Corridor East project, being undertaken by the Alameda Corridor East Construction Authority, consists of safety upgrades, traffic signal control measures, road widening and grade separation projects to improve traffic conditions along the railroad facilities connecting the Ports of Los Angeles and Long Beach with the transcontinental rail network through the San Gabriel Valley, creating a faster more efficient method of distributing trade.

In addition, the Gold Line of the Metro light rail system, which began operations in 2003, runs from Union Station in the City of Los Angeles, through the City and currently terminates in the City of Azusa, with a planned extension to the City of Montclair.

## Employee Relations

City employees are represented by various unions and labor relations have been generally amicable. The City has experienced no major strikes, work stoppages or other incidents. Currently, most City employees are represented by unions. Set forth below is a table indicating the various unions representing employees within the City. The number of employees represented by these unions as of the date indicated, and the dates on which the current labor agreements expire (there are no provisions for the reopening of wage or benefit levels prior to expiration) are set forth in the following table.

**TABLE A-8  
CITY OF PASADENA  
EMPLOYEE UNION REPRESENTATION**

Name of Union	Number of Employees Represented as of August 19, 2024	Expiration of Contract
American Federation of State, County and Municipal Employees	277	June 30, 2026
International Brotherhood of Electrical Workers	121	June 30, 2026
International Union of Operating Engineers	16	June 30, 2027
Service Employee International Union	27	June 30, 2027
Laborers International Union of North America	316	June 30, 2026
Pasadena Fire Fighters Association	153	December 31, 2026
Pasadena Police Officers Association	199	June 30, 2026
Pasadena Fire Fighters Management Association	6	December 31, 2026
Pasadena Management Association	484	June 30, 2027
Pasadena Police Lieutenants Association	14	June 30, 2028
Pasadena Police Supervisors Association	14	June 30, 2028

Source: City of Pasadena, Human Resources Department.

**Insurance**

The City funds self-insured and self-administered programs for Workers’ Compensation and General Liability claims. General Liability claims, losses and expenses paid averaged approximately \$5.6 million per year for the past 10 fiscal years, with claims reserves averaging approximately \$3.5 million during the same period. The City forecasts these expenses annually and allocates funding for them in the annual operating budget.

The City carries excess liability coverage with limits of \$25 million and a self-insured retention of \$5 million.

The amount of self-insured liability claims expenditures and remaining reserves with respect to claims made in each of fiscal years 2015 through 2024 are reflected in the following table:

**TABLE A-9  
CITY OF PASADENA  
LIABILITY CLAIM EXPENDITURES AND REMAINING RESERVES  
Fiscal Years 2014-15 through 2023-24**

<b>Fiscal Year<sup>(1)</sup> Ended June 30,</b>	<b>Loss Paid</b>	<b>Expense Paid</b>	<b>Total Paid</b>	<b>Remaining Reserves for Unpaid Claims<sup>(1)</sup></b>
2015	\$ 896,631	\$ 235,283	\$ 1,131,915	\$ 0
2016	8,580,653	1,369,890	9,950,543	0
2017	7,052,422	2,961,169	10,013,591	50,000
2018	6,668,183	2,464,315	9,132,498	19,755
2019	3,633,740	686,427	4,320,167	0
2020	5,302,380	2,110,467	7,412,848	5,706,833
2021	10,239,888	2,195,370	12,435,258	3,473,925
2022	282,078	65,267	347,345	4,137,184
2023	990,333	432,842	1,423,175	9,241,741
2024	194,458	3,508	197,966	12,810,242

<sup>(1)</sup> Reserves reflect fiscal year in which claim occurred. Payments reflect money spent on all claims during a fiscal year.  
Source: City of Pasadena, Department of Finance.

The City maintains commercial property insurance on all City-owned buildings of an insurable nature (unless lease agreements require the occupant to carry such insurance) with current basic limits of \$250,000,000, subject to various application sub-limits and deductibles. Policy coverage excludes earth movement, including earthquake, nuclear hazard and military action. The City does not currently maintain separate earthquake coverage under another insurance policy. The City maintains boiler & machinery, and equipment breakdown insurance, on specified types of equipment/property, with limits of \$25,000,000 for each policy, subject to variety of applicable sub-limits and deductibles. In addition, the City purchases Property Terrorism/Chemical, Biological or Biochemical, Radiological or Nuclear Terrorism & Sabotage coverage, along with pollution, storage tank, and cyber liability coverage with various limits and subject to variety of applicable sub-limits and deductibles.

See “SECURITY AND SOURCES OF PAYMENT FOR THE 2024 BONDS – Insurance” in the forepart of this Official Statement for a description of insurance that is required to be maintained on the Leased Property.

No assurances can be given that the City’s security and operational control measures will ensure against any and all cybersecurity threats and attacks. A cybersecurity incident or breach could damage the City’s Information Technology systems and cause disruption to City services and operations. The cost of any such disruption or remedying damage caused by future attacks could be substantial. The City will continue to assess cyber threats and protect its data and systems.

## Stormwater Improvements

The Clean Water Act (“CWA”) prohibits the discharge of any pollutant into waters of the United States unless they obtain a National Pollutant Discharge Elimination System (“NPDES”) permit. The NPDES program controls these discharges by establishing water quality standards to ensure that the discharge permitted does not cause or contribute to reduced water quality standards that can impact the public. The CWA requires states to identify “impaired” waterbodies, develop a Total Maximum Daily Load (“TMDL”) for each pollutant contributing to impairments, and to identify technologies or best management practices to achieve that TMDL limit. In California, the United States Environmental Protection Agency has delegated permitting and direct enforcement under its NPDES program to the Regional Water Quality Control Boards. For Los Angeles and Ventura Counties, municipalities are regulated and enforced by the Los Angeles Regional Water Quality Control Board (“LARWQCB”).

On November 8, 2012, the LARWQCB adopted the National Pollutant Discharge Elimination System Municipal Separate Storm Sewer System Permit (“MS4 permit”) Order No. R4-2012-0175, which became effective on December 28, 2012. The MS4 permit establishes the TMDL of pollutants that can be discharged into water while still meeting water quality standards and objectives. The MS4 covers 84 of the 88 public agencies in the Los Angeles County area, including the City, the Los Angeles County Flood Control District and the County, that are responsible for compliance with the MS4 permit. The City’s MS4 discharges to tributaries of the Los Angeles River, which is currently subject to twenty-two TMDLs (Los Angeles River and Los Angeles/Long Beach Harbors) of which four apply directly to the City, though the City will likely be subject to more TMDLs in the coming years. The TMDL compliance deadlines are phased out through 2037 with some deadlines having already passed and expected to be maintained to continue compliance and avoid regulatory penalties.

The MS4 permit allows for the option to work together with other agencies to develop and implement a Watershed Management Program (“WMP”) to address permit and TMDL requirements. The MS4 permit has safe harbor provisions, whereby the City was deemed in compliance with the TMDLs during the development of the WMP, provided that all requirements and deadlines related to the WMP development were met. As the WMP crosses multiple local jurisdictions, the City collaborates with seventeen other participating agencies, Los Angeles County Flood Control on the development of the Upper Los Angeles River (“ULAR”)WMP. In June 2015, the ULAR WMP was submitted in accordance with the required schedule, and approved by the LARWQCB on April 20, 2016.

Non-compliance with the MS4 permit and applicable TMDLs could result in enforcement action by the LARWQCB, civil penalties and fines, and potentially third-party lawsuits. For example, the LARWQCB may levy administrative fines of up to \$10,000 per pollutant per day of violation. In addition, the State can impose mandatory minimum penalties of \$3,000 per pollutant per day of violation and seek civil liabilities of up to \$25,000 per pollutant per day. Additionally, private citizens or EPA can pursue penalties if the LARWQCB does not enforce on a violation. The City is responsible for its own fines, penalties and costs incurred as a result of non-compliance.

The City requires significant funding for capital, and operation and maintenance costs to implement the WMP to meet the TMDL compliance deadlines contained in the MS4 permit. The City has partially funded the monitoring and reporting programs required by the MS4 permit. The City’s share of the costs of the approved WMP projects required to meet the TMDLs over the next 20 years is preliminarily estimated by the LARWQCB to be approximately \$220 million. Estimating project costs over such a long time period is inherently difficult, and no assurance can be provided by the City that LARWQCB’s approved projections are accurate. Without other revenue sources, these costs would be obligations of the City’s General Fund and could have a material adverse impact on the General Fund.

The City’s fiscal year 2023-24 revised capital improvement program budget contained approximately \$2 million for stormwater expenditures. The actual total expenditures in fiscal year 2023-24 was \$789,782. The remaining budget rolled over into fiscal year 2024-25. In addition, the City was awarded two competitive grants totaling \$4.5 million for two stormwater capture projects. The work on these projects will continue into fiscal year 2024-25.

## CITY FINANCIAL INFORMATION

*Certain statements included or incorporated by reference in the discussion below constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,”*

*“estimate,” “budget,” “project,” “projection” 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 that 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. The City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.*

## **Budget Preparation and Approval Process**

No later than January of each year, the Mayor must present a thematic budget message for the upcoming fiscal year to the City Council and the community. The City Council must establish procedures whereby public suggestions and comments on the Mayor’s budget proposals may be received and considered prior to the preparation and submission of budget requests by the City Departments to the City Manager.

On or before the third Monday in May of each year, the City Manager must submit to the City Council the recommended balanced budget for the following fiscal year, as required by the City Charter. Also at this time, a public hearing is opened for residents and businesses to make any comments or suggestions regarding the recommended budget. Copies of the recommended budget are available for inspection by the public in the office of the City Clerk and at the City’s libraries at least ten days prior to the hearing. The recommended budget can also be found on the City’s website at <http://www.cityofpasadena.net/Finance/Budget/>. Such website is not incorporated herein by reference.

At the conclusion of the public hearing, the City Council further considers the recommended budget and makes any revisions. On or before June 30, the City Council adopts a balanced budget with revisions, if any, by the affirmative vote of at least five members of the City Council.

From the effective date of the budget, funds become appropriated to City Departments for the objects and purposes named. At any subsequent City Council meeting following the adoption of the budget, the City Council may amend or supplement the budget by motion adopted by the affirmative vote of a minimum of five members of the City Council.

The Director of Finance prepares the City’s financial statements and submits them to the City Council within four months after the close of each fiscal year. The City Council employs an independent certified public accounting firm to review the City’s financial statements for conformity with generally accepted accounting principles for municipal governments and issues an opinion letter regarding the accuracy and fairness of the financial information presented in the City’s Annual Comprehensive Financial Report.

## **Budgetary Principles and Developments**

*Budgetary Principles and Policies.* In preparing the City’s budget, City staff is guided by certain principles and goals set by the City Council. Among them, staff is directed to match revenues with expenditures when developing a balanced operating budget, and minimize reliance on “carry-forward” fund balances from previous years to fund expenditures in future years.

*General Fund Five Year Financial Plan.* The City’s five-year financial plan is an ongoing plan and is continually reviewed based on an analysis of current trends. The City’s fiscal situation has improved since the COVID-19 recession and the City has shown signs of economic growth, including increases in retail sales activity, more tourism and business travel activity, lower unemployment rates, and improvement in residential and commercial real estate markets. A summary of the most recent five-year plan is provided in the table below.

In preparing its financial forecasts for the five-year plan, City staff made a variety of assumptions, including, among others:

1. Continued modest revenue growth, including average growth in property tax revenues, sales tax revenues, utility user tax revenue and transient occupancy revenues of approximately 4.4%, 3.0%, 3.0% and 3.2%,



respectively. Utility user tax revenue growth is driven largely by increases in electric and gas rates, while other utility types are relatively flat. Transient occupancy revenues would increase with the expected opening of a new AC Hotel in early 2025. See “ - Tax Revenue Sources” below.

2. Transfer from the Light and Power Fund to the General Fund of \$18.0 million or 7.53% of the prior year’s gross income for fiscal year 2023-24 and then maintaining the transfer at \$18.0 million through fiscal year 2029-30. City voters approved Measure R in March 2024, which modernized the accounting methodology to align with generally accepted accounting principles and removed the net income requirement for the transfer. The City Council may increase the annual transfer to a total of 12% of gross income and is expected to consider an increase with the fiscal year 2025-26 operating budget.

3. The continuance of “pay-as-you-go” cost contributions for OPEB for all fiscal years in the forecast. In June 2017, the City Council approved the establishment of a Section 115 Trust for future OPEB payments and contributed an initial amount of \$2.0 million from the General Fund. As of June 30, 2024, the balance in the trust was \$2.5 million. See “ -Post-Retirement Medical Benefits (OPEB)” below.

4. CalPERS contributions will be as shown on the most recent CalPERS actuarial valuation report and based on CalPERS’ projections. For fiscal year 2027 and beyond, the City utilizes the CalPERS Pension Outlook Tool to include the financial impact of the investment returns for the year ended June 30, 2024 (See “ - Retirement Systems—California Public Employees’ Retirement System” below).

*There can be no assurance that assumptions described above which have not yet been realized will be realized. Accordingly, there can be no assurance that the City’s financial forecasts as shown in the table below will correspond with its actual financial results.*

The table below shows estimated operating projections for the five-year forecast period based upon actions previously taken and those adopted in the 2024-25 Adopted Budget. The five-year financial forecast presentation differs from the City’s presentation of its financial results; among other differences, it is calculated on a cash basis and line items will not correspond to audited financial or budget presentations. The City’s financial forecast is reviewed monthly and updated no less often than quarterly.

[Remainder of page intentionally left blank.]

