Attachment F

Norton Rose Fulbright US LLP draft 3/25/25

PRELIMINARY OFFICIAL STATEMENT DATED APRIL __, 2025

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

NEW ISSUE - BOOK-ENTRY ONLY RATING: [S&P]: [___]

In the opinion of Norton Rose Fulbright US LLP, Bond Counsel, under current law and assuming compliance with certain covenants in the documents pertaining to the Bonds and requirements of the Internal Revenue Code of 1986, as described herein, interest on the Bonds is not includable in the gross income of the owners of the Bonds for federal income tax purposes. In the further opinion of Bond Counsel, interest on the Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax on individuals. Bond Counsel is also of the opinion that, under current law, interest on the Bonds is exempt from personal income taxes of the State of California. See "TAX MATTERS."

$195,000,000*
CITY OF PASADENA, CALIFORNIA
General Obligation Bonds
(Central Library Project)
Series 2025

Dated: Date of Delivery **Due: September 1, as set forth on the inside front cover.**

The City of Pasadena, California (the "City") is issuing its General Obligation Bonds (Central Library Project), Series 2025 (the "Bonds"). The Bonds will be issued by the City under the Government Code of the State of California, the Charter of the City (the "Charter") and a resolution adopted by the City Council of the City. The issuance of the Bonds has been authorized at an election of the registered voters of the City on November 5, 2024, at which more than two-thirds of the persons voting on Measure PL voted to authorize the issuance and sale of general obligation bonds to provide funds for various improvements to the City's central library building (the "Central Library"), including an earthquake retrofit. See "THE BONDS – Authority for Issuance; Purposes." The proceeds of the Bonds will be used to finance certain public improvements as described herein, to fund interest on the Bonds through [_________], and to pay certain costs related to the issuance of the Bonds. See "THE BONDS – Authority for Issuance; Purposes" and "ESTIMATED SOURCES AND USES OF FUNDS."

The Bonds will be dated and bear interest from their date of delivery until paid in full at the rates shown in the maturity schedule on the pages immediately following the cover hereof. Interest on the Bonds will be payable on March 1 and September 1 of each year, commencing September 1, 2025. Principal will be paid at maturity as shown on the page immediately following the cover. See "THE BONDS – Payment of Interest and Principal." The Bonds will be issued only in fully registered form without coupons, and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Individual purchases of the Bonds will be made in book-entry form only, in denominations of $5,000 or any integral multiple thereof. Payments of principal of and interest on the Bonds will be made by U.S. Bank Trust Company, National Association, as Fiscal Agent, to DTC, which in turn is required to remit such principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS – Form and Registration."

The Bonds will be subject to redemption prior to maturity, as described herein. See "THE BONDS – Redemption."

The Bonds are general obligations of the City, payable solely from *ad valorem* property taxes levied by the City and collected by the County of Los Angeles (the "County"). The City Council is empowered and is obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the City, without limitation of rate or amount (except certain personal property that is taxable at limited rates). See "SECURITY FOR THE BONDS."

MATURITY SCHEDULE

(See Inside Front Cover)

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are expected to be sold by competitive sale on April ___, 2025, pursuant to the Notice Inviting Bids dated April ___, 2025. The Bonds are offered when, as and if executed and delivered, subject to approval by Norton Rose Fulbright US LLP, San Francisco, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed upon for the City by the City Attorney and by Norton Rose Fulbright US LLP, San Francisco, California, as Disclosure Counsel. It is expected that the Bonds will be available for delivery through the facilities of DTC by Fast Automated Securities

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* Preliminary, subject to change.

Transfer (FAST) on or about May __, 2025.
Dated: __________, 2025

$195,000,000*
CITY OF PASADENA, CALIFORNIA
General Obligation Bonds
(Central Library Project)
Series 2025

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Number†

$________ _____% Term Bond maturing September 1, 20__; Yield: _____%; Price: ____; CUSIP†: ___

* Preliminary, subject to change.
† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Bonds. None of the City, its Municipal Advisor or the Underwriter is responsible for the selection or use of these CUSIP numbers and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific Bond is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity 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 the Bonds.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations other than those contained herein, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. 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 Bonds by any person in any jurisdiction 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 Bonds. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information or opinions set forth herein or in the affairs of the City since the date hereof.

The information in this Official Statement has been provided by the City and sources the City considers reliable. The Underwriter (as defined in "UNDERWRITING") has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities 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.

The information set forth herein other than that provided by the City, although obtained from sources which are believed by the City to be reliable, is not guaranteed by the City as to accuracy or completeness. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date thereof. This Official Statement is submitted with respect to the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such documents.

This Official Statement, including any supplement or amendment hereto, is intended to be filed with the Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace (EMMA) website. The City also maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon the exemption contained in Section 3(a)(2) of such Act. The Resolution and the Fiscal Agent Agreement have not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exemption contained in such Act.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

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," "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.

CITY OF PASADENA, CALIFORNIA

CITY COUNCIL

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 E. Hawkesworth, *Acting Assistant City Manager/Director of Finance*
Vicken Erganian, *City Treasurer and Deputy Director of Finance*
Mark Jomsky, *City Clerk*
Michele Beal Bagneris, *City Attorney*

SPECIAL SERVICES

BOND COUNSEL AND DISCLOSURE COUNSEL
Norton Rose Fulbright US LLP
San Francisco, California

MUNICIPAL ADVISOR
Urban Futures, Inc.
Walnut Creek, California

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

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OFFICIAL STATEMENT

$195,000,000*
CITY OF PASADENA, CALIFORNIA
General Obligation Bonds
(Central Library Project)
Series 2025

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 Bonds to potential investors is made only by means of the entire Official Statement.

General

The purpose of this Official Statement, including the cover page and appendices hereto, is to provide certain information with the public offering by the City of Pasadena (the "City") of $195,000,000* aggregate principal amount of its General Obligation Bonds (Central Library Project), Series 2025 (the "Bonds").

The Bonds will be payable from *ad valorem* taxes levied upon all taxable property in the City. The City Council of the City (the "City Council") has the power and is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the City subject to taxation without limitation as to the rate or the amount (except with respect to certain personal property which is taxable at limited rates). See "SECURITY FOR THE BONDS." For information on the City's tax base, tax collection system and property tax revenues, see also "PROPERTY TAXATION" herein and "CONSTITUTIONAL AND STATUTORY LIMITS ON TAXES, REVENUES AND APPROPRIATIONS."