**TABLE A-10  
GENERAL FUND 5-YEAR FINANCIAL PLAN**

	Year Ending June 30,					
	2024 Actual (Unaudited)	2025 Adopted Budget	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
<b>Beginning Amount Available for Appropriations</b>	\$8,307,000	\$10,077,758	\$7,839,991	\$5,388,978	\$2,383,093	\$1,344,102
<b>REVENUES</b>						
Property Taxes <sup>(1)</sup>	\$109,176,300	\$112,487,500	\$117,155,731	\$122,615,188	\$128,365,841	\$134,411,872
Sales Tax	75,388,063	76,586,100	79,205,138	81,581,292	83,947,150	86,381,617
Utility User Tax	31,185,000	34,060,000	35,264,000	36,264,480	37,302,858	38,380,606
Transient Occupancy Tax	18,360,000	19,300,000	20,917,600	21,586,963	22,277,746	22,990,634
Franchise Taxes	2,920,500	2,973,500	3,003,235	3,033,267	3,063,600	3,094,236
Other Taxes	18,525,000	20,250,000	20,009,500	20,352,595	20,704,528	21,065,551
<b>Total Taxes</b>	<b>\$255,554,863</b>	<b>\$265,657,100</b>	<b>\$275,555,204</b>	<b>\$285,433,785</b>	<b>\$295,661,723</b>	<b>\$306,324,516</b>
Licenses & Permits	\$3,735,701	\$4,132,685	\$4,256,666	\$4,384,366	\$4,515,896	\$4,651,373
Intergovernmental Revenues	6,757,521	1,021,302	1,031,515	1,041,830	1,052,248	1,062,771
Charges for Services	38,159,338	37,083,285	38,010,367	38,960,626	39,934,642	40,933,008
Fines & Forfeitures	6,626,000	6,620,000	6,811,980	7,009,527	7,212,804	7,421,975
Investment/Interest Earnings	2,419,024	2,280,038	2,300,558	2,321,263	2,342,155	2,363,234
Rental Income	1,042,517	1,079,051	1,081,209	1,083,372	1,085,538	1,087,709
Miscellaneous	2,704,773	2,769,373	2,816,452	2,864,332	2,913,026	2,962,547
<b>TOTAL REVENUES</b>	<b>\$316,999,737,</b>	<b>\$320,642,834</b>	<b>\$331,863,951</b>	<b>\$343,099,101</b>	<b>\$354,718,032</b>	<b>\$366,807,133</b>
<b>EXPENDITURES</b>						
Personnel	\$206,966,273	\$215,348,587	\$226,088,731	\$234,929,446	\$242,567,769	\$253,716,392
Services & Supplies	69,289,444	68,963,879	69,598,297	70,990,263	72,410,068	73,858,269
Equipment	16,737,313	425,927	42,446	43,294	44,160	45,044
Internal Services	28,370,918	30,542,372	31,764,067	33,034,630	34,356,015	35,730,255
<b>TOTAL EXPENDITURES</b>	<b>\$321,363,948</b>	<b>\$315,280,765</b>	<b>\$327,493,541</b>	<b>\$338,997,633</b>	<b>\$349,378,012</b>	<b>\$363,349,960</b>
<b>Excess Revenues over (Expenses)</b>	<b>(\$4,364,211)</b>	<b>\$5,362,069</b>	<b>\$4,370,410</b>	<b>\$4,101,468</b>	<b>\$5,340,020</b>	<b>\$3,457,173</b>
<b>OPERATING TRANSFER (IN / (OUT))</b>						
Debt Service	(\$11,692,948)	(\$12,318,397)	(\$12,323,966)	(\$12,317,139)	(\$11,290,184)	(\$11,288,643)
Contributions to Other Funds/Misc	(25,609,821)	(20,421,877)	(14,637,895)	(14,930,652)	(15,229,265)	(15,533,851)
Abatements for Svcs to Other Funds	448,060	398,060	398,060	398,060	398,060	398,060
Enterprise Contributions <sup>(2)</sup>	19,742,378	19,742,378	19,742,378 <sup>(1)</sup>	19,742,378	19,742,378	19,742,378
<b>NET OPERATING TRANSFER (IN / (OUT))</b>	<b>\$(17,112,331)</b>	<b>(\$12,599,836)</b>	<b>(\$6,821,423)</b>	<b>(\$7,107,353)</b>	<b>(\$6,379,011)</b>	<b>(\$6,682,056)</b>
<b>Operating Income/(Loss)</b>	<b>(\$21,476,542)</b>	<b>(\$7,237,767)</b>	<b>(\$2,451,013)</b>	<b>(\$3,005,885)</b>	<b>(\$1,038,991)</b>	<b>(\$3,224,883)</b>
Allocation to Capital Reserve	0	0	-	-	-	-
Use of Assigned Fund Balance <sup>(3)</sup>	23,247,300	5,000,000	-	-	-	1,880,781
Allocation to Policy Reserve	0	0	-	-	-	-
<b>Net Income/(Loss)</b>	<b>\$1,770,758</b>	<b>(\$2,237,767)</b>	<b>(\$2,451,013)</b>	<b>(\$3,005,885)</b>	<b>(\$1,038,991)</b>	<b>(\$1,344,102)</b>
<b>Ending Amount Available for Appropriations</b>	<b>\$10,077,758</b>	<b>\$7,839,991</b>	<b>\$5,388,978</b>	<b>\$2,383,093</b>	<b>\$1,344,102</b>	<b>\$ -</b>
<b>Reserve Fund Balance</b>	<b>58,603,958</b>	<b>58,603,958</b>	<b>58,603,958</b>	<b>58,603,958</b>	<b>58,603,958</b>	<b>56,723,177</b>
<b>Assigned</b>	<b>57,595,723</b>	<b>57,595,723</b>	<b>57,595,723</b>	<b>57,595,723</b>	<b>57,595,723</b>	<b>57,595,723</b>
<b>Section 115 OPEB &amp; Pension Trusts<sup>(4)</sup></b>	<b>15,707,890</b>	<b>16,022,047</b>	<b>16,342,488</b>	<b>16,669,338</b>	<b>17,002,725</b>	<b>17,342,779</b>
<b>Total Fund Balance</b>	<b>\$141,985,328</b>	<b>\$140,061,719</b>	<b>\$137,931,147</b>	<b>\$135,252,112</b>	<b>\$134,546,507</b>	<b>\$131,661,679</b>

<sup>(1)</sup> Includes vehicle license fee revenue and property transfer fee revenue.

<sup>(2)</sup> A Charter amendment approved by the voters in March 2024 changed the accounting method used to calculate the existing voter-approved transfer from the Light and Power Fund to the General Fund. The City anticipates that in fiscal year 2025-26 the new accounting method will result in an increased transfer amount beyond the previous \$18.0 million transfer.

<sup>(3)</sup> Use of assigned funds in fiscal years ending June 30, 2024 and 2025 primarily attributable to funds received under the American Rescue Plan Act of 2021 providing one-time funding in response to the COVID-19 pandemic. Use of assigned funds in fiscal year ending June 30, 2029 attributable to use of reserve fund balance.

<sup>(4)</sup> The Section 115 Trusts were funded by the General Fund, but are maintained in separate funds for financial reporting purposes. The 2023 amounts and beyond assume 3.0% annual growth on investments. The one-year return for the fiscal year ended June 30, 2019 was 6.03% net of expenses. Source: City of Pasadena, Department of Finance.

*General Fund Reserve Policy.* Beginning in fiscal year 2010-11, the City instituted a policy to maintain an operating reserve within its General Fund which is targeted at 10% of the current year’s appropriations. On August 15, 2011, the City Council approved an increase in the operating reserve commitment to a target of 20% of the General Fund annual appropriations. The policy permits the City to take steps annually, starting in fiscal year 2014-15, to reach this goal by increasing the commitment by up to 2% per year over the course of five years, based on each year’s budget resolution, and also permits the City to commit to an increase of less than 2% by formal action. On June 12, 2017, the City Council approved an amendment bifurcating the 20% reserve into two parts: General Fund Emergency Contingency of 15% and General Fund Operating Reserve of 5%. The split would allow the City Council to allocate some or all of the General Fund Operating Reserve without having to declare a fiscal emergency for one-time needs. The total in the General Fund Emergency Contingency and General Fund Operating Reserve as of June 30, 2024 was approximately \$58.6 million, representing approximately 20.0% of applicable General Fund appropriations for Fiscal Year 2023-24. Under current City policy, only under emergency conditions will the City use either of these General Fund reserves. In addition to these General Fund reserves, in June 2017, the City Council approved the establishment of a Section 115 Trust for future pension contributions and contributed an initial amount of \$15.0 million from the General Fund. As of June 30, 2024, the balance was \$13.2 million. Cash reserves may be in the form of cash or other legal investments and do not refer to any other form of current or long-term assets, such as receivables, inventory, equipment, etc.

Set forth below is a summary of the condition of the City’s General Fund reserves for the five fiscal years ending June 30, 2023.

**TABLE A-11**  
**GENERAL FUND RESERVES**  
**FOR FISCAL YEARS 2018-19 THROUGH 2022-23**  
**(in thousands)**

	As of June 30,				
	2019	2020	2021	2022	2023
Nonspendable	\$1,589	\$14,853	\$13,626	\$13,697	\$14,316
Restricted	11,631	12,106	13,717	12,101	12,596
Committed	50,775	55,120	51,687	57,339	71,985
Assigned	15,099	25,019	31,160	23,079	57,407
Unassigned	19,606	445	(11,127)	-	-
Total Fund Balance <sup>(1)</sup>	<u>\$98,700</u>	<u>\$107,543</u>	<u>\$99,063</u>	<u>\$106,216</u>	<u>\$164,611</u>

<sup>(1)</sup> Excludes balance in SB481 Fund. See “ - Retirement Systems - Pasadena Fire and Police Retirement System – Funding History” below.

Source: City of Pasadena, Department of Finance

*Capital Budgeting.* The City prepares a 5-year capital improvement program (“CIP”) budget, which is adopted yearly as part of the budget process. The CIP includes projects that have no funding sources. The most current 5-year CIP budget includes approximately \$2 billion, including all enterprise funds (Water & Power, Rose Bowl, and Pasadena Center Operating Company), in total estimated project cost for 214 active projects. In fiscal year 2024-25, \$145 million was appropriated to 118 projects. Implementation of the CIP is discretionary and will depend upon City resources. The City does not intend to issue general fund indebtedness in the near future to fund the CIP. See “ - General Obligation Debt” below.

*Capital Planning for Climate Issues.* The City commissioned a study titled Climate Action Plan, which was completed in 2018. The Climate Action Plan stated that major impacts of climate change that are expected to affect the City include extreme and rising temperatures, changes in precipitation and droughts, storm frequency and intensity, and wildfire risk. See “RISK FACTORS – Climate Issues” in the forepart of this Official Statement. The Climate Action Plan describes strategies to reduce green-house gas emissions that involved transit-oriented development, modifications to transit and transportation infrastructure, modifications to municipal operations that include upgrades to facilities and equipment, water infrastructure and waste reduction. Implementation of these strategies, like the CIP generally (see above), is discretionary and will depend upon City resources.

## **Adopted General Fund Budget for Fiscal Year 2024-25**

The budget preparation process for fiscal year 2024-25 began in November 2023. During March and April 2024, the City Manager and the Department of Finance met with each department and operating company to review their estimated revenues, expenditures and budgetary requests for the upcoming fiscal year. Projected expenditures and revenues, vacant positions, reorganizations, performance measures and targets, fund financial reports, reorganizations, mission statements and new program requests were discussed at these meetings. Upon completion of the City Manager's review, the City Manager submitted the recommended operating budget to the City Council and a public hearing was opened from which to obtain comments from the City's residents and other stakeholders.

The City Council adopted the budget for fiscal year 2024-25 on June 10, 2024. The General Fund portion of the appropriation budget for fiscal year 2024-25 is \$342 million.

Set forth below is the City's adopted General Fund budget for fiscal year 2022-23 as adopted, the actual budget results and the variance for such fiscal year.

[Remainder of page intentionally left blank.]

**TABLE A-12**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL FOR FISCAL YEAR 2022-23**  
**(\$ in Thousands)**

	Fiscal Year 2022-23		
	Budget	Actual	Variance
<b>Revenues</b>			
Taxes:			
Property <sup>(1)</sup>	\$76,276	\$81,292	\$5,016
Sales	75,681	75,733	52
Utility users'	27,200	32,790	5,590
Transient occupancy	18,637	18,675	38
Other	14,187	25,768	11,581
Licenses and permits	3,475	3,731	256
Intergovernmental revenues <sup>(2)</sup>	30,040	71,161 <sup>(3)</sup>	41,121
Charges for services	33,813	35,822	2,009
Fines and forfeits	5,121	5,372	251
Investment earnings	681	2,127	1,446
Net change in fair value of investments	-	(640)	(640)
Lease revenues	995	1,349	354
Interest -leases (as lessor)	-	2	2
Miscellaneous revenues	2,848	3,226	375
Contributions	33	33	-
<b>Total Revenues</b>	<b>288,987</b>	<b>356,441</b>	<b>67,454</b>
<b>Expenditures</b>			
General Government	\$59,721	\$58,369	\$1,352
Public safety	155,408	156,122	(714)
Public Works and Transportation	24,329	24,290	29
Culture and leisure	36,638	33,419	3,219
Community development: Planning and Permitting	9,518	8,683	835
Capital outlay	219	2,556	(2,337)
Debt Services:			
Interest	10	3	7
Lease payments	-	644	(644)
Subscription payments	-	447	(447)
Interest-leases and subscriptions	-	33	(33)
<b>Total Expenditures</b>	<b>\$285,843</b>	<b>\$284,566</b>	<b>\$1,277</b>
Excess of revenues over expenditures	\$3,144	\$71,875	\$68,731
<b>Other financing sources (uses)</b>			
Transfer in <sup>(4)</sup>	\$20,715	\$20,667	\$48
Transfer out <sup>(5)</sup>	(35,203)	(35,203)	-
Transfer to component unit	-	(67)	67
Leases issued	-	506	(506)
Subscriptions issued	-	617	(617)
<b>Total other financing sources (uses)</b>	<b>(\$14,488)</b>	<b>(\$13,480)</b>	<b>(\$1,008)</b>
<b>Extraordinary gain(loss)</b>			
Net Change in fund balances	(\$ 11,344)	58,395	\$69,739
<b>Fund balance at beginning of year</b>	<b>\$106,216</b>	<b>\$106,215</b>	<b>-</b>
<b>Fund balance at end of year</b>	<b>94,872</b>	<b>\$ 164,611</b>	<b>\$69,739</b>

<sup>(1)</sup> Excludes vehicle license fee revenue.

<sup>(2)</sup> Includes vehicle license fee revenue and other state and federal apportionment payments.

<sup>(3)</sup> Increase over budget primarily attributable to approximately \$39.5 million of funds received under the American Rescue Plan Act of 2021 providing one-time funding in response to the COVID-19 pandemic.

<sup>(4)</sup> Comprised primarily of \$18 million transfer from the Light and Power Fund. See “ – “Water Enterprise Fund and Light and Power Enterprise Fund Transfers to General Fund” below.

<sup>(5)</sup> Comprised primarily of approximately \$8.2 million transfer to capital projects fund, \$11.4 million to debt service fund and \$12.2 million to library services fund..

Source: City of Pasadena Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2023

Set forth below are the City’s final General Fund budget for fiscal year 2023-24, the unaudited actual results and the variance for such fiscal year, and the adopted General Fund budget for fiscal year 2024-25.

**TABLE A-13**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FINAL BUDGET AND ACTUAL FOR FISCAL YEAR 2023-24 AND ADOPTED BUDGET FOR FISCAL YEAR 2024-25**  
**(\$ in Thousands)**

	Fiscal Year 2023-24			Fiscal Year 2024-25
	Budget	Actual (unaudited)	Variance	Adopted
<b>Revenues</b>				
Taxes	\$ 227,808	\$ 227,477	\$ (331)	\$ 241,930
Licenses and Permits				
Building Licenses and Permits	943	957	14	950
Non-building Licenses and Permits	3,001	2,670	(331)	3,183
Federal Grants Direct	1,938	1,793	(145)	253
Federal Grants Indirect – State	0	0	0	0
State Non-Grant Direct	23,554	23,437	(118)	24,230
State Grant Direct	4,277	4,126	(151)	0
Intergovernmental Revenues	248	330	82	265
Charges for Services	20,362	21,683	1,321	18,447
Charges for Services – Quasi-External	17,798	18,141	344	18,636
Fines and Forfeitures	6,626	6,277	(349)	6,620
Investment Earnings	2,419	4,824	2,405	2,280
Rental Income	988	1,026	38	1,063
Miscellaneous Revenues	2,776	2,512	(264)	2,786
Contributions	0	0	0	0
Total Revenues	\$ 312,738	\$ 315,253	\$ 2,515	\$ 320,643
<b>Expenditures</b>				
General Government	\$ 66,336	\$ 63,102	\$ (3,235)	\$ 53,985
Public Safety	166,025	165,534	(492)	167,837
Transportation	51,320	48,557	(2,763)	53,977
Culture and Leisure	26,361	25,387	(974)	27,216
Community Development	9,641	8,957	(683)	9,557
Housing	2,452	1,681	(771)	2,186
Public Health	338	378	41	523
Total Expenditures	\$ 322,473	\$ 313,596	\$ (8,877)	\$ 315,281
Excess of revenues over expenditures	\$ (9,735)	\$ 1,657		\$ 5,362
<b>Other financing sources (uses)</b>				
Transfer in	\$ 20,190	\$ 20,140	\$ (50)	\$ 20,140
Transfer out	(40,302)	(30,805)	9,497	(26,669)
Total other financing sources (uses)	\$ (20,112)	\$ (10,665)	9,447	\$ (6,529)
<b>Extraordinary gain(loss)</b>				
Change in fund balances	\$ (29,847)	\$ (9,008)	20,839	\$ (1,167)
<b>Fund balance at beginning of year</b>	75,964	75,964	-	97,207
<b>Fund balance at end of year</b>	46,117	66,956	20,839	96,040

Source: City of Pasadena Revised Budget for fiscal year 2023-24 and Adopted Budget for fiscal year 2024-25.

## Accounting Policies, Reports, and Audits

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual requirements. The minimum numbers of funds are maintained consistent with legal and contractual requirements.

Capital assets (including infrastructure greater than \$10,000) are capitalized and recorded at cost or at the estimated fair value of the assets at the time of acquisition where complete historical records have not been maintained. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, streets, sidewalks, medians and sewer and storm drains.

The City's funds and capital assets are classified for reporting purpose as follows:

**Government Funds**

General Fund  
Special Revenue Funds  
Debt Services Funds  
Capital Projects Funds

**Fiduciary Funds**

Trust and Agency Funds

**Proprietary Funds**

Enterprise Funds  
Internal Service Funds

**Capital Assets**

Capital Assets used in the Operation  
of Governmental Funds

The City follows the modified accrual method of accounting for governmental, expendable trusts and agency funds. Under the modified accrual method of accounting, revenues are susceptible to accrual when they become both measurable and available. Expenditures are recorded when a current liability is incurred. Liabilities are considered current when they are normally expected to be liquidated with expendable available financial resources. The proprietary, nonexpendable trust and pension trust funds are accounted for using the accrual method of accounting.

The City's Director of Finance maintains the accounting system and records of accounts for all City funds. The City Charter requires an independent audit of the financial statements of all accounts of the City by an independent certified public accountant. All audits are reviewed by the Finance Committee of the City Council, which is comprised of four members of the City Council.

***2014 audit and adopted policies.*** In 2015, the City completed an investigation, following an internal audit in November 2014, which revealed the misappropriation of public funds in excess of \$6.4 million over the course of eleven years.

Based upon the recommendations of KPMG, which was hired to assist the City of Pasadena in an internal investigation into the suspected misappropriation and misused of City funds, the City instituted all of the 103 corrective actions recommended by KPMG.



**General Fund Comparative Budget**

The following table shows a three-year history of the City’s Comparative Operating Budget.

**TABLE A-14  
CITY OF PASADENA  
ADOPTED GENERAL FUND  
COMPARATIVE OPERATING BUDGET  
FISCAL YEARS 2022-23 THROUGH 2024-25**

<b>REQUIREMENTS</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Operating Expenditures	\$ 269,715,464	\$ 298,419,560	\$ 315,280,765
Capital Expenditures	-	-	-
Debt Service	11,597,702	11,692,948	12,318,397
Transfers Out	14,629,784	13,567,521	14,350,877
<b>TOTAL REQUIREMENTS</b>	<b>\$ 295,942,950</b>	<b>\$ 323,680,029</b>	<b>\$ 341,950,039</b>
<b>AVAILABLE FUNDS</b>			
Revenues	\$ 274,751,644	\$ 301,954,767	\$ 320,642,834
Transfers In	1,723,060	2,098,060	398,060
Reserves	-	-	-
Utility Contributions	19,742,378	14,742,378	19,742,378
<b>TOTAL AVAILABLE FUNDS</b>	<b>\$ 296,217,082</b>	<b>\$ 318,795,205</b>	<b>\$ 340,783,272</b>

Source: City of Pasadena, Department of Finance.

**Water Enterprise Fund and Light and Power Enterprise Fund Transfers to General Fund**

The City’s Municipal Code provides that an amount equal to 6% of the gross income of the Water Fund received during the previous fiscal year from the sale of water at rates and charges fixed by ordinance shall be transferred to the City’s General Fund.

In compliance with California Proposition 218, the City eliminated the General Fund transfer from the Water Fund in fiscal year 2014. To ensure that the Water Fund continues to pay a share of the citywide services directly benefiting City’s water system customers, the City evaluated these costs in a cost-of-service study completed in 2014. Beginning fiscal year 2015 and based on the results of the cost-of-service study completed in 2014, the Water Fund pays the General Fund for the direct cost-of-services provided by City departments. The cost-of-service study resulted in an annual reimbursement of approximately \$1.5 million for support services provided primarily by police, fire, and public works.

The City Charter provides that any surplus or reserves in the Water Fund may be temporarily used for other municipal purposes if there are insufficient funds in the City Treasury to pay the current expenses of the general government of the City before the collection of taxes levied in any Fiscal Year. Should moneys from the Water Fund be used pending the receipt of taxes, the amount so used shall be repaid not later than February 15 of the same Fiscal Year. To date, no temporary transfer of funds between the Water Fund and the City’s General Fund has occurred.

The City also makes an annual transfer from the City’s Light and Power Fund (the “Light and Power Fund”) to the General Fund. Pursuant to City Charter Section 1408, the maximum aggregate amount transferred from the Light and Power Fund is equal to 12% of the annual gross electric income received during the preceding fiscal year. This transfer may be used for any municipal purpose. By resolution, the City Council may transfer an amount less than 12% if it determines that it would be detrimental to the proper functioning and administration of the power utility during the budget year under consideration.

The City’s electric rates were challenged as violating the constitutional restrictions in a lawsuit that was resolved in favor of the City in 2021. The City intends to continue making these transfers to the General Fund in

accordance with its Charter. The City’s financial plan projections included in this Appendix A assume continued transfer from the Light and Power Fund to the General Fund as authorized by the City Charter. However, there can be no assurance that Light and Power Fund transfers to the General Fund will not have to be reduced or eliminated in the future as a result of future legislation or litigation. See “CONSTITUTIONAL AND STATUTORY LIMITS ON TAXES, REVENUES AND APPROPRIATIONS” below.

Set forth below is a table indicating the amount transferred from the Light and Power Fund and the Water Fund to the City’s General Fund during each of the last five fiscal years and the amount budgeted for the current fiscal year, expressed in dollars and as a percentage of the prior year’s gross income.

**TABLE A-15  
CITY OF PASADENA  
TRANSFERS FROM THE LIGHT AND POWER FUND AND WATER FUND  
TO GENERAL FUND  
FISCAL YEARS 2019-20 THROUGH 2024-25  
(in Thousands)**

	Fiscal Year Ended June 30,					
	2020	2021	2022	2023	2024	2025 <sup>(2)</sup>
<b><u>Light and Power Fund</u></b>						
Amount Transferred	\$17,315	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000
Amount as Percentage of Prior Year’s Gross Income <sup>(1)</sup>	10.0%	9.7%	10.0%	9.8%	8.7%	7.5%
<b><u>Water Fund</u></b>						
Amount Reimbursed for Cost-of- services Provided	\$1,544	\$1,544	\$1,544	\$1,544	\$1,544	\$1,544

<sup>(1)</sup> Reflects percentage of prior fiscal year’s gross income of the Light and Power Fund.

<sup>(2)</sup> Budget.

Source: City of Pasadena, Department of Finance.

### **Tax Revenue Sources**

The City relies on a number of revenue sources that could be reduced or eliminated by State legislation, including, among others, sales and use taxes, property taxes and motor vehicle license fees.

Listed below is a historical summary of the City’s five largest revenue sources resulting from taxes.

**TABLE A-16  
CITY OF PASADENA  
GENERAL TAX REVENUES  
Fiscal Years 2018-19 through 2023-24  
(in Thousands)**

<b>Tax</b>	<b>Fiscal Year Ended June 30,</b>					<b>2024</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>(unaudited)</b>
Property <sup>(1)</sup>	\$ 65,535	\$ 67,890	\$ 73,748	\$ 76,309	\$ 81,292	\$ 84,073
Sales <sup>(2)</sup>	43,799	56,730	61,430	73,293	75,733	80,223
Utility Users	26,982	26,965	26,938	30,124	32,790	32,027
Street Light & Traffic Signal	6,831	6,737	6,275	6,390	7,826	9,269
Transient Occupancy	16,948	13,090	6,298	14,711	18,675	18,505
<b>Total</b>	<b>\$160,095</b>	<b>\$171,412</b>	<b>\$174,689</b>	<b>\$200,837</b>	<b>\$216,316</b>	<b>\$224,097</b>

<sup>(1)</sup> Includes assessments.

<sup>(2)</sup> Includes, without limitation, Measure I sales tax revenues. See below.

Source: City of Pasadena, Department of Finance.

Property taxes are levied for each fiscal year on taxable real and personal property which is situated in the City as of the preceding March 1. For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed public utilities property and property a lien on which is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. If such taxes remain unpaid as of June 30 of the fiscal year in which the tax is levied, the property securing the taxes may only be redeemed by payment of the delinquent payment, plus a redemption penalty of 1½% per month from the original June 30 date to the time of redemption. If taxes are unpaid for a period of five years or more, the property is then subject to sale by the County Treasurer and Tax Collector, as provided by law.

Property taxes on the unsecured roll are due as of the March 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent taxes on property of the unsecured roll, and an additional penalty of 1½% per month begins to accrue commencing on November 11 of the fiscal year. Collection of delinquent unsecured taxes is the responsibility of the County of Los Angeles which may utilize any of several means legally available to it.

The tax roll for fiscal year 2023-24 reflected a total assessed valuation of approximately \$38.8 billion for the City. Assessed net valuation for revenue purposes increased by approximately 4% for fiscal year 2023-24 over the assessed net valuation for fiscal year 2022-23, and the compounded average annual increase between assessed valuation for fiscal year 2013-14 and fiscal year 2023-24 was approximately 5.5%.