The Bonds are being issued to finance a portion of the costs of seismic retrofitting, repairs and upgrades to the City's Central Library (the "Central Library"), including design, construction, acquisition, improvement and renovation thereto, as described herein, to fund interest on the Bonds through [__________] and to pay certain costs related to the issuance of the Bonds. See "THE BONDS – Authority for Issuance; Purposes" and "SOURCES AND USES OF FUNDS."

The City

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 (the "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 the County of Los Angeles (the "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 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

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* Preliminary, subject to change.

APPENDIX A - "CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION" herein for further information regarding the City.

Authority for Issuance

The Bonds were authorized at an election of the registered voters of the City held on November 5, 2024, at which more than two-thirds of the persons voting on the measure voted to authorize the issuance and sale of not to exceed $195,000,000* principal amount of general obligation bonds ("Measure PL Authorization"), to fund various improvements to the Central Library, including an earthquake retrofit. The Bonds represent the only series of bonds to be sold and issued under the Measure PL Authorization.

The Bonds will be issued (a) under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with section 53506 *et seq.*) and Chapter 4 (commencing with section 43600) of Division 4 Title 4 of the California Government Code and the Charter and (b) pursuant to Ordinance No. 7430 passed by the City Council on July 29, 2024, signed by the Mayor on July 29, 2024, and effective on August 8, 2024 (the "Ordinance"). The City authorized the issuance of the Bonds by Resolution No. [___], adopted by the City Council of the City on April [___], 2025 (the "Resolution").

In addition, the Bonds will be issued pursuant to a Fiscal Agent Agreement, dated as of May 1, 2025 (the "Fiscal Agent Agreement"), by and between the City and U.S. Bank Trust Company, National Association, as Fiscal Agent (the "Fiscal Agent").

The Bonds

Interest on the Bonds will be payable on each March 1 and September 1 (an "Interest Payment Date") to maturity or prior redemption, commencing September 1, 2025, at the interest rates shown on the pages immediately following the cover hereof. Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. The Fiscal Agent will act as Fiscal Agent, paying agent and registrar with respect to the Bonds. The interest on the Bonds will be payable in lawful money of the United States to the person whose name appears on the Bond registration books of the Fiscal Agent as the owner thereof as of the close of business on the fifteenth day of the month immediately preceding an interest payment date (the "Record Date"), whether or not such day is a business day.

The Bonds will mature on the dates shown on the pages immediately following the cover page hereof. The Bonds will be subject to redemption prior to maturity, as described below. See "THE BONDS – Redemption" below. The principal of the Bonds will be payable in lawful money of the United States to the owner thereof upon the surrender thereof at maturity or earlier redemption at the office of the Fiscal Agent.

Security of the Bonds

The Bonds are general obligations of the City payable solely from *ad valorem* property taxes levied by the City and collected by the County. The City Council is empowered and is obligated to annually levy ad valorem taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the City, without limitation of rate or amount (except with respect to certain personal property that is taxable at limited rates).

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* Preliminary, subject to change.

Pursuant to Section 53515 of the California Government Code, all general obligations bonds issued by local agencies will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Pursuant to the Resolution, the City has covenanted to levy an *ad valorem* property tax in each Fiscal Year in accordance with the applicable law to pay the principal of, redemption premium, if any, and interest on the Bonds due and payable, and has irrevocably pledged the *ad valorem* taxes levied and collected pursuant to the Resolution for the payment of the principal of and interest on the Bonds when and as the same shall become due and payable. See "SECURITY FOR THE BONDS."

Under the Resolution, the City is not obligated to pay the debt service on the Bonds from any sources other than as described above. This Official Statement, including Appendix A hereto, provides information on the City's overall operations and finances with an emphasis on its General Fund and therefore includes information on revenues and other funds that are not pledged to the Bonds under the Resolution and that should not be considered available to pay debt service on the Bonds.

No Reserve Fund

No reserve fund will be established for the Bonds.

Continuing Disclosure

The City will covenant for the benefit of the Owners and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City and notices of the occurrence of certain enumerated events to the Municipal Securities Rulemaking Board (the "MSRB") pursuant to a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"). These covenants are being made in order to assist the underwriter of the Bonds in complying with Rule 15c2-12, as amended (the "Rule") of the U.S. Securities and Exchange Commission ("SEC") promulgated under the Securities Exchange Act of 1934, as amended. See "CONTINUING DISCLOSURE" and "APPENDIX F - FORM OF CONTINUING DISCLOSURE AGREEMENT" herein.

Summaries Not Definitive

Brief descriptions and summaries of the Bonds, the Resolution, the Fiscal Agent Agreement, provisions of the constitution and statutes of the State, the Charter and City ordinances, and other documents are provided herein. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the Bonds and such other documents are qualified in their entirety by reference to the actual documents. Copies of documents referred to herein and information concerning the 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 BONDS

Authority for Issuance; Purposes

General. The Bonds will be issued under the California Government Code, the Charter and pursuant to the Ordinance and the Resolution.

The Bonds will constitute the first and only issuance of bonds from a not to exceed authorized amount of $195,000,000* of City of Pasadena General Obligation Bonds, Series 2025, duly approved by more than two-thirds of the voters voting on Measure PL at an election held on November 5, 2024 ("Measure PL"), to provide funds for the purposes authorized in Measure PL, which are summarized as follows: to finance earthquake retrofit the City's 97-year-old central library building; meet current fire safety regulations; replace the leaky roof; remove asbestos/mold/lead paint; update outdated technology; and to pay related costs. See "PLAN OF FINANCE" herein.

Form and Registration

The Bonds will be issued in the principal amounts set forth on the pages immediately following the cover hereof, in the denomination of $5,000 each or any integral multiple thereof, and will be dated their date of delivery. The Bonds will be issued in fully registered form, without coupons. The Bonds will be initially registered in the name of Cede & Co. as registered owner and nominee for The Depository Trust Company ("DTC"), which is required to remit payments of principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See "APPENDIX E – BOOK-ENTRY SYSTEM."

Payment of Interest and Principal

Interest on the Bonds will be payable on each March 1 and September 1 to maturity or prior redemption, commencing September 1, 2025, at the interest rates shown on the pages immediately following the cover hereof. Interest will be calculated on the basis of a 360-day year comprised of twelve 30-day months. U.S. Bank Trust Company, National Association will act as Fiscal Agent, paying agent and registrar with respect to the Bonds. The interest on the Bonds will be payable in lawful money of the United States to the person whose name appears on the Bond registration books of the Fiscal Agent as the owner thereof as of the Record Date, whether or not such day is a business day. Each Bond authenticated on or before August 15, 2025 shall bear interest from the date of said Bond. Each Bond authenticated during the period between any Record Date and the close of business on its corresponding Interest Payment Date shall bear interest from such Interest Payment Date. Any other Bond shall bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Bond, interest is in default on any outstanding Bonds, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Bonds.

The interest on the Bonds shall be payable in lawful money to the person or entity whose name appears on the bond registration books of the Fiscal Agent as the Owner thereof as of the close of business on the applicable Record Date for each Interest Payment Date whether or not such day is a Business Day. Payment of the interest on any Bond shall be made by check mailed by first class mail on each Interest Payment Date, whether or not such day is a Business Day, to such Owner at such Owner's address as it appears on such registration books or at such address as the Owner may have filed with the Fiscal Agent for that purpose on or before a Record Date; or upon written request of the Owner of interest-bearing Bonds aggregating not less than $1,000,000 in principal amount, given no later than the Record Date immediately preceding the applicable Interest Payment Date, by wire transfer in immediately available funds to an account maintained in the United States at such wire address as such Owner shall specify in its written notice. So long as Cede & Co. or its registered assigns shall be the registered owner of any of the Bonds, payment shall be made thereto by wire transfer as provided in the Fiscal Agent Agreement. See "APPENDIX E - BOOK-ENTRY SYSTEM."

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* Preliminary, subject to change.

The Bonds will mature on the dates shown on the pages immediately following the cover page hereof. The Bonds will be subject to redemption prior to maturity, as described below. See "– Redemption" below. The principal of the Bonds will be payable in lawful money of the United States to the owner thereof upon the surrender thereof at maturity or earlier redemption at the office of the Fiscal Agent.

Redemption

Optional Redemption

The Bonds maturing on or after September 1, 20__, are subject to optional redemption prior to their respective stated maturity dates, at the option of the City, from any source of available funds, as a whole or in part on any date on or after September 1, 20__, at a redemption price equal to 100% of the principal amount of Bonds to be redeemed, without premium, together with accrued interest thereon to the date fixed for redemption.

Mandatory Redemption of the Bonds

The Bonds maturing on September 1, 20__ ("20__ Term Bonds") are subject to mandatory sinking fund redemption on September 1 of each year, commencing September 1, 20__, at a redemption price equal to 100% of their principal amount, together with accrued interest thereon to the date fixed for redemption, without premium, on the dates and in the aggregate principal amounts listed below.

Mandatory Sinking Fund Redemption Dates (September 1)	Sinking Fund Payment Principal Amount

* Final Maturity

In the event that a portion of the 20__ Term Bonds is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately or as otherwise directed by the City, in integral multiples of $5,000 principal amount, with respect to the portion of such 20__ Term Bonds optionally redeemed.

The Bonds maturing on September 1, 20__ ("20___ Term Bonds") are subject to mandatory sinking fund redemption on September 1 of each year, commencing September 1, 20__, at a redemption price equal to 100% of their principal amount, together with accrued interest thereon to the date fixed for redemption, without premium, on the dates and in the aggregate principal amounts listed below.

Mandatory Sinking Fund Redemption Dates (September 1)	Sinking Fund Payment Principal Amount

* Final Maturity

In the event that a portion of the 20__ Term Bonds is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately or as otherwise directed by the City, in integral multiples of $5,000 principal amount, with respect to the portion of such 20__ Term Bonds optionally redeemed.

The principal of and interest on the Bonds subject to mandatory redemption will be paid from the Bond Fund established under the Resolution. In lieu of any such mandatory redemption for Bonds, at any time prior to the selection of Bonds for mandatory redemption, the City may apply amounts on deposit in the Bond Subaccount to make such payment to the purchase, at public or private sale, of Bonds subject to such mandatory redemption, and when and at such prices not in excess of the principal amount thereof (including sales commission and other charges but excluding accrued interest), as the City may determine.

Selection of Bonds for Redemption

If less than all of the Bonds are called for redemption, such Bonds will be redeemed in inverse order of maturities or as otherwise directed by the City. If less than all of the Bonds of any given maturity are called for redemption, the portions of such Bonds of a given maturity to be redeemed will be determined by lot by the Fiscal Agent. For purposes of such selection, each Bond shall be deemed to consist of individual Bonds of denominations of $5,000 principal amount each, which may be separately redeemed.

Notice of Redemption

The date on which Bonds that are called for redemption are to be presented for redemption is called the "Redemption Date." The Fiscal Agent will mail, or cause to be mailed, notice of any redemption of the Bonds to be redeemed, postage prepaid, to the respective registered owners thereof at the addresses appearing on the bond registration books not less than 20 days and not more than 60 days prior to the Redemption Date.

Notice of redemption also will be given, or caused to be given, by the Fiscal Agent, by (i) registered or certified mail, postage prepaid, (ii) confirmed facsimile transmission, (iii) overnight delivery service, or (iv) to the extent applicable to the intended recipient, email or similar electronic means, to (a) all organizations registered with the Securities and Exchange Commission as securities depositories and (b)such other services or organizations as may be required in accordance with the Continuing Disclosure Agreement. See "CONTINUING DISCLOSURE" and Appendix F – "FORM OF CONTINUING DISCLOSURE AGREEMENT" herein.

Each notice of redemption will (a) state the Redemption Date; (b) state the redemption price; (c) state the maturity dates of the Bonds called for redemption, and, if less than all of any such maturity is called for redemption, the distinctive numbers of the Bonds of such maturity to be redeemed, and in the case of a Bond redeemed in part only, the portions of the principal amount thereof to be redeemed; (d) state the CUSIP number, if any, of each Bond to be redeemed; (e) require that such Bonds be surrendered by the owners at the office of the Fiscal Agent; and (f) give notice that interest on such Bonds or portions of such Bonds to be redeemed will cease to accrue after the designated Redemption Date. Any notice of optional redemption may be conditioned on the receipt of funds or any other event specified in the notice. See "–Conditional Notice; Right to Rescind Notice of Optional Redemption" below.

The actual receipt by the owner of any Bond of such notice of redemption will not be a condition precedent to redemption of such Bond, and failure to receive such notice, or any defect in such notice, will not affect the validity of the proceedings for the redemption of such Bond or the cessation of the accrual of interest on such Bond on the Redemption Date.