In 2011, the State of California enacted legislation commonly referred to as “ABx1 26,” which required the dissolution of California redevelopment agencies and the dissolution and winding up of the operations of those agencies. The original effective date of ABx1 26 was stayed pending a challenge to its constitutionality brought before the California Supreme Court. In upholding ABx1 26 as constitutional on December 29, 2011, the California Supreme Court set February 1, 2012 as the effective date for and the date on which California redevelopment agencies were dissolved pursuant to ABx1 26. ABx1 26 provided a framework for the dissolution and winding up of California redevelopment agencies and the management of the remaining obligations of the dissolved redevelopment agencies by their respective successor agencies and oversight boards to oversee those successor agencies. Pursuant to ABx1 26, tax increment will continue to flow to the payment of “enforceable obligations” (such as tax allocation bonds) of the

dissolved redevelopment agencies. There remains one such obligation, which is a pass-through agreement with the County of Los Angeles in the prior Lake/Washington redevelopment project area. The outstanding balance is approximately \$2.8 million as of June 30, 2024. See “ - Retirement Systems - Pasadena Fire and Police Retirement System – Funding History” below.

In November 2018, Pasadena voters approved Measure I, a ¾-cent local sales (use) tax, in order to maintain essential City services while also acknowledging the need to reinvest in critical infrastructure. Without the successful passage of Measure I, budget reductions would have been necessary to balance the operating budget beginning in fiscal year 2019-20. A separate advisory measure, Measure J, asked voters whether the City Council should share one-third of Measure I revenues with Pasadena public schools, as the success of the City is tied to the success of its schools. That measure received over 72% support of voters. In March 2019, the City Council approved a Memorandum of Understanding with the Pasadena Unified School District to operationalize Measure I. The City received a total of \$32 million from Measure I sales tax revenues in fiscal year 2023-24 and remitted one third or \$10.7 million to the Pasadena Unified School District.

The table below sets forth historical assessed valuations of taxable property in the City.

**TABLE A-17**  
**CITY OF PASADENA**  
**ASSESSED VALUATION OF TAXABLE PROPERTY**  
**Fiscal Years 2014-15 through 2024-25**  
**(\$ in thousands)**

<b>Fiscal Year Ended June 30</b>	<b>Secured Valuations</b>	<b>Homeowner Exemption</b>	<b>Net Secured Valuations</b>	<b>Unsecured Valuations</b>	<b>Total Assessed Valuation</b>
2015	\$23,756,525	\$(131,812)	\$23,624,713	\$608,539	\$24,233,252
2016	25,354,224	(130,237)	25,223,987	602,659	25,826,646
2017	26,599,121	(128,241)	26,470,880	625,032	27,095,912
2018	28,631,957	(126,543)	28,504,414	638,858	29,143,272
2019	30,388,232	(124,908)	30,263,324	662,995	30,926,319
2020	32,158,077	(123,481)	32,034,596	672,205	32,706,801
2021	34,107,320	(120,266)	33,987,054	676,673	34,663,727
2022	35,394,651	(118,859)	35,275,792	688,899	35,964,691
2023	37,341,288	(117,845)	37,223,443	717,826	37,941,269
2024	38,802,585	(115,493)	38,687,092	795,907	39,482,999
2025	40,536,725	(114,352)	40,422,373	856,245	41,278,618

Source: Los Angeles County Auditor-Controller and California Municipal Statistics, Inc.

The City believes that assessed valuation levels will continue growing at a modest rate over the near term given the continued positive employment growth in the area and the number and scope of development projects within the City, including several new hotels, 1,600 residential units, a large-scale mixed use project, and several new commercial, institutional and retail developments.

[Remainder of page intentionally left blank.]

The following two tables reflect the typical property tax rate per \$100 of assessed value in various jurisdictions and the ten largest secured taxpayers in the City.

**TABLE A-18  
CITY OF PASADENA  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
For Fiscal Years 2014-15 through 2023-24**

<b>Fiscal Year ended June 30</b>	<b>General City</b>	<b>City Debt Service*</b>	<b>Los Angeles County General</b>	<b>Pasadena School District</b>	<b>Pasadena Comm. College District</b>	<b>Flood Control District</b>	<b>Metropolitan Water District</b>	<b>Total</b>
2015	1.000000%	0.000000%	0.000000%	0.106010%	0.010315%	0.000000%	0.003500%	1.119825%
2016	1.000000	0.000000	0.000000	0.111679	0.008722	0.000000	0.003500	1.123901
2017	1.000000	0.000000	0.000000	0.106730	0.008850	0.000000	0.003500	1.119080
2018	1.000000	0.000000	0.000000	0.105469	0.008186	0.000000	0.003500	1.119080
2019	1.000000	0.000000	0.000000	0.094910	0.007670	0.000000	0.003500	1.106080
2020	1.000000	0.000000	0.000000	0.045310	0.007210	0.000000	0.003500	1.070000
2021	1.000000	0.000000	0.000000	0.022940	0.005540	0.000000	0.003500	1.031980
2022	1.000000	0.000000	0.000000	0.053610	0.008990	0.000000	0.003500	1.066090
2023	1.000000	0.000000	0.000000	0.077756	0.008690	0.000000	0.003500	1.089946
2024	1.000000	0.000000	0.000000	0.079110	0.025100	0.000000	0.003500	1.107710

\* The City currently has no outstanding general obligation debt.  
Source: County of Los Angeles Tax Assessor and California Municipal Statistics, Inc.

The central library is currently closed in anticipation of seismic retrofit and other improvements. The City anticipates seeking voter approval at the election to be held on November 5, 2024, for \$195,000,000 principal amount of general obligation bonds to finance the seismic retrofit of, and improvements to, the central library.

[Remainder of page intentionally left blank.]

**TABLE A-19  
CITY OF PASADENA  
TOP TEN PROPERTY TAXPAYERS  
As of June 30, 2024**

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>June 30, 2024 Assessed Valuation</u>	<u>% of Total <sup>(1)</sup></u>
CPUS Pasadena LP	Office Building	\$ 291,284,326	0.74%
Kaiser Foundation Health Plan	Medical Buildings	247,989,165	0.63
BPP East Union LLC	Shopping Center	229,984,821	0.58
CAPREF Paseo LLC	Office Building	204,331,066	0.52
Pacific Huntington Hotel	Hotel	199,113,293	0.50
PPF OFF 100 West Walnut Street LP	Office Building	194,344,267	0.49
Heitman Credit Acquisition XL	Office Building	188,708,629	0.48
PPF Off 74 North Pasadena Avenue and 75	Office Building	180,606,853	0.46
177 Colorado Owner LLC	Office Building	176,623,851	0.45
TRIO Pasadena LLC	Apartment Building	171,981,908	0.43
Total principal property taxpayers gross assessed value		<u>\$2,084,968,179</u>	<u>5.27</u>
Total city assessed value		<u>\$39,598,492,580</u>	<u>100.00%</u>

<sup>(1)</sup> 2023-24 Local Secured Assessed Valuation: \$38,802,584,999.  
Source: HDL Coren & Cone

### **Bonded and Other Indebtedness**

The City has issued or caused the issuance of a variety of bonded and other debt obligations as provided for under the State Constitution, judicial interpretation of the State Constitution, State statutes, and its own Charter powers. The following summarizes that indebtedness. The City has never failed to pay principal of or interest on any debt or lease obligation when due.

The Director of Finance serves as the City's debt coordinator. The City Treasurer serves on each financing team, along with other finance staff members. All debt issuances must be approved by the City's Finance Committee and the City Council.

### **Debt Management Policy**

The City has adopted debt management policies to standardize and rationalize the issuance and management of debt by the City. One of the principal objectives of the debt management policies is to maintain the highest possible credit ratings for all categories of short- and long-term debt that can be achieved without compromising the delivery of basic services by the City.

The City's debt management policy requires the City to develop a multi-year capital improvement program to be considered by the City Council as part of the yearly budget process.

### **General Obligation Debt**

The City may not incur indebtedness by general obligation bonds which would in the aggregate exceed a designated percentage of total assessed valuation of all the real and personal property within the City subject to assessment for taxation for municipal purposes. In addition, no bonded indebtedness which will constitute a general obligation of the City may be created unless authorized by the affirmative vote of two-thirds of the electorate voting on such proposition at any election at which the question is submitted. Such bonds are secured by an *ad valorem* property tax assessed against the property owners of the City. The City currently has no general obligation debt outstanding.

The central library is currently closed in anticipation of seismic retrofit and other improvements. The City anticipates seeking voter approval at the election to be held on November 5, 2024, for \$195,000,000 principal amount of general obligation bonds to finance the seismic retrofit of, and improvements to, the central library.

**Long-Term Debt Obligations Payable from the General Fund**

As of June 30, 2024, the City had total long-term debt obligations payable from the City’s General Fund of approximately \$510.3 million. Of this total, obligations for general government purposes represented approximately 9%, pension obligation bonds approximately 25% and “self-supporting” obligations related to particular activities (such as parking, conference center and the Rose Bowl) approximately 66%. For the past ten years, the City has made no contribution from its General Fund towards the payment of “self-supporting” obligations. Further, the City does not expect to make any contribution to the payment of such “self-supporting” obligations in the near future.

Set forth below is a table projecting the debt service on the City’s long-term debt obligations through the fiscal year ending June 30, 2028.

**TABLE A-20**  
**DEBT SERVICE PROJECTIONS ON LONG-TERM DEBT OBLIGATIONS**  
**For Fiscal Years 2025 through 2028**  
**(\$ in Thousands)**

<b>Fiscal Year ended June 30</b>	<b>Total General Fund Obligations Debt Service (including Self Supporting Obligations)</b>	<b>General Fund Obligations Debt Service (excluding Self Supporting Obligations)</b>
2025	\$21,206	\$6,617
2026	22,911	6,854
2027	22,835	7,132
2028	20,693	6,245

Source: City of Pasadena, Department of Finance.

Set forth below is a summary of the City’s long-term debt obligations payable from the City’s General Fund.

**TABLE A-21**  
**LONG-TERM OBLIGATIONS PAYABLE FROM CITY GENERAL FUND**  
**as of June 30, 2024**  
**(\$ in Thousands)**

City Issues	Original Par	Outstanding	Final Maturity	Variable/Fixed Synthetic Fixed (SWAP)	Letter of Credit Expiration Date	Letter of Credit Bank
<u>Pension Obligation Bonds</u>						
2015 AB Taxable POBs	\$119,460	\$2,160	2025	Fixed	-	-
2020 AB Taxable POBs	131,805	125,955	2045	Fixed	-	-
<b>Sub-Total Pension Obligation Bonds</b>	<b>\$251,265</b>	<b>\$128,115</b>				
<u>City Leases</u>						
2020 Equip Lease Financing – Motorola Equip	6,800	3,011	2027	Fixed	-	-
2015A Certification of Participation	55,350	42,260	2038	Fixed	-	-
<b>Sub-Total City Leases</b>	<b>\$ 62,150</b>	<b>\$ 45,271</b>				
<u>Self-Supporting Obligations</u>						
2008 A COPs (Conference Center)	\$134,720	\$127,945	2035	Variable/SWAP (Synthetic Fixed)	3/31/2025	Bank of America
2008 Paseo Colorado Taxable Revenue Bonds	28,800	18,600	2038	Variable	9/16/2025	BMO Bank
2010 A PPA Lease Revenue Bonds (Rose Bowl Renovation Project) Tax-Exempt	36,808	26,557	2033	Fixed	-	-
2010 B PPA Lease Revenue Bonds (Rose Bowl Renovation Project) Tax-BABS <sup>(1)</sup>	106,660	106,660	2043	Fixed	-	-
2010 D PPA Lease Revenue Bonds (Rose Bowl Renovation Project) Tax-RZEDBS <sup>(1)</sup>	7,400	7,400	2043	Fixed	-	-
2016 A Rose Bowl Lease Revenue Bonds Refunding (Tax-Exempt)	21,865	13,320	2027	Fixed	-	-
2018 A Rose Bowl Lease Revenue Refunding Bonds (Tax-Exempt)	30,585	30,585	2042	Fixed		
2018 B Rose Bowl Lease Revenue Refunding Bonds (Taxable)	12,515	4,720	2027	Fixed		
2019 A Equip Lease Financing-PACS Equipment	3,253	1,205	2026	Fixed	-	-
<b>Sub-Total Self-Supporting</b>	<b>\$382,606</b>	<b>\$336,992</b>				
<b>Total General Fund Obligations</b>	<b>\$696,021</b>	<b>\$510,378</b>				

<sup>(1)</sup> All or a portion of these obligations are expected to be refunded from proceeds of the 2024 Bonds. See “PLAN OF REFUNDING” in the forepart of this Official Statement.

Source: City of Pasadena, Department of Finance.

### Revenue Bonds

The City Charter and State law provide for the issuance of revenue bonds, and the execution of installment purchase contracts that support revenue certificates of participation, which are secured by and payable from the revenues generated by various enterprise and special fund operations. These revenue bonds do not represent obligations of the General Fund of the City, nor are they secured by taxes. Revenue bonds and certificates of participation have been issued that are secured by electric and water revenue enterprises. See Note 10 to the City’s Annual Comprehensive Financial Report for the year ended June 30, 2023, attached hereto as Appendix B.



## Cash-flow Borrowings

In the past ten years, the City has not issued tax and revenue anticipation notes to alleviate short-term cash flow needs that occur early in the fiscal year when taxes and revenues have not yet been received.

## Estimated Direct and Overlapping Bonded Debt

The estimated direct and overlapping bonded debt of the City as of October 1, 2024 is shown below.

**TABLE A-22**  
**DIRECT AND OVERLAPPING DEBT STATEMENT**  
**as of October 1, 2024**

[To come]

---

Source: California Municipal Statistics, Inc.