Effect of Notice of Redemption

When notice of optional redemption has been given as described above, and when the amount necessary for the redemption of the Bonds called for redemption (principal, premium, if any and accrued interest to the Redemption Date) is set aside for that purpose in the Redemption Account established under the Fiscal Agent Agreement, the Bonds designated for redemption will become due and payable on the Redemption Date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds will be redeemed and paid at said redemption price out of the related Redemption Account. No interest will accrue on such Bonds called for redemption after the Redemption Date and the registered owners of such Bonds will look for payment of such Bonds only to the related Redemption Account. All Bonds redeemed will be canceled immediately by the Fiscal Agent and will not be reissued.

Moneys held in a Redemption Account will be invested by the Fiscal Agent as directed by the City Treasurer pursuant to the City's policies and guidelines for investment of moneys in the General Fund of the City. See Appendix C – "CITY OF PASADENA INVESTMENT POLICY."

Conditional Notice; Right to Rescind Notice of Optional Redemption

Any notice of optional redemption may provide that such redemption is conditioned upon: (i) deposit of sufficient moneys in the Redemption Account to redeem the Bonds called for redemption on the anticipated Redemption Date, or (ii) the occurrence of any other event specified in the notice of redemption. In the event that such conditional notice of optional redemption has been given substantially and on the scheduled Redemption Date (i) sufficient moneys to redeem the Bonds called for optional redemption on the Redemption Date have not been deposited, or (ii) any other event specified in the notice of redemption did not occur, such Bonds for which notice of conditional optional redemption was given will not be redeemed on the anticipated Redemption Date and will remain Outstanding for all purposes of the Resolution and the redemption not occurring will not constitute a default under the Resolution.

In addition, the City may rescind any optional redemption and notice thereof for any reason on any date prior to any Redemption Date by causing written notice of the rescission to be given to the Registered Owner of all Bonds so called for redemption. Notice of such rescission of redemption will be given in the same manner notice of redemption was originally given. The actual receipt by the Registered Owner of any Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice so mailed will not affect the validity of the rescission.

Exchange of Bonds

Bonds may be exchanged at the office of the Fiscal Agent designated for that purpose, for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate. The Fiscal Agent shall require the payment by the Bondowner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. No exchange of Bonds shall be required to be made by the Fiscal Agent during the period from the close of business on the Record Date next preceding any Interest Payment Date or date fixed for redemption to and including such Interest Payment Date or the date fixed for redemption.

Capital Project Fund

The Resolution establishes a project fund for the Bonds (the "Capital Project Fund"). The Capital Project Fund will be maintained by the Fiscal Agent as a separate account, segregated and distinct from all other accounts. The Fiscal Agent may establish such accounts and subaccounts within the Capital Project Fund as may be necessary or convenient in connection with the administration of the Project or the Bonds.

Project Account. Within the Capital Project Fund, there is established a Project Account to be maintained and administered by the Fiscal Agent. All of the proceeds of the sale of the Bonds (excluding premium and accrued interest received thereon, unless otherwise directed by the Director of Finance) shall be deposited by the Fiscal Agent to the credit of the Project and shall be applied exclusively to the objects and purposes of the Project in accordance with the Fiscal Agent Agreement.

When such objects and purposes have been accomplished, any moneys remaining in the Project Account, shall be transferred to the Bond Fund established and applied to the payment of the principal of and interest on the Bonds (see "SECURITY FOR THE BONDS – Flow of Funds Under the Resolution").

Costs of Issuance Account. Within the Capital Project Fund, there is established a Costs of Issuance Account to be maintained and administered by the Fiscal Agent. Amounts in the Costs of Issuance Account may be applied to the payment of costs of issuance of the Bonds, including, without limitation, underwriter's discount, bond and financial printing expenses, mailing and publication expenses, rating agency fees, and the fees and expenses of fiscal agents, paying agents, registrars, financial consultants, bond counsel and disclosure counsel, in accordance the Fiscal Agreement.

Defeasance

Payment of all or any portion of the Bonds may be provided for prior to such Bonds' respective stated maturities by irrevocably depositing with the Director of Finance (or any commercial bank or trust company designated by the Director of Finance to act as escrow agent with respect thereto): (a) an amount of cash equal to the principal amount of all of such Bonds or a portion thereof, and all unpaid interest thereon to maturity, except that in the case of Bonds which are to be redeemed prior to such Bonds' respective stated maturities and in respect of which notice of such redemption shall have been given as provided in the Fiscal Agent Agreement or an irrevocable election to give such notice shall have been made by the City, the amount to be deposited shall be the principal amount thereof, all unpaid interest thereon to the redemption date, and any premium due on such redemption date; or (b) Defeasance Securities not subject to call, except as provided below in the definition thereof, maturing and paying interest at such times and in such amounts; together with interest earnings and cash, if required, as will, without reinvestment, as certified by an independent certified public accountant, be fully sufficient to pay the principal and all unpaid interest to maturity, or to the redemption date, as the case may be, and any premium due on the Bonds to be paid or redeemed, as such principal and interest come due; provided, that, in the case of the Bonds which are to be redeemed prior to maturity, notice of such redemption shall be given as provided in the Fiscal Agent Agreement or an irrevocable election to give such notice shall have been made by the City;

then, all obligations of the City with respect to such outstanding Bonds shall cease and terminate, except only the tax covenants in the Resolution and the Fiscal Agent Agreement and the obligation of the City to pay or cause to be paid from the funds deposited pursuant to clause (a) or (b) above, to the owners of such Bonds all sums due with respect thereto; and provided further, that the City shall have received an opinion of nationally recognized bond counsel, that provision for the payment of such Bonds has been made in accordance with the Fiscal Agent Agreement.

If at any time the City shall pay or cause to be paid or there shall otherwise be paid to the Owners of any or all outstanding Bonds all of the principal, interest and premium, if any, represented by such Bonds when due, or as described above, or as otherwise provided by law, then such Owners shall cease to be entitled to the obligation of the City to levy and collect taxes to pay the Bonds as described in the Fiscal Agent Agreement, and such obligation and all agreements and covenants of the City to such Owners hereunder and under the Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the City shall remain liable for payment of all principal, interest and premium, if any, represented by such Bonds, but only out of moneys on deposit in the Bond Fund or otherwise held in trust for such payment, provided, that the unclaimed moneys provisions described in the Fiscal Agent Agreement shall apply in all events.

As used in this section, the following terms have the meanings given below:

"Defeasance Securities" means (i) direct, non-callable obligations of the United States Treasury; (ii) direct non-callable and non-prepayable obligations which are unconditionally guaranteed by the United States of America as to full and timely payment of principal and interest; (iii) non-callable, non-prepayable coupons from the above securities which are stripped pursuant to United States Treasury programs; (iv) non-callable and non-prepayable (or irrevocably called to a specified redemption date) refunded municipal bonds that are backed by an escrow funded with obligations of or guaranteed by the United States of America; (v) Resolution Funding Corporation (REFCORP) securities consisting of interest components stripped by the Federal Reserve Bank of New York; (vi) United States State and Local Government Securities (SLGS); and (vii) the following non-callable, non-prepayable obligations of federal government-sponsored agencies that are not backed by the full faith and credit of the U.S. Government: Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Tennessee Valley Authority, Farm Credit System, Washington Metropolitan Area Transit Authority, United States Import-Export Bank, United States Department of Housing and Urban Development, Farmers Home Administration, General Services Administration and United States Maritime Administration (provided such agency security has a rating when purchased at the same level as obligations of the United States Treasury).

PLAN OF FINANCE

The Central Library, designed by Myron Hunt and opened in 1927, was the first building completed in the City's historic Civic Center Plan and is listed on the National Register of Historic Places. As the cornerstone of the City's library system, the Central Library served as the main repository for rare and specialized materials, was equipped with advanced technological resources, extensive digital archives, and specialized research tools that branch libraries do not have. Additionally, it hosted large-scale programs, workshops, and cultural events.

Following a structural assessment in 2021, it was determined that the building's unreinforced masonry construction made it vulnerable to seismic activity, leading to the library's closure. Prior to the closure, the Central Library welcomed an average of 1,000 visitors daily and hosted 232 events and 876 community meetings annually. An estimated 30,000-40,000 community members attended educational programs, story times, author visits, cultural events, and other large-scale gatherings each year.

The Central Library seismic retrofit and renovations project is currently in the design phase, led by Gruen Associates, with a team that includes a historic preservation consultant to ensure that the seismic retrofitting respects the building's architectural significance. Additionally, independent oversight of the design process is provided by the Mayor appointed Technical Oversight Committee, which offers critical feedback and advises on the retrofit design to ensure the project meets both technical and preservation objectives. The retrofit will include upgraded foundations and concrete shear wall reinforcement to protect the structure from future seismic events, along with necessary replacement of outdated building systems and technology. The renovation will also create more flexible spaces to meet the evolving needs of the community. The project is expected to be completed by 2028.

Seismic retrofit improvements include documentation and cataloging of historic finishes, removal of interior wall finishes to access the structure behind, removal and re-installation of millwork to their original locations, new fire alarm and fire sprinkler system, repairs to existing roof and building envelope to prevent water intrusion, and required Building Code accessibility improvements. Building systems and site repairs include replacement of existing mechanical (HVAC), electrical, and plumbing systems, upgrades to building technology, tenant improvements for enhanced library programming and operations, and site improvements including the courtyard, parking lot, and building entrances.

Given the need to remove the book stacks which were constructed in 1984 in order to retrofit the surrounding structural walls and supporting the stacks, the space has been redesigned to provide bookshelves in a manner that provides more open floor space for programming use, and reveals the original skylights of the building that had been blocked by the stacks. The Circulation Hall will contain two mezzanine levels above the main floor ringed with built-in book stacks and a large opening in the floor which opens to the Lover Level (basement level). Sunlight from the existing skylights above will provide natural light throughout, including down to the Lower Level.

While improving operational services of the library, the design relocates the circulation desk from the Great Hall of the Central Library to the Circulation Hall, providing unimpeded space for community events in the Great Hall. Examples of other redesigns include additional accessible restrooms and elevators to access all areas of all floors of the Central Library. Along the exterior of the building, key updates include addition of accessible pathways to the building's south and north entrances, as well as an outdoor learning space adjacent to the Children's Reading Room.

[Breakdown of costs?]

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources:	
Principal Amount	$
Plus [Net] Premium	
Total Sources	$
Uses:	
Deposit to Project Account of the Capital Project Fund	$
Deposit to Interest Account of the Bond Fund(1)	
Costs of Issuance(2)	
Total Uses	

(1) [To be applied to the payment of interest on the Bonds on September 1, 2025, and March 1, 2026].

(2) Cost of issuance include Underwriter's discount, legal fees, printing costs, rating agency fee, municipal advisor fee and other miscellaneous expenses.

DEBT SERVICE SCHEDULE

The scheduled debt service payable with respect to the Bonds is as follows (assuming no redemption prior to maturity):

Payment Date	Principal	Interest	Total[(1)]	Fiscal Year Total
	$	$	$	

(1) A portion of the debt service will be paid from original issue premium deposited in the Interest Account of the Bond Fund. See "ESTIMATED SOURCES AND USES OF FUNDS."

SECURITY FOR THE BONDS

General

Pursuant to the Resolution, for the purpose of paying the principal of and interest on the Bonds, the City Council at the time of fixing the general tax levy will fix, and in the manner provided for such general tax levy, levy and collect annually until the Bonds are paid, or until there is a sum set apart for that purpose sufficient to meet all sums coming due for payment of principal of and interest on the Bonds, a tax sufficient to pay the annual principal of and interest on the Bonds as the same become due. In fixing such tax levy for each fiscal year, the City Council will take into account amounts then on deposit in the Tax Revenue Fund (as defined below under "Flow of Funds Under the Resolution"), if such amounts will be available to pay debt service on the Bonds. Said tax will be in addition to all other taxes levied for City purposes, will be collected at the time and in the same manner as other taxes of the City are collected, and will be used only for the payment of the Bonds and the interest thereon. Under the framework of the constitutional provisions and statutes applicable to California general obligation bonds, including the Bonds, taxes levied to pay debt service on the Bonds may not be used for any other purpose and are not available to support general City operations. See "PROPERTY TAXATION" herein.

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the City. The annual property tax rate for repayment of the Bonds will be based on the total assessed value of taxable property in the City and the scheduled debt service on the Bonds in each year, less any other lawfully available funds applied by the City for repayment of the Bonds. Fluctuations in the annual debt service on the Bonds, the assessed value of taxable property in the City, and the availability of such other funds in any year, may cause the annual property tax rate applicable to the Bonds to fluctuate. In general, if overall assessed values of taxable property in the City were to decline, then the City, in order to generate sufficient tax revenues to pay debt service on the Bonds and other general obligation bonds, would increase tax rates applicable to the Bonds and other general obligations bonds, if any. See "PROPERTY TAXATION" herein.