## Retirement Systems

### *California Public Employees' Retirement System.*

#### General.

Almost all permanent City employees, except certain police and fire personnel employed prior to July 1, 1977, are members of the California Public Employees' Retirement System ("CalPERS") for purposes of pension benefits. CalPERS is an agent multiple employer public employee retirement system which acts as a common investment and administrative agent for participating public employers within the State of California. The plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. CalPERS issues a separate publicly available financial report that includes financial statements and required supplemental information of participating public entities within the State of California. The most recent annual report issued by CalPERS to the City was in July 2024 (the "July 2024 CalPERS Report"). The July 2024 CalPERS Report includes information based on the June 30, 2023, actuarial valuation of assets included therein (the "2023 Actuarial Valuation"). Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, Lincoln Plaza Complex, 400 Q Street, Sacramento, CA 95811 or at [www.calPERS.ca.gov](http://www.calPERS.ca.gov). The July 2023 CalPERS Report to the City can also be found on the City's website at <http://cityofpasadena.net/Finance/PERS-Actuarial-Reports>. Additional information about the CalPERS Plans can also be found in Note 20 to the City's Annual Comprehensive Financial Report attached as Appendix B to this Official Statement.

CalPERS is a contributory plan deriving funds from employer and employee contributions as well as earnings from investments. Participants are required to contribute a percentage of their annual covered salary. As of June 30, 2024, the contribution rates were 8% for miscellaneous employees and 9% for safety employees. In some cases, the City makes the contributions required of City employees on their behalf and for their account, but is wholly or partially reimbursed by employees. Different employee bargaining groups have different reimbursement rates ranging from the 8% to 13%. Such unreimbursed portions of the employee requirement that the City pays are referred to herein as the City's "pick-up." The City is also required to make an actuarially determined rate contribution to its normal cost and to amortize its unfunded actuarial liability. The normal cost, as calculated by the CalPERS' actuary, is intended to cover the cost of current year of service. The unfunded actuarial liability is the present value of benefits allocated to prior years minus the market value of assets attributable to the plan. If the unfunded actuarial liability for a plan is positive, the employer is required to make contributions in excess of the normal cost. Benefit provisions and all other requirements are established by state statute or collective bargaining agreements with employee bargaining groups. See "THE CITY OF PASADENA - Employee Relations" above.

#### Recent Actuarial Changes and Related Developments.

In recent years, the CalPERS Board of Administration (the "CalPERS Board") has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its managed plans. Many

of the assumptions and policies implemented by the CalPERS Board have increased and are likely to continue to increase both the required contributions and the unfunded liabilities of its member employers, including the City.

The CalPERS Board is authorized to adjust the CalPERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "CalPERS Discount Rate"). Over the years, the CalPERS Board has adjusted these rates from time to time and has adopted various policies related thereto. On December 21, 2016, the CalPERS Board voted to lower the CalPERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% in fiscal year 2017-18, 7.25% in fiscal year 2018-19 and 7.00% in fiscal year 2019-20. On July 12, 2021, CalPERS announced the discount rate, or assumed rate of return, will drop to 6.8%, from 7%, due to a double digit (approximately 21.3%) net return on investments for the 12-month period that ended June 30, 2021. Lowering the CalPERS Discount Rate means member employers like the City will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the PEPR (defined below) will also see their contribution rates rise. To the extent actual investment returns differ from the assumed rate of return, the actual contribution requirements will differ from the projected contributions shown on Table A-25 below.

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 ("PEPRA") took effect. The impact of the PEPRA is described below.

In April 2013, CalPERS Board approved revised actuarial policies that were aimed at returning the CalPERS system to fully funded status within 30 years. These policies include a rate-smoothing method with a 30-year fixed amortization period for gains and losses (rather than the current 30-year rolling amortization method). CalPERS delayed the implementation of the policies until fiscal year 2015-16, and as described below further revised these policies in subsequent years.

Also, on February 20, 2014, the CalPERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the CalPERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17.

On February 14, 2018, the CalPERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and noninvestment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While CalPERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that

were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

The CalPERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. Such studies or other developments could prompt additional changes to CalPERS assumptions and policies. There can be no assurances that CalPERS will not make additional changes to its actuarial assumptions and policies in the future impacting upon the City's required funding contributions and its unfunded accrued liability.

#### California Public Employees' Pension Reform Act (PEPRA).

On September 12, 2012, the Governor signed Assembly Bills 340 and 197, which enacted the California Public Employees' Pension Reform Act or PEPRA. Among other things, PEPRA created a new benefit tier for public employees hired on or after January 1, 2013, who are defined as "new members." PEPRA plans adopted by the City were 2% at 62 for the general member benefit formula and 2.7% at 57 benefit formula for safety and probation members. PEPRA requires all new members to have an initial contribution rate of at least 50% of the normal cost rate or the current contribution rate of similarly situated employees, whichever is greater. The normal contribution rate, as calculated by the CalPERS' actuary, is intended to cover the cost of a current year of service. PEPRA prohibits employers from paying any of PEPRA members' contribution on the employees' behalf, with certain exceptions. PEPRA also limits the types of compensation that can be used and caps the total amount of compensation that can be used to calculate a pension. The City believes that the provisions of PEPRA will help control its pension benefit liabilities in the future.

#### GASB Statement Nos. 67 and 68.

On June 25, 2012, the Governmental Accounting Standards Board ("GASB") approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (previously, such unfunded liabilities were typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. The reporting requirements for government employers, including the City, took effect for the fiscal year beginning July 1, 2014, and affect reporting by the City for both the CalPERS plans and the FPRS.

#### Annual Payments and Contribution Rates.

Under GASB 27, an employer reports an annual pension cost ("APC") equal to the annual required contribution ("ARC") plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation. In order to calculate the dollar value of the ARC for inclusion in the financial statements, the applicable contribution rate is multiplied by the payroll of the covered employees that were paid during the relevant period.

Effective for financial statements beginning after July 1, 2014, GASB 68 replaced GASB 27. Hence, the annual report issued by CalPERS in 2015 reflected GASB 68. GASB 68 requires additional reporting that CalPERS is intending to provide upon request by its members.

Set forth below is a history of the City's contributions to the CalPERS, including projected payments from fiscal year 2025-26 through fiscal year 2029-30. The City contributed 100% of its APC in each completed year shown. The City estimates that approximately 65% of the payments to these plans is made from the City's General Fund. The

City's contributions shown below do not include the pick-up in prior years. See “ - Retirement Systems California Public Employees’ Retirement System – General” above.

Also set forth below are the historic and projected contribution rates to the CalPERS plans. The projected contribution rates for fiscal year 2025-26 through 2030-31 are provided by CalPERS in its July 2024 report. The CalPERS projections assumed that all actuarial assumptions (including among other assumptions, a 6.8% return in fiscal year 2025-26 and beyond) will be realized and that no future changes to assumptions, contributions, benefits or funding will occur during the projection period. The July 2024 CalPERS Report states that due to the adopted changes in the CalPERS Discount Rate effective for the next valuation in combination with the five year phase-in ramp (as discussed above), the increase in the required contributions are expected to continue for six years from fiscal year 2026-27 through fiscal year 2030-31. A complete explanation of the CalPERS assumptions can be found in the 2023 Actuarial Valuation.

As discussed above, the assumed rate of return has been revised by CalPERS from time to time. In fiscal years ended June 30, 2023, 2022, and 2021, CalPERS reported an actual net return on investments of 5.8%, -6.1% and 21.3%, respectively. In July 2024, CalPERS reported a preliminary net actual return of 9.3% on its investments for the 12-month period ending June 30, 2024, outpacing the current assumed discount rate of 6.8%. Preliminary total fund annualized returns for the five-year period ending June 30, 2024, were reported at 6.6%; the 10-year period at 6.2%; and the 20-year period at 6.7%. Actual investment returns lower than the actuarially assumed level will result in decreased funding status and increased required contribution by the City.

***Pasadena Fire and Police Retirement System.***

General; Funding Status.

Police and Fire personnel hired prior to July 1, 1977 were covered by the City's Fire & Police Retirement System (the “FPRS”). The FPRS was originally established by the City Charter in 1919. The FPRS was closed on June 30, 1977 but continues to pay out benefits to retirees and their beneficiaries. The FPRS covers all sworn fire and police personnel who were employed by the City prior to July 1, 1977, except those who elected to transfer to CalPERS either when the FPRS closed to new members or in June 2004. As of June 30, 2024, the FPRS membership consisted of 170 retirees and beneficiaries who receive benefits.

The FPRS is managed by a five-member retirement board. In July 2018 the FPRS board approved changes to its actuarial assumptions, reducing the discount rate and rate of return and the inflation rate. The actuarial value of the FPRS' assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period (smoothed market value). In determining the assumed rate of investment and cost of living adjustments used to calculate the minimum funding percentage and UAAL, the current contribution agreement between the City and FPRS allows the FPRS to use rates of investment and cost of living increases recommended by the FPRS's actuary and approved by the FPRS after consultation with the City and the City's consultants. Under the agreement between FPRS and the City, when the funded percentage is above the minimum funding percentage of 80% for a fiscal year, the City is not required to make a supplemental contribution to the FPRS for such fiscal year.

The funding arrangements between the City and FPRS have been negotiated and renegotiated over time. In the late 1990s, when the FPRS' funded status dropped to approximately 30%, the City and the FPRS negotiated parameters required to be satisfied by the City to fund the FPRS. As a result of these agreements, the City issued three series of pension bonds, in 1999, 2004 and 2012, in an aggregate principal amount of approximately \$189 million to increase the actuarial funding level for the system. In 2015 the City refinanced all of its pension obligation bonds and funded the additional liability in the aggregate amount of approximately \$119 million.

In 2019, the City agreed with the FPRS to establish a beneficial interest of the FPRS in the City's Concord property (the “Concord Property”). The Concord Property is a 14-story, 150-unit low-income senior citizen rental housing complex, owned by the City and operated by Pasadena RHF Housing, Inc. through a ground lease agreement (the “Concord Ground Lease Agreement”). The City assigned to the FPRS certain rents and property sale proceeds associated with the Concord Property. Certain of such amounts have already been received by FPRS. Upon conversion of a Concord Property construction loan to permanent financing (which has not yet occurred but is

currently expected to occur in 2025), FPRS would receive an additional amount of approximately \$12 million under its arrangement with the City.

As of June 30, 2023, the FPRS had an unfunded actuarial accrued liability of \$20.2 million. Under the agreement between FPRS and the City, when the funded percentage is above the minimum funding percentage of 80% for a fiscal year, the City is not required to make a supplemental contribution to the FPRS for such fiscal year. To protect the City against large swings in asset values from one year to the next, the annual amount of any supplemental payments is subject to a cap, which is the lesser of certain benefit payments paid by the FPRS in the prior fiscal year, or \$3 million, plus a varying percentage of any funding deficit in the minimum funding percentage over \$3 million, beginning with 20% of the remaining deficit in the base year up to 100% of any deficit remaining for the fifth and any subsequent consecutive fiscal year following the base year. As of June 30, 2023, the funded percentage of the FPRS, calculated in accordance with contribution agreements between the City and the FPRS, was 84.1%. The City was not required to make a supplemental contribution for FPRS for the fiscal year ended June 30, 2023.

The next significant required City contribution to FPRS is estimated in Fiscal Year 2026-27 of \$3.659 million, and successive required annual contributions will continue ranging from an estimated \$3.7 million to \$1 million for the next twenty years. If FPRS receives the additional funds in connection with the Concord Property as described above, such additional funding would reduce and push out further the next required City supplemental contribution to FPRS beyond five years.

Copies of the FPRS' annual financial report may be obtained from the City's Department of Finance, 100 North Garfield Avenue, 3rd Floor, Pasadena, California 91109. This annual financial report includes the required three-year trend information. Additional information concerning the FPRS is also contained in Note 20 the City's Annual Comprehensive Financial Report for the year ended June 30, 2023 attached as Appendix B to this Official Statement.

Investment Status.

As of June 30, 2024, the FPRS' investment assets were allocated as follows:

**TABLE A-23  
CITY OF PASADENA  
FIRE AND POLICE RETIREMENT SYSTEM  
PORTFOLIO INFORMATION  
as of June 30, 2024 (unaudited)**

<u>Description of Assets</u>	<u>Market Value</u>	<u>Percentage of Portfolio</u>
Cash and cash equivalents	\$ 1,335,000	1.4%
Short-term investments	4,312,840	4.4%
Accrued income	226,040	0.2%
Government and agencies	18,628,114	19.1%
Fixed income mutual funds	17,074,642	17.5%
Domestic corporate obligations	7,128,179	7.3%
International corporate obligations	454,730	0.5%
Real estate	10,754,906	11.0%
Partnerships/joint ventures	4,600,000	4.7%
Domestic corporate stocks	19,971,676	20.5%
International corporate stocks	19,655,059	20.2%
Net pending trades	-6,619,450	-6.8%
TOTAL	<u>\$97,521,736</u>	<u>100.0%</u>

Source: City of Pasadena, Department of Finance.

The FPRS has a number of investment objectives. The primary goals are to provide participants with scheduled retirement benefits and meet or exceed the rate of inflation in its investments, as measured against the consumer price index. In addition, its objective is to achieve a higher rate of return over a three to five year period with less than average volatility, with enhanced return over a longer period, such as five years, being more important than the preservation of capital during a one-year period of time.

Under its investment guidelines, the FPRS must maintain sufficient liquidity to meet the FPRS' cash needs. It may invest in equity securities, U.S. government bonds, corporate bonds and dollar denominated foreign bonds, certain kinds of mortgage backed securities, money market funds, and American Depositary Receipts of foreign securities. Fixed income securities must be rated Baa/BBB or better by nationally recognized rating agencies. The assets of the FPRS may not be invested in options, commodities or futures, nor may securities be sold short or purchased on margin.