Pursuant to Section 53515 of the California Government Code, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the ad valorem taxes levied for the Bonds. See "Statutory Lien on Taxes (Senate Bill 222)" below.

Pursuant to the Resolution, the City will pledge the Tax Revenues Fund and the Bond Fund (as defined under "Flow of Funds Under the Resolution") and all accounts and amounts on deposit therein for the payment of the principal of and interest on the Bonds when and as the same become due. See "Pledge" below.

Under the Resolution, the City is not obligated to pay the debt service from any sources other than as described above. This Official Statement, including Appendix A hereto, provides information on the City's overall operations and finances with an emphasis on its General Fund and therefore includes information on revenues and other funds that are not pledged to the Bonds under the Resolution and that should not be considered available to pay debt service on the Bonds.

Flow of Funds Under the Resolution

Tax Revenues Fund. The Resolution provides for the establishment of a special fund for the Bonds with the City (the "Tax Revenues Fund") to be held separate and apart from all other accounts. All taxes collected by the City for the payment of debt service shall be deposited into the Tax Revenues Fund. The Tax Revenues Fund and all accounts therein shall be established, maintained and administered by the Director of Finance pursuant to Resolution and the Fiscal Agent Agreement. The Director of Finance shall cause amounts on deposit in the Tax Revenues Fund to be transferred to the Fiscal Agent for payment of the principal of, premium, if any, and interest on outstanding Bonds when due. Additional accounts and subaccounts within the Tax Revenues Fund may be established.

The City Council shall take such actions annually as are necessary or appropriate to cause the debt service on the Bonds due in any fiscal year to be included in the budget for such fiscal year and to make the necessary appropriations therefor.

Bond Fund. The Resolution provides for the establishment of a separate bond fund with the Fiscal Agent (the "Bond Fund") to be kept separate and apart from all other funds. The Bond Fund and all accounts therein will be administered by the Fiscal Agent. The Fiscal Agent shall deposit in the Bond Fund from the proceeds of sale of the Bonds, all or a portion of the moneys received on account of original issue premium and interest accrued on the Bonds to the date of payment of the purchase price thereof as directed by the City, and such other moneys, if any, as may be specified in the Fiscal Agent Agreement. So long as any of the Bonds are outstanding, moneys in the Bond Fund shall be used and applied by the Fiscal Agent solely for the purpose of paying the principal of and interest on the Bonds as such principal and interest shall become due and payable, or for purchase of Bonds; provided, however, that when all of the principal of and interest on the Bonds have been paid, any moneys then remaining in such Bond Fund shall be transferred to the City for any legally permitted purpose.

Bond Fund Accounts. The Resolution provides that (i) on or before five (5) Business Days prior to March 1 and September 1 in each year that any of the Bonds are outstanding, the Director of Finance shall transfer from the Tax Revenues Fund to the Fiscal Agent to set aside in a special account to be designated as the "*Interest Account*," which shall be an account within the Bond Fund, an amount which will be equal to the aggregate amount of the interest becoming due and payable on each the Bonds outstanding on the such Interest Payment Date, for the purpose of paying the interest on the Bonds, and (ii) on or before five (5) Business Days prior to September 1 in each year that any of the Bonds are outstanding, the Director of Finance shall transfer from the Tax Revenues Fund to the Fiscal Agent to set aside in a special account to be designated as the "*Principal Account*," which shall be an account within the Bond Fund, an amount which will be equal to the principal on the Bonds outstanding that will become due and payable on such September 1, including those Bonds subject to mandatory redemption on such date pursuant to the provisions of the Fiscal Agent Agreement, for the purpose of paying the principal and mandatory redemption of the Bonds.

All moneys in the Bond Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of paying the principal of (including mandatory redemption), premium, if any, and interest on the Bonds as the same shall become due and payable.

Investments. All funds held by the Director of Finance with respect to the Bonds shall be invested by the City Treasurer pursuant to the City's policies and guidelines for investment of moneys in the general fund ("General Fund") of the City, any investment authorized by the Fiscal Agent Agreement or pursuant to Sections 53601 and 53635 of the Government Code, or in investment agreements, including guaranteed investment contracts, float contracts or other investment products (hereinafter collectively referred to as "Investment Agreements"); provided that such agreements comply with the requirements of Section 148 of the Code, and with the requirements of each rating agency then rating the Bonds necessary in order to maintain the then-current rating on the Bonds, if any.

Moneys held in any of the funds and accounts under the Fiscal Agent Agreement by the Fiscal Agent shall be invested at the Written Order of the City Treasurer in investments pursuant to the City's policies and guidelines for investment of moneys in the General Fund or in Investment Agreements so as to effectively coordinate the investments to the construction program of the City and the debt service payments on the Bonds or to comply with the tax covenants of the City, which shall be deemed at all times to be a part of such funds and accounts. Any loss or investment earnings resulting from such investments shall be credited or charged to the fund or account from which such investment was made.; provided, however, [earnings to Project Account of the Capital Project Fund?].

The City Treasurer of Director of Finance is hereby authorized to establish accounts with banking institutions to the extent necessary or convenient to provide for the management of any such investments. See APPENDIX C – CITY OF PASADENA INVESTMENT POLICY."

Pledge

Pursuant to the Resolution, the City will pledge the Tax Revenues Fund and the Bond Fund and all accounts and amounts on deposit therein for the payment of the principal of and interest on Bonds when and as the same become due, including the principal of any term Bonds required to be paid upon the mandatory sinking fund redemption thereof. In addition, the payment of such principal and interest will be secured by the statutory lien of California Government Code Section 53515, to the extent applicable to the amounts of *ad valorem* taxes on deposit in the Tax Revenues Fund and the Bond Fund. The Bonds will be equally and ratably secured by this pledge, the foregoing statutory lien, and the taxes collected as described above.

Statutory Lien on Taxes (Senate Bill 222)

Pursuant to Section 53515 of the California Government Code, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the ad valorem taxes levied for the Bonds. Section 53515 of the California Government Code provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the Bonds are executed and delivered. Section 53515 of the California Government Code further provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successor, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act. See "CERTAIN RISK FACTORS – Limitation on Remedies; Bankruptcy."

PROPERTY TAXATION

The information in this section describes ad valorem property taxation, assessed valuation and other measures of the tax base of the City. The Bonds are payable solely from ad valorem taxes levied and collected by the County on taxable property in the City. The City's General Fund is not a source for repayment of the Bonds.

General

The County levies property taxes on behalf of the City for the City's general operating purposes as well as for the payment of voter-approved general obligation bonds. Taxes levied to pay debt service for general obligation bonds may only be applied for that purpose. In general, if overall assessed values of taxable property in the City were to decline then the City, in order to generate sufficient tax revenues to pay debt service on the Bonds, would increase tax rates applicable to the Bonds.

Property Tax Collection Procedures

In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The "secured roll" is that part of the assessment roll containing state assessed public utilities' property and property, the taxes on which are a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and April 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1-1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County. See, however, "Assessed Valuation - *Factors Relating to Increases/Decreases in Assessed Value* – Recent Eaton Fire" for deadline extensions on certain properties affected by the Eaton Fire.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, SB813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1-1/2% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Certain counties within the State, including the County, have adopted an "Alternative Method of Distribution of Tax Levies and Collections and Tax Sale Proceeds" authorized under the State Revenue and Taxation Code (the "Teeter Plan"). Under the Teeter Plan, counties may opt to remit to local agencies 100% of the tax levy for each year in exchange for counties retaining any subsequent delinquent payments, penalties and interest that would have been due to the local agency. The County has not elected to implement the Teeter Plan. As such, the City's property tax revenues reflect both reduced property tax revenue from uncollected taxes and increased revenue from the subsequent receipt of delinquent taxes, interest and penalty payments.

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities are assessed by the State Board of Equalization ("SBE") and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as "unitary property," a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and "operating nonunitary" property (which excludes nonunitary property of regulated railways) is allocated to the counties based on the situs of the various components of the unitary property. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Assessed Valuation

Assessed Valuation History. 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%.

The following is a table summarizing the historical assessed valuation of the taxable property in the City.

TABLE 1
CITY OF PASADENA
ASSESSED VALUATION OF TAXABLE PROPERTY
Fiscal Years 2014-15 through 2024-25
($ in thousands)

Fiscal Year Ended June 30	Secured Valuations	Homeowner Exemption	Net Secured Valuations	Unsecured Valuations	Total Assessed Valuation	Percent Change
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	6.58%
2017	26,599,121	(128,241)	26,470,880	625,032	27,095,912	4.91
2018	28,631,957	(126,543)	28,504,414	638,858	29,143,272	7.56
2019	30,388,232	(124,908)	30,263,324	662,995	30,926,319	6.12
2020	32,158,077	(123,481)	32,034,596	672,205	32,706,801	5.76
2021	34,107,320	(120,266)	33,987,054	676,673	34,663,727	5.98
2022	35,394,651	(118,859)	35,275,792	688,899	35,964,691	3.75
2023	37,341,288	(117,845)	37,223,443	717,826	37,941,269	5.50
2024	38,802,585	(115,493)	38,687,092	795,907	39,482,999	4.06
2025	40,536,725	(114,352)	40,422,373	856,245	41,278,618	4.55

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.

Factors Relating to Increases/Decreases in Assessed Value. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and natural disasters such as earthquakes, fires, floods and droughts.

Wildfires. Wildfires have occurred in recent years in different regions of the State, the most destructive of which have burned thousands of acres and destroyed thousands of homes and structures. Many of these fires have originated in wildlands adjacent to urban areas. The City is vulnerable to a wind-driven fire starting along the City's northern and eastern border, as evidenced by the recent Eaton Fire. See "Recent Eaton Fire" discussion below.

The City cannot predict or make any representations regarding the effects that natural disasters including but not limited to future earthquakes, fires, floods, droughts and related conditions may have on the value of taxable property within the City, or to what extent the effects said disasters might have had on economic activity in the City or throughout the State. See also "SECURITY FOR THE BONDS – COVID-19 Global Pandemic."

Recent Eaton Fire. The Eaton Fire, which began on January 7, 2025, and spread rapidly through wind-driven conditions, destroyed critical community assets in the northeast and northwest corners of the City, including a police facility, water infrastructure, and multiple public service buildings. The Eaton Fire burned more than 14,000 acres, destroyed approximately 9,400 structures, damaged over 1,000 structures, claimed 17 lives, and affected thousands of residents throughout the region.

Within the City, the Eaton Fire destroyed 147 structures, which did not have a significant impact on the assessed valuation of property within the City. The structure types include 117 single-family dwellings, 12 multifamily units and accessory structures of at least 120 square feet such as detached garages or patios in the Upper Hastings Ranch, Victory-Rose, Dundee Heights and NATHA neighborhoods.

On January 7, 2025, the Governor proclaimed a state of emergency due to the dangerous winds and fires impacting Southern California. On January 8, 2025, the City Manager issued a declaration of Local Emergency in accordance with Chapter 2.370 of the Pasadena Municipal Code ("PMC"), which was ratified by the City Council on January 13, 2025.

On January 16, 2025 the Governor issued Executive Order N-10-25, which extends the April 10, 2025 property tax deadline to April 10, 2026 with no late payment penalty (the "Deferral") for all taxpayers certain ZIP codes, including three affected Zip codes (91104, 91106, 91107) within the City. To be eligible for the deferral, taxpayers had to be current on their taxes as of January 1, 2025. Taxpayers that have property taxes paid through an impound account with their mortgage payments are ineligible. The City expects that payment delays will have a minimal impact on the General Fund and the City has significant liquidity to account for such delays. The Bonds will find capitalized interest through [________], with the first imposition of general obligation taxes scheduled for fiscal year 2026-27.

[more to follow]

On March 5, 2025, the City filed a lawsuit against Southern California Edison ("SCE") seeking compensation for extensive damages sustained to municipal property and infrastructure, including the City

Police Department's Advanced Officer Training Facility, the Pasadena Municipal Assistance, Solutions, and Hiring building and fleet, and critical water management infrastructure including storage tanks.

Property Tax Base Transfer Ballot Measure. On November 3, 2020, State voters approved a constitutional amendment entitled Property Tax Transfers, Exemptions and Revenue for Wildfire Agencies and Counties Amendment ("Proposition 19"), which will: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by a natural disaster or contamination, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) broaden the scope of legal entity ownership changes that trigger reassessment of properties. The City cannot make any assurance as to what effect the implementation of Proposition 19 will have on assessed valuation of real property in the City.

Assessed Valuation by Land Use. The following table shows the land use of parcels in the City, according to assessed valuation. As shown, the majority of land in the City is used for residential purposes.