The City is responsible for making contributions to the FPRS, as described above. A variety of factors will affect the extent of the City's liability to the FPRS, including actual investment performance of the FPRS' assets, actual changes in the consumer price index, and the FPRS' actual mortality and benefit payment experience, all as compared with the assumptions, and changes in actuarial assumptions and methods, including the assumed rate of investment return. Investment market volatility and economic recessions may require substantial additional contributions to the FPRS over time.

**TABLE A-24**  
**ANNUAL PAYMENTS TO CALPERS RETIREMENT PLANS BY CITY**  
(\$ in Thousands)

<b>Fiscal Year Ended June 30</b>	<b>CalPERS— Misc. Employees Total Contribution</b>	<b>CalPERS- General Fund Contribution Misc. Employees<sup>(2)</sup></b>	<b>CalPERS— Safety Employees Total Contribution</b>	<b>CalPERS- General Fund Contribution Safety Employees</b>
2015	\$18,552	\$ 6,308	\$10,533	\$10,322
2016	20,751	7,055	11,641	11,409
2017	25,894	8,804	15,724	14,973
2018	27,112	13,556	16,542	16,211
2019	29,841	14,921	18,841	18,464
2020	36,132	18,066	18,808	18,432
2021	36,357	18,179	18,456	18,087
2022	34,287	17,144	24,943	19,954
2023	36,737	18,369	27,346	21,603
2024	41,637	20,819	30,892	24,714
2025 <sup>(1)</sup>	48,206	24,103	26,975	21,580
2026 <sup>(1)</sup>	49,758	24,879	31,844	25,476
2027 <sup>(1)</sup>	52,229	26,115	33,706	26,965
2028 <sup>(1)</sup>	51,867	25,934	35,112	28,089
2029 <sup>(1)</sup>	56,798	28,399	38,102	30,482
2030 <sup>(1)</sup>	58,129	29,064	38,802	31,041
2031 <sup>(1)</sup>	59,156	29,578	39,407	31,526

(1) Projected annual payment to retirement plan based on projected contribution rates on CalPERS plus unfunded Accrual Liability in July 2019 CalPERS Report.

(2) Historic Payment are net of City "pick-up." See " - Retirement Systems California Public Employees' Retirement System - General" above.

Source: City of Pasadena, Department of Finance.

[Remainder of page intentionally left blank.]

**TABLE A-25  
ANNUAL CONTRIBUTION RATES  
TO CALPERS RETIREMENT PLANS BY CITY**

Fiscal Year Ended June 30	CalPERS Misc. Employees <sup>(1)</sup>	CalPERS Misc. UAL \$	CalPERS Safety Employees <sup>(1)</sup>	CalPERS Safety UAL \$
2015	19.2%	-	29.3%	-
2016	21.1	-	31.8	-
2017	22.8	-	35.1	-
2018	7.986	\$18,895,540	17.14	\$ 9,230,863
2019	8.384	21,920,840	17.94	10,953,259
2020	9.246	25,084,564	18.9	12,900,362
2021	10.017	27,226,688	19.9	14,399,802
2022	9.77	29,667,129	19.27	16,388,303
2023	9.59	32,474,454	19.07	18,025,647
2024	10.80	30,237,895	20.96	17,430,790
2025	10.75	34,530,573	20.51	16,364,267
2026	10.47	35,278,026	20.43	20,584,672
2027 <sup>(2)</sup>	10.2 <sup>(3)</sup>	37,728,152 <sup>(4)</sup>	20.1 <sup>(5)</sup>	22,317,902 <sup>(6)</sup>
2028 <sup>(2)</sup>	10.0 <sup>(3)</sup>	37,251,619 <sup>(4)</sup>	19.7 <sup>(5)</sup>	23,637,504 <sup>(6)</sup>
2029 <sup>(2)</sup>	9.8 <sup>(3)</sup>	42,073,532 <sup>(4)</sup>	19.4 <sup>(5)</sup>	26,486,780 <sup>(6)</sup>
2030 <sup>(2)</sup>	9.7 <sup>(3)</sup>	43,146,868 <sup>(4)</sup>	19.1 <sup>(5)</sup>	27,046,081 <sup>(6)</sup>
2031 <sup>(2)</sup>	9.5 <sup>(3)</sup>	44,072,944 <sup>(4)</sup>	18.7 <sup>(5)</sup>	27,574,970 <sup>(6)</sup>

- (1) Prior to 2018, CalPERS collected employer contributions for each plan as a percentage of payroll for both the normal cost portion and unfunded actuarial liability. For fiscal years ending June 30, 2015, 2016 and 2017, the percentages represent both the normal cost portion and the unfunded actuarial liability. For later periods, the percentages reflect that CalPERS collects employer contributions for each plan as a percentage of payroll for the normal cost portion and as a dollar amount for contributions toward the unfunded actuarial liability.
- (2) Annual payment to retirement plan based on projected contribution rates on CalPERS actuarial report dated July 2024. Does not include City "pick-up". See " - Retirement Systems California Public Employees' Retirement System - General" above.
- (3) Projected normal cost contribution rate for miscellaneous employee plan.
- (4) Amount of the projected amortization payment for the unfunded actuarial liability for the miscellaneous employee plan.
- (5) Project normal cost contribution rate for safety employee plan.
- (6) Amount of the projected amortization payment for the unfunded actuarial liability for the safety employee plan.

Source: City of Pasadena, Department of Finance.

**Funding Status of Plans.** Based on the 2023 Actuarial Valuation (which is the most recent actuarial valuation available and is set forth in the July 2024 CalPERS Report), CalPERS reported an unfunded liability, as of June 30, 2023, of \$378.2 million for the City's miscellaneous employees as compared to an underfunding of \$364.4 million the previous year and an unfunded liability of \$250.9 million for safety employees as compared to \$239.2 million the previous year. Based upon this report, the City reported that its CalPERS obligation had a funded ratio of 72.7% based upon the market value of plan assets with respect to the City's miscellaneous employees and a funded ratio of 70.8% based upon the market value of plan assets for safety employees. As noted above, CalPERS has changed its discount rate assumptions from time to time. The funding status as of June 30, 2023 was calculated using a CalPERS Discount Rate of 6.80%. Also, as noted above CalPERS has changed its amortization and smoothing policies in 2013. Beginning with the June 30, 2015 Actuarial Valuations (that set fiscal year 2015-16 CalPERS contribution rates), CalPERS no longer uses an actuarial value of assets and instead employs an amortization and rate smoothing policy that will account for all gains and losses over a fixed 30-year period with the increases and decreases in the rate phased over a 5-year period. Also as noted above, CalPERS has changed smoothing policies (shortening the period from 30 to 20-years) for valuations on and after June 30, 2023.



The City provides pension benefits for employees not covered by CalPERS or the FPRS through the Public Agency Retirement System (“PARS”), a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As of December 31, 2012, the covered employees are required to contribute the full 7.5% of their earnings. Prior to such date, the City contributed an amount equal to 4.0% of the employee’s earnings and the covered employee contributed 3.5%. The City’s payroll for employees covered by PARS for fiscal year 2022-2023 was \$4,854,000. The covered employees made the total required 7.5% contributions of \$364,000.

The tables below summarize the funded status of the City’s retirement plans as of the most recent actuarial valuation dates. Additional information regarding the City’s employee retirement plans, annual pension costs, the funding status thereof and significant accounting policies related thereto is set forth in Note 20 to the City’s Annual Comprehensive Financial Report for the year ended June 30, 2023, and in the CalPERS reports to the City, which can be accessed at [https://www.\[ \]](https://www.[ ]).

**TABLE A-26**  
**CITY OF PASADENA**  
**RETIREMENT PLAN TREND INFORMATION**  
**(\$ in thousands)**  
**CALPERS – MISCELLANEOUS EMPLOYEES**

Valuation Date (June 30)	Actuarial Liability (AAL) – Entry Age	Actuarial Asset Value*	(Overfunded) Unfunded AAL	Funded Ratio*		Annual Covered Payroll	(Overfunded) Unfunded AAL as a % of Covered Payroll
				AVA	Market Value		
2015	\$ 982,774	\$734,946	\$247,827	74.8%	74.8%	\$104,325	237.5%
2016	1,026,336	719,443	306,892	70.1	70.1	107,587	285.2
2017	1,074,696	780,285	294,410	72.6	72.6	108,837	270.5
2018	1,149,746	825,785	323,960	71.8	71.8	110,137	294.1
2019	1,185,916	859,555	326,362	72.5	72.5	112,474	294.1
2020	1,224,053	881,003	343,003	72.0	72.0	115,761	296.3
2021	1,281,876	1,066,036	215,839	83.2	83.2	118,059	182.8
2022	1,332,021	967,574	364,448	72.6	72.6	117,098	311.2
2023	1,386,741	1,008,512	378,229	72.7	72.7	127,301	297.1

(\*) Actuarial value of assets equals the market value of assets pursuant to CalPERS’ Direct Rate Smoothing Policy.  
Source: CalPERS actuarial valuations on the reporting date for each fiscal period.

[Remainder of page intentionally left blank.]

**TABLE A-27**  
**CITY OF PASADENA**  
**RETIREMENT PLAN TREND INFORMATION**  
(\$ in thousands)  
**CALPERS - SAFETY EMPLOYEES**

Valuation Date (June 30)	Actuarial Accrued Liability (AAL) – Entry Age	Actuarial Asset Value	(Overfunded) Unfunded AAL	Funded Ratio		Annual Covered Payroll	(Overfunded) Unfunded AAL as a % of Covered Payroll
				AVA	Market Value		
2015	\$530,414	\$400,797	\$129,617	75.6%	75.6%	\$40,318	321.5%
2016	561,743	398,312	163,432	70.9	70.9	41,688	392.0
2017	604,467	438,683	165,784	72.6	72.6	43,504	381.1
2018	658,183	470,973	187,210	71.6	71.6	43,923	426.2
2019	691,240	497,824	193,416	72.0	72.0	46,089	419.6
2020	724,161	517,054	207,108	71.4	71.4	46,157	448.7
2021	773,658	632,076	141,582	81.7	81.7	46,181	306.6
2022	817,299	578,088	239,211	70.7	70.7	47,623	502.3
2023	858,263	607,274	250,989	70.8	70.8	50,731	494.5

(\*) Beginning with the June 30, 2013 actuarial valuation, the actuarial value of assets equals the market value of assets pursuant to CalPERS' Direct Rate Smoothing Policy.

Source: CalPERS actuarial valuations on the reporting date for each fiscal period.

**TABLE A-28**  
**CITY OF PASADENA**  
**RETIREMENT PLAN TREND INFORMATION**  
(\$ in thousands)  
**FPRS<sup>(1)</sup>**

Valuation Date (June 30)	Actuarial Accrued Liability (AAL) – Entry Age	Actuarial Asset Value	(Overfunded) Unfunded AAL	Funded Ratio	Annual Covered Payroll	(Overfunded) Unfunded AAL as a % of Covered Payroll
2016	155,824	125,479	30,345	80.5	-	N/A
2017	148,454	122,433	26,021	82.5	-	N/A
2018	147,816	118,034	29,782	79.9	-	N/A
2019	144,367	109,827	34,540	76.1	-	N/A
2020	139,285	124,255	15,030	89.2	-	N/A
2021	131,926	121,488	10,438	92.1	-	N/A
2022	131,139	115,181	15,958	87.8	-	N/A
2023	127,551	107,321	20,230	84.1	-	N/A

(1) City contribution not required where funded ratio is at or above 80%. See “ - Pasadena Fire and Police Retirement System” above.  
Source: FPRS actuarial valuations through June 30, 2023.

**Post-Retirement Medical Benefits (OPEB)**

The City provides a subsidy to retirees of the City who are members of CalPERS or members of the FPRS who purchase their medical insurance through CalPERS. Two different levels of subsidy toward the purchase of medical insurance from CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA) are offered. Benefit provisions are established and amended through negotiations between the City and the respective unions.

The City's current contribution requirements have been established at the individual retiree levels of \$151 or \$149 per month depending on bargaining unit membership and policy enacted by CalPERS pursuant to State law. These minimum requirements are established by CalPERS and adjusted annually. The City has historically funded these post-retirement health care benefits on a "pay-as-you-go" basis. For the Fiscal Year ended June 30, 2023, the City recognized OPEB expense of \$6,175,000. At the end of the Fiscal Year, the City had net OPEB liability of \$75,289,000 and reported OPEB related deferred inflows of resources of \$23,879,000 and outflows of resources of \$7,587,000. Each of the City's water system and electric system is allocated its portion of the required contributions attributable to the respective system's employees. As of June 30, 2023, the Water Enterprise Fund's net OPEB liability was \$4,323,060, and the Light and Power Fund's net OPEB liability was \$8,868,474.

In fiscal year 2022-23, the City's OPEB liability is calculated based on an amount actuarially determined in accordance with the parameters of GASB Statement 75. Based upon the actuarial valuation report as of June 30, 2023, the actuary has projected a required "Actuarially Determined Contribution" for fiscal year 2023-24 of \$3,119,328 and for fiscal year 2024-2025 of \$3,285,544. These amounts represent a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed twenty years. Under GASB 75, unfunded or partially funded OPEB plans must use a discount rate assumption tied to the index for 20-year, tax-exempt general obligation bonds.

The actuarial valuation uses, among other assumptions, a 4.13% discount rate and an inflation rate of 2.80%. The City's liability will also be affected by health care costs. The actuarial valuation assumes that medical costs will decline in 2024 by 6.00% (for Medical/RX) declining to lower than 6.00% after 2024. For fiscal year 2023-24, the actuary has projected that the City will make a benefit payments of \$3,119,328 representing 44.71% of the Actuarially Determined Contribution for fiscal year 2023-24. From July 1, 2022, through June 30, 2023, the City's total OPEB liability (including the portions attributable to enterprise funds) grew from \$74,648,139 to \$77,600,125.

Other than the pension benefits from the applicable retirement system and as described in this section, the City does not provide medical or other post-retirement benefits to its employees.

### **General Fund Comparative Financial Statements**

The following two tables describe the financial condition of the City's General Fund by showing a three-year history of the City's Comparative Balance Sheet and a three-year history of the City's Statement of Revenues, Expenditures and Changes in Fund Balance.

[Remainder of page intentionally left blank.]

**TABLE A-29  
CITY OF PASADENA  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
Fiscal Years 2021-22 through 2023-24**

Assets	As of June 30,		
	2022	2023	2024 (unaudited)
Cash and investments	\$ 71,629	\$ 81,217	\$120,586
Accounts receivable	33,972	31,471	19,679
Lease receivable	628	375	375
Notes receivable	18,350	18,350	18,350
Due from other funds	38,663	45,834	-
Due from component units	1,503	1,965	-
Due from other government	61	6	-
Prepays and other assets	192	181	719
Restricted cash and investment	11,697	12,194	(26)
Advances to other funds	-	-	-
Advances to component units	-	-	2,500
Allowance uncollectible for note receivable	(4,845)	(4,845)	(4,845)
Allowance for uncollectible advances to Successor Agency	-	-	-
Total assets	\$171,850	\$187,378	\$157,338
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 15,754	\$ 16,786	\$ 10,656
Deposits	3,991	3,300	1,025
Due to component units	2,143	-	-
Due to other governments	-	-	6
Unearned revenue	40,738	2,014	(177)
Advances from other funds	110	-	-
Total liabilities	\$ 62,736	\$ 22,100	\$ 11,510
Deferred inflow of resources:			
Unavailable revenues	2,286	313	-
Lease related	612	354	354
Total deferred inflow of resources	2,898	667	354
Fund Balances:			
Nonspendable	13,697	14,316	16,724
Restricted	12,101	12,596	13,606
Committed	57,339	71,985	71,985
Assigned	23,079	57,407	17,310
Unassigned	-	8,307	25,849
Total Fund balances	\$106,216	\$164,611	\$145,474
Total liabilities and fund balances	\$171,850	\$187,378	\$157,338

Source: City of Pasadena, Department of Finance.

**TABLE A-30  
CITY OF PASADENA  
GENERAL FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
Fiscal Years 2021-22 through 2023-24**

	Fiscal Year Ended June 30,		
	2022	2023	2024 (unaudited)
<b>Revenues:</b>			
Taxes	\$214,740	\$234,258	\$235,862
Licenses and permits	3,941	3,731	3,687
Intergovernmental revenues	35,880	71,161	29,973
Charges for services	32,950	35,822	40,279
Fines and forfeits	4,190	5,372	6,276
Investment earnings		2,127	2,291
Net change in fair value of investment	(5,493)	(640)	2,533
Rental income			-
Lease revenues	974	1,349	1,674
Interest- leases (as lessor)	3	2	-
Miscellaneous revenue	4,262	3,226	1,558
Contributions	28	33	-
Total revenues	\$292,383	\$356,441	\$324,133
<b>Expenditures:</b>			
Current:			
General government	\$63,478	\$58,369	\$67,243
Public Safety	144,020	156,122	165,436
Transportation	22,028	24,290	24,066
Culture and leisure	32,454	33,419	35,574
Community development	8,432	8,683	11,074
Capital outlay	38	2,556	12,357
Debt services:			
Interest	-	3	-
Lease payments	592	644	-
Subscription payments		447	-
Interest-leases and subscriptions	26	33	(2)
Total expenditures	\$271,068	\$284,566	\$315,748
Excess (deficiency) of revenues over (under) expenditures	\$ 21,315	\$ 71,875	\$ 8,385
<b>Other financing sources (uses):</b>			
Issuance of long-term debt			
Leases issued	37	506	-
Subscriptions issued		617	-
Transfer to component unit	(408,)	(67)	(3,000)
Transfers in	20,288	20,667	20,140
Transfers out	(34,079)	(35,203)	(27,805)
Total other financing sources (uses)	\$ (14,162)	\$ (13,480)	\$ (10,665)
<b>Extraordinary gain (loss)</b>	-	-	-
Net Change in fund balances	7,153	58,395	(2,280)
Fund balances at beginning of year	99,063	106,216	147,754
Fund balances at end of year	\$106,216	\$164,611	\$145,474

Source: City of Pasadena, Department of Finance.

**Investment Practices**

*General.* The City Treasurer is responsible for investing City funds pursuant to an Investment Policy (the “Investment Policy”) established by the City Council.

The Treasurer invests temporarily idle cash for the City as part of a pooled investment program which combines general receipts with special funds for investment purposes. The City’s accounting division then allocates interest earnings on a pro rata basis when the interest is earned and distributes interest receipts based on the previously established allocations. All funds of the City, other than bond proceeds, the investment assets of the Commission, the City’s Capital Endowment Fund and the Stranded Investment Reserve Fund, are invested pursuant to this pooled investment program. Funds of the Commission are invested pursuant to the Investment Policy, but are kept separate from other City funds. The Treasurer does not invest funds of any other governmental entities as part of its pooled investment program. All bond proceeds are invested in accordance with the permitted investments described in the applicable trust indenture.

*Pooled Investment Portfolio.* As of June 30, 2024, the funds invested pursuant to the pooled investment program had a market value of \$740,104,042. The City Treasurer prices the pooled portfolio and all other funds and investments under management on a monthly basis. The market values are obtained from Interactive Data Corporation (“IDC”) and Bloomberg Financial Systems. The modified duration of the City’s Pooled Investment Portfolio as of June 30, 2024 was 1.42 years. Of the investments on that date, approximately 16.19% had maturities of thirty days or less.

The assets of the portfolio as of June 30, 2024 are shown in the following table:

**TABLE A-31  
CITY OF PASADENA  
POOLED INVESTMENT PORTFOLIO  
as of June 30, 2024**

	Market Value	Percentage of Total <sup>(1)</sup>
Money Market – Collateralized	\$ 1,209	0.00%
Certificates of Deposit	1,250,000	0.17
Municipal Bonds	39,315,891	5.34
Corporate Bonds	85,783,904	11.64
Federal Agencies	389,624,747	52.89
US Treasury Securities	63,919,687	8.68
Supranationals	34,472,619	4.68
Commercial Paper	29,755,190	4.04
Money Market-CAMP	91,038,377	12.36
LAIF	1,312,214	0.18
Cash in Bank	208,706	0.03
Total	736,682,545	100.00
Accrued Interest Receivable	3,421,498	
Grand Total	<u>\$740,104,042</u>	

<sup>(1)</sup> At market value. The Weighted Average Maturity of the above portfolio is 1.55 years.  
Source: City of Pasadena, Department of Finance.

*The Investment Policy.* The City’s treasury operations are managed according to the Investment Policy which sets forth permitted investment vehicles, liquidity parameters and maximum maturities. The Investment Policy is reviewed and authorized by the City Council on an annual basis. The City Council approved the Investment Policy for fiscal year 2023-24 on June 12, 2023.

The Investment Policy establishes three primary objectives, in the following order of priority, for the City’s investment activities.

1. *Safety of Principal.* The City will seek to preserve principal by mitigating credit risk and market risk (by structuring the portfolio so that securities mature at the same time as major cash outflows occur and by prohibiting the taking of short positions).

2. *Liquidity.* The City will maintain sufficient liquidity in the investment portfolio to enable the City to meet all operating requirements which might be reasonably anticipated and investments will be authorized only in securities that are actively traded in the secondary market. The City operates its own electric and water utility and bills monthly for these services. The utility billing program generates significant cash flow on a daily basis. Historical cash flow trends are compared to current cash flow requirements on an ongoing basis in an effort to ensure that the City's investment portfolio will remain sufficiently liquid to enable the City to meet all reasonably anticipated operating requirements.

3. *Return on Investment.* The City will design its investment portfolio to attain a "market average rate of return" through economic cycles and, whenever possible, consistent with risk limitations and prudent investment principles, to augment returns above the market average rate of return.

The City's cash management system is designed to accurately monitor and forecast expenditures and revenues, thus enabling the City to invest funds to the fullest extent possible. The City attempts to earn the highest yield obtainable while keeping within the investment criteria established by the Investment Policy for the safety and liquidity of public funds.

To meet its short-term cash flow needs, the City typically maintains an average investment balance of about \$40 million in securities with a maturity of 30 days or less.

*Authorized Investments.* Funds are invested only in those securities authorized by the various sections of the California Government Code and the City's Investment Policy, which include obligations of the United States Treasury, agencies of the United States Government, local and State bond issues, bankers acceptances, commercial paper of prime quality, certificates of deposit (both collateralized and negotiable), repurchase and reverse repurchase agreements, medium-term corporate bonds, shares of beneficial interest in diversified management companies (mutual funds), and asset-backed (including mortgage-related) and pass-through securities.

The City does not invest funds in any security that could result in a zero interest accrual if held to maturity, and has no investments in derivative products such as interest rate swaps, futures, options or reverse purchase agreements in connection with its investments. The City has entered into interest rate swap agreements in connection with certain of its obligations. The City does not have any investments which are reverse repurchase agreements. A reverse repurchase agreement is a transaction in which a holder of securities, such as the City, sells the same to a third party and agrees to repurchase them at a later date. The proceeds received by the seller can in turn be invested in additional securities, thus producing "leverage."

The Government Code stipulates that no investments may be made in securities with maturities in excess of five years without express authority from the City's legislative body. The Government Code and the City's Investment Policy place various other restrictions on investment in and allocation of funds to various investment categories.

None of the moneys on deposit in the City's investment portfolio is currently invested in leveraged products or inverse floating rate bonds. The City has no investments in outside investment pools except for the State's Local Agency Investment Fund (LAIF). The City does not have a practice of lending its portfolio's securities to others in return for a fee, although it is not prohibited from doing so.

## STATE OF CALIFORNIA BUDGET

A number of the City's revenues are collected and subvented by the State (such as sales tax and motor-vehicle license fees) or allocated in accordance with State law (most importantly, property taxes). Therefore, State budget decisions can have an impact on City finances. During prior State fiscal crises, the State has often chosen to reallocate a portion of such revenues to assist in its own budget balancing, although Constitutional initiatives passed in 2004 and 2010 limit the State's ability to divert revenues from localities (including the City) in the future.

The State's fiscal year begins on July 1 and ends on June 30. The State Constitution requires the Governor to submit a budget for each fiscal year to the Legislature by the preceding January 10 (the "Governor's Budget"). The Constitution requires the Legislature to pass a budget bill by June 15, after which the Governor has 12 calendar days to either sign or veto the enrolled budget. The Legislature has adopted timely the past four State budgets, although the Legislature has failed to meet the June 15 deadline in prior years. The Governor is also required to submit a "May Revision" to the Governor's Budget. The Legislature typically waits for the May Revision before making final budget decisions. Once the budget bill has been approved by a majority vote of each house of the Legislature, it is sent to the Governor for signature. Increases in taxes require approval of a two-thirds majority of each house.

*The following information concerning the State's budget has been obtained from publicly available information which the City believes to be reliable; however, the City takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information. Information about the State budget is regularly available at various State-maintained websites. Text of the State budget may be found at the State Department of Finance website, [www.ebudget.ca.gov](http://www.ebudget.ca.gov). An impartial analysis of the budget is posted by the Office of the Legislative Analyst at [www.lao.ca.gov](http://www.lao.ca.gov). In addition, various State of California official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, [www.treasurer.ca.gov](http://www.treasurer.ca.gov). The information referred to is prepared by the respective State agency maintaining each website and not by the City, and the City takes no responsibility for the continued accuracy of the Internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.*

**2024-25 State Budget.** On June 29, 2024, Governor Newsom signed into law the Fiscal Year 2024-25 State Budget (the "2024-25 Budget"). The 2024-25 Budget totals approximately \$297.8 billion, including \$211.5 billion of general fund spending. The 2024-25 Budget acknowledges that the State experienced significant revenue volatility, and a tax filing delay by the Internal Revenue Service (with a conforming State delay) affecting over 99 percent of the State's tax filers, that eventually led to a clouded State revenue forecast. The 2024-25 Budget estimates that the State is facing an approximate \$46.8 billion deficit. The 2024-25 Budget withdraws funds from the Budget Stabilization Account (the "Rainy Day Fund"), but does so over two Fiscal Years, assuming the use of approximately \$5.1 billion in Fiscal Year 2024-25 and approximately \$7.1 billion in Fiscal Year 2025-26. The 2024-25 Budget also withdraws \$900 million from the Safety Net Reserve to maintain program benefits and services for the Medi-Cal and CalWORKs programs. The 2024-25 Budget reflects \$22.2 billion in budgetary reserves at the end of Fiscal Year 2024-25, which include: \$17.6 billion in the Rainy Day Fund for fiscal emergencies; \$1.1 billion in the Public School System Stabilization Account (the "rainy-day" fund used to lessen the impact of State revenue volatility on K-12 schools and community colleges); and \$3.5 billion in the State's operating reserve, the Special Fund for Economic Uncertainties. To address the remaining deficit, and in addition to the use of reserves (\$6 billion), the 2024-25 Budget includes a mix of broad-based solutions including reductions (\$16 billion), additional revenue sources and internal borrowing (\$13.6 billion), fund shifts (\$6 billion), delayed spending (\$3.1 billion) and deferrals (\$2.1 billion).

Intergovernmental revenues (including those from the State) have represented a relatively small portion of the City's General Fund annual revenues. See Table A-30 herein. However, there can be no assurance that the State will not experience budget challenges, and there can be no certainty as to the effect on the City of any State efforts to address such challenges.

## **CONSTITUTIONAL AND STATUTORY LIMITS ON TAXES, REVENUES AND APPROPRIATIONS**

### **Article XIII A of the State Constitution**

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 each county and apportioned among the county and other public agencies and funds 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 is well below its appropriation limit for fiscal year 2024-25. The City's appropriations limit for fiscal year 2024-25 is \$401 million, with approximately \$199 million of the City's appropriations being subject to this limit. The City cannot predict whether, when and how the appropriations limit might impact the City's finances in the future.

### **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 that are used by a city for general fund purposes and that 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.

In addition to the provisions described above, Article XIII C extends the people's initiative power to the reduction or repeal of local taxes, assessments, and fees and charges imposed prior to its effective date (November 1996). 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. The California Supreme Court held in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal. 4th 205 (2006) that, under Article XIII C local voters by initiative may reduce a public agency's water rates and delivery charges, as those are property-related fees or charges within the meaning of

Article XIII D, and noted that the initiative power described in Article XIII C may extend to a broader category of fees and charges than the property-related fees and charges governed by XIII D (“assessment,” “fee” and “charge,” are not defined in Article XIII C, so it was initially 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). 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.

A number of lawsuits asserting have been filed against cities around the State of California which generally assert that city electric utility rates are more than reasonably necessary to operate the utility to the extent they finance the applicable city’s annual authorized transfers from the electric enterprise 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). In several of such cases, the trial courts have held that such transfers violate Proposition 26. In August 2018, the California Supreme Court decided *Citizens for Fair REU Rates v. City of Redding*, 6 Cal.5th 1 (2018). The Supreme 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 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 the Supreme Court’s decision in the *Redding* case did not address the validity of any charter-authorized transfers, as Redding is a general law city, not a charter city.

Another published appellate opinion holds that Proposition 26 is not retroactive as to local governments (*Brooktrails Township Community Services Dist. v. Board of Supervisors of Mendocino County* (2013) 218 Cal.App.4th 195) and, for that reason, it is the City’s further belief that transfers from its Light and Power Fund should be unaffected by Proposition 26.

The City’s electric rates were challenged as violating the above restrictions in a lawsuit that was resolved in favor of the City in 2021. The class action suit, originally filed in 2017, challenged the annual transfer from the Light and Power Fund to the City’s General Fund. In November 2020, Pasadena voters approved a measure confirming an \$18 million annual transfer from Light and Power Fund to the General Fund. Based on that voter approval and a precedential Court of Appeal decision in a different case earlier in 2021 involving a voter approved transfer from a utility fund to a general fund of a different city, the Superior Court granted summary judgment in favor of the City.

The City intends to continue making these transfers to the General Fund in accordance with its Charter. The City’s financial plan projections included in Appendix A assume continued transfer from the Light and Power Fund

to the General Fund as authorized by the City Charter. However, there can be no assurance that Light and Power Fund transfers to the General Fund will not have to be reduced or eliminated in the future as a result of future legislation or litigation.

Franchise fees relating to solid waste collection has been the subject of recent litigation. In the case of *Robert Zolly et al. v. City of Oakland*, two franchises awarded by the City of Oakland for recycling and municipal waste services were subject to challenge under Proposition 26. The City of Oakland argued that the franchise fees fell within the exception of Proposition 26 described under subdivision (d) (“a charge for entrance to or use of local government property, or the purchase, rental, or lease of local government property”). In its ruling issued on August 11, 2022, the California Supreme Court found that the City of Oakland had failed to demonstrate as a factual matter that the right to use city streets for travel (i.e. to haul recyclable and municipal waste), as others use them, is a property right for which a fee can be imposed. The factual question was remanded for consideration in the trial court.

### **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 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.

### **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.

[Remainder of page intentionally left blank.]



**APPENDIX C**  
**SUMMARY OF PRINCIPAL LEGAL DOCUMENTS**

**APPENDIX D**  
**FORM OF CONTINUING DISCLOSURE AGREEMENT**



**APPENDIX E**

**FORM OF OPINION OF BOND COUNSEL**

**[To come.]**

Respectfully submitted,

## APPENDIX F

### BOOK-ENTRY ONLY SYSTEM

*The information in this Appendix F 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 2024 Bonds. The 2024 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 2024 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org). The information set forth on these websites is not incorporated by reference herein.

Purchases of 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2024 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2024 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 2024 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 2024 Bonds, except in the event that use of the book-entry system for the 2024 Bonds is discontinued.

To facilitate subsequent transfers, all 2024 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 2024 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 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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, 2024 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, 2024 Bond certificates will be printed and delivered.

**APPENDIX G**

**ACCRETED VALUE TABLE FOR 2024 CAPITAL APPRECIATION BONDS**

	<u>Maturing</u> <u>06/01/20__</u>	<u>Maturing</u> <u>06/01/20__</u>	<u>Maturing</u> <u>06/01/20__</u>	<u>Maturing</u> <u>06/01/20__</u>	<u>Maturing</u> <u>06/01/20__</u>
<u>__/__/20__</u>	\$	\$	\$	\$	\$

## DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), dated as of November 1, 2024, is executed and delivered by the City of Pasadena (the “City”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to assist the City in processing certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the City through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the City or anyone on the City’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a “Municipal Advisor” as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

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

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

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

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

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

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

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the City and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

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

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

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

“Financial Obligation” as used in this Disclosure Agreement is defined in the Rule, as may be amended, as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

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

“MSRB” means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

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

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

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

“Trustee” means the institution, if any, identified as such in the document under which the Bonds were issued.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(10) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

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

## SECTION 2. Provision of Annual Reports.

(a) The City shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than the 25th day of February following the end of each fiscal year of the City, commencing with the fiscal year ending June 30, 2024. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as

separate documents comprising a package, and may cross reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the City of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the City will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the City irrevocably directs the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

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

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) hereof with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) hereof with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) hereof with the MSRB, identifying the Notice Event as instructed by the City pursuant to Section 4(a) or 4(b)(ii) hereof (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. "Principal and interest payment delinquencies;"
2. "Non-Payment related defaults, if material;"
3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. "Substitution of credit or liquidity providers, or their failure to perform;"

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. “Modifications to rights of holders of the Bonds, if material;”

8. “Bond calls, if material, and tender offers;”

9. “Defeasances;”

10. “Release, substitution, or sale of property securing repayment of the securities, if material;”

11. “Rating changes;”

12. “Bankruptcy, insolvency, receivership or similar event of the obligated person;”<sup>1</sup>

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

14. “Appointment of a successor or additional trustee, or the change of name of a trustee, if material;”

15. “Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and

16. “Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.”

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

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

1. “amendment to continuing disclosure undertaking;”

2. “change in obligated person;”

3. “notice to investors pursuant to bond documents;”

---

<sup>1</sup> This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.



4. “certain communications from the Internal Revenue Service other than those communications included in the Rule;”

5. “secondary market purchases;”

6. “bid for auction rate or other securities;”

7. “capital or other financing plan;”

8. “litigation/enforcement action;”

9. “change of tender agent, remarketing agent, or other on-going party;”

10. “other event-based disclosures;”

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

1. “quarterly/monthly financial information;”

2. “change in fiscal year/timing of annual disclosure;”

3. “change in accounting standard;”

4. “interim/additional financial information/operating data;”

5. “budget;”

6. “investment/debt/financial policy;”

7. “information provided to rating agency, credit/liquidity provider or other third party;”

8. “consultant reports;” and

9. “other financial/operating data.”

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

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

(g) Anything in this Disclosure Agreement to the contrary notwithstanding, any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain:

(i) The Annual Comprehensive Financial Report for the City for the preceding fiscal year (or if not available at the time of filing, the unaudited financial statements as set forth in subsection (b) of this Section). The Annual Comprehensive Financial Report shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the City may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared.

(ii) The City's General Fund operating budget for the current fiscal year.

(iii) To the extent not included in the City's Annual Comprehensive Financial Report described in paragraph (a) above, a summary of the City's General Fund long-term obligations.

(b) Audited Financial Statements as described in the Official Statement will be included in the Annual Report as set forth in subsection (a)(i) of this Section. If audited financial statements are not available, then unaudited financial statements, prepared in accordance with Generally Accepted Accounting Principles as described in the Official Statement will be included in the Annual Report. In such event, Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the City is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City will clearly identify each such document so incorporated by reference.

The City will reserve the right to modify from time to time the specific type of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City; provided that the City will agree that any such modification will be done in a manner consistent with the Rule.

SECTION 4. Reporting of Notice Events.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bond holders, if material;

8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

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

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

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

The City shall, in a timely manner not later than nine (9) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Disclosure Dissemination Agent to disseminate such information, and identify the date the City desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

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

such information, and identify the date the City desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the City as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. The City will provide the Dissemination Agent with the CUSIP numbers for (i) new bonds at such time as they are issued or become subject to the Rule and (ii) any Bonds to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Bonds.

SECTION 6. Additional Disclosure Obligations. The City acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the City, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The City acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

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

(b) The City may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Disclosure Dissemination Agent to disseminate such information, and identify the date the City desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the City as prescribed in this Section 7(b) hereof to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

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

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this

Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the City and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the City is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

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

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

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

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the City has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the City and shall not be deemed to be acting in any fiduciary capacity for the City, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the City's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the City has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the City at all times.

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

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

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

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the City and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the City or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

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

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Trustee, if any, for the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

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

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

[Remainder of page intentionally left blank.]

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

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

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

CITY OF PASADENA

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

**EXHIBIT A**

**NAME AND CUSIP NUMBERS OF BONDS**

Name of Issuer Pasadena Public Financing Authority  
Obligated Person(s) City of Pasadena  
Name of Bond Issue: Lease Revenue Refunding Bonds (Rose Bowl Renovation Project), Series 2024  
Date of Issuance: November [ ], 2024  
Date of Official Statement November [ ], 2024

CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____



**EXHIBIT B**

**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Issuer: Pasadena Public Financing Authority  
Obligated Person: City of Pasadena  
Name(s) of Bond Issue(s): Lease Revenue Refunding Bonds (Rose Bowl Renovation Project), Series 2024  
Date(s) of Issuance: November [ ], 2024  
Date(s) of Disclosure Agreement: November 1, 2024  
CUSIP Number: [ ]

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above named Bonds as required by the Disclosure Agreement between the City and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. [The City has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by \_\_\_\_\_].

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

Digital Assurance Certification, L.L.C., as Disclosure  
Dissemination Agent, on behalf of the City

cc: Director of Finance  
City of Pasadena, California

\_\_\_\_\_

**EXHIBIT C-1**

**EVENT NOTICE COVER SHEET**

This cover sheet and accompanying "event notice" may be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:  
City of Pasadena

Issuer's Six-Digit CUSIP Number:

---

---

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

[ \_\_\_\_\_ ]

Number of pages attached: \_\_\_\_\_

\_\_\_\_\_ Description of Notice Events (Check One):

1. \_\_\_\_\_ "Principal and interest payment delinquencies;"
2. \_\_\_\_\_ "Non-Payment related defaults, if material;"
3. \_\_\_\_\_ "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. \_\_\_\_\_ "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. \_\_\_\_\_ "Substitution of credit or liquidity providers, or their failure to perform;"
6. \_\_\_\_\_ "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. \_\_\_\_\_ "Modifications to rights of securities holders, if material;"
8. \_\_\_\_\_ "Bond calls, if material;" Tender offers;
9. \_\_\_\_\_ "Defeasances;"
10. \_\_\_\_\_ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. \_\_\_\_\_ "Rating changes;"
12. \_\_\_\_\_ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
13. \_\_\_\_\_ "Merger, consolidation, or acquisition of the obligated person, if material;"
14. \_\_\_\_\_ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
15. \_\_\_\_\_ "Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material;" and
16. \_\_\_\_\_ "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties."

\_\_\_\_\_ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

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

Digital Assurance Certification, L.L.C.  
315 E. Robinson Street, Suite 300  
Orlando, FL 32801  
407-515-1100

Date: \_\_\_\_\_

**EXHIBIT C-2**

**VOLUNTARY EVENT DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary event disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of November 1, 2024 between the City and DAC.

Issuer's and/or Other Obligated Person's Name:

City of Pasadena

Issuer's Six-Digit CUSIP Number:

---

---

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

[ ]

Number of pages attached: \_\_\_\_\_

\_\_\_\_ Description of Voluntary Event Disclosure (Check One):

1. \_\_\_\_\_ "amendment to continuing disclosure undertaking;"
2. \_\_\_\_\_ "change in obligated person;"
3. \_\_\_\_\_ "notice to investors pursuant to bond documents;"
4. \_\_\_\_\_ "certain communications from the Internal Revenue Service;"
5. \_\_\_\_\_ "secondary market purchases;"
6. \_\_\_\_\_ "bid for auction rate or other securities;"
7. \_\_\_\_\_ "capital or other financing plan;"
8. \_\_\_\_\_ "litigation/enforcement action;"
9. \_\_\_\_\_ "change of tender agent, remarketing agent, or other on-going party; and"
10. \_\_\_\_\_ "other event-based disclosures."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

---

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

Digital Assurance Certification, L.L.C.  
315 E. Robinson Street  
Suite 300  
Orlando, FL 32801  
407-515-1100

Date: \_\_\_\_\_

**EXHIBIT C-3**

**VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET**

This cover sheet and accompanying "voluntary financial disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of November 1, 2024 between the City and DAC.

Issuer's and/or Other Obligated Person's Name:

City of Pasadena

Issuer's Six-Digit CUSIP Number:

---

---

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

[ ]

Number of pages attached: \_\_\_\_\_

\_\_\_\_ Description of Voluntary Financial Disclosure (Check One):

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

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

---

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

Digital Assurance Certification, L.L.C.  
315 E. Robinson Street  
Suite 300  
Orlando, FL 32801  
407-515-1100

Date: \_\_\_\_\_