TABLE 2
CITY OF PASADENA
ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2024-25

Non-Residential:	2024-25 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total
Commercial/Office	$ 9,377,804,531	23.2%	2,107	5.4%
Vacant Commercial	180,813,471	0.4	165	0.4
Industrial	578,195,323	1.4	272	0.7
Vacant Industrial	15,526,554	0.0	19	0.0
Recreational	160,220,391	0.4	48	0.1
Government/Institutional	522,733,799	1.3	301	0.8
Miscellaneous	314,144	0.0	8	0.0
Subtotal Non-Residential	$10,835,608,213	26.8%	2,920	7.5%
Residential:				
Single Family Residence	$ 17,261,125,871	42.7%	20,414	52.1%
Condominium/Townhouse	7,045,280,312	17.4	11,213	28.6
Mobile Home	0	0.0	0	0.0
2-4 Residential Units	1,731,464,458	4.3	2,831	7.2
5+ Residential Units/Apartments	3,433,333,928	8.5	1,223	3.1
Vacant Residential	127,065,994	0.3	580	1.5
Subtotal Residential	$29,598,270,563	73.2%	36,261	92.5%
TOTAL	$40,433,878,776	100%	39,181	100.0%

(1) Local Secured Assessed Valuation, excluding tax-exempt property.
Source: Los Angeles County Assessor 2024/25 Combined Tax Rolls.

Assessed Valuation of Single-Family Residential Parcels. The following table shows a breakdown of the assessed valuations of improved single-family residential parcels in the City, according to assessed valuation.

TABLE 3
CITY OF PASADENA
PER PARCEL 2024-25 ASSESSED VALUATION OF SINGLE FAMILY HOMES

	No. of Parcels	2024-25 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	20,414	$17,261,125,871	$845,553	$616,725
Condominium/Townhomes	11,213	7,045,280,312	628,314	552,089
Total	31,627	$24,306,406,183	$768,533	$583,664

2024-25 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	1,757	5.6%	5.6%	109,397,678	0.5%	0.5%
$100,000 - $199,999	2,828	8.9%	14.5%	426,810,431	1.8%	2.2%
$200,000 - $299,999	3,146	9.9%	24.4%	788,059,043	3.2%	5.4%
$300,000 - $399,999	2,804	8.9%	33.3%	980,911,728	4.0%	9.5%
$400,000 - $499,999	2,815	8.9%	42.2%	1,269,479,208	5.2%	14.7%
$500,000 - $599,999	2,831	9.0%	51.2%	1,556,003,175	6.4%	21.1%
$600,000 - $699,999	2,608	8.2%	59.4%	1,692,748,389	7.0%	28.1%
$700,000 - $799,999	2,341	7.4%	66.8%	1,752,757,050	7.2%	35.3%
$800,000 - $899,999	2,015	6.4%	73.2%	1,707,502,610	7.0%	42.3%
$900,000 - $999,999	1,568	5.0%	78.1%	1,486,788,730	6.1%	48.4%
$1,000,000 - $1,099,999	1,100	3.5%	81.6%	1,151,417,145	4.7%	53.2%
$1,100,000 - $1,199,999	854	2.7%	84.3%	980,196,306	4.0%	57.2%
$1,200,000 - $1,299,999	734	2.3%	86.6%	915,689,815	3.8%	61.0%
$1,300,000 - $1,399,999	617	2.0%	88.6%	831,970,891	3.4%	64.4%
$1,400,000 - $1,499,999	448	1.4%	90.0%	648,083,105	2.7%	67.1%
$1,500,000 - $1,599,999	406	1.3%	91.3%	626,854,892	2.6%	69.6%
$1,600,000 - $1,699,999	321	1.0%	92.3%	528,160,418	2.2%	71.8%
$1,700,000 - $1,799,999	253	0.8%	93.1%	441,639,830	1.8%	73.6%
$1,800,000 - $1,899,999	237	0.7%	93.9%	437,751,614	1.8%	75.4%
$1,900,000 - $1,999,999	209	0.7%	94.5%	406,992,719	1.7%	77.1%
$2,000,000 and greater	1,735	5.5%	100.0%	5,567,191,406	22.9%	100.0%

(1) Improved single family residential parcels and condominiums. Excludes parcels with multiple family units.
Source: Los Angeles County Assessor 2024/25 Combined Tax Rolls.

The County does has not implemented the Teeter Plan and thus the City's property tax revenues reflect both reduced property tax revenue from uncollected taxes and increased revenue from the subsequent receipt of delinquent taxes, interest and penalty payments.

The following Table 4 represents the City's tax levy and uncollected amounts for Fiscal Years 2019-20 through 2023-24. Included in these collections are the City's share of the 1% tax rate. Prior to the issuance of the Bonds, the City had no general obligation bond debt.

TABLE 4
CITY OF PASADENA
PROPERTY TAX LEVIES AND COLLECTIONS
Fiscal Years 2019-20 Through 2023-24
($ in Thousands)

Fiscal Year[1]	City's Share of 1%	Levied Voter-Approved Debt	Total	Total Collected[2]	Percent Collected
2019-20	$59,511	-	$59,511	$67,890	114.08%
2020-21	62,969	-	62,969	73,748	117.12
2021-22	65,066	-	65,066	76,309	117.28
2022-23	68,595	-	68,595	81,292	118.51
2023-24	71,604	-	71,604	84,073	117.41

(1) As of June 30 of the related Fiscal Year.
(2) The City includes property tax revenue from the Redevelopment Property Tax Trust Fund (RPTTF) in the total collected amount; however, this amount is not included as part of the City's Share, resulting in collections that exceed 100%.
Source: *County of Los Angeles, as derived from City's Annual Comprehensive Financial Report for Year Ended June 30, 2024.*

Appeals of Assessed Value

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the SBE, with the appropriate county board of equalization or assessment appeals board. The County Assessor may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases, an appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, drought, fire, or toxic contamination pursuant to relevant provisions of the State Constitution.

Whether resulting from taxpayer appeals or county assessor reductions, adjustments to assessed value are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING CITY REVENUES AND APPROPRIATIONS" herein.

No assurance can be given that property tax appeals currently pending or in the future, actions by the County assessor, or other factors in the future will not significantly reduce the assessed valuation of property within the City.

Assembly Bill 102. On June 27, 2017, the Governor signed into law Assembly Bill 102 ("AB 102"). AB 102 restructured the functions of the SBE and created two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration will take over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE continues to perform the duties assigned by the State Constitution related to property taxes, however, beginning January 1, 2018, the SBE only hears appeals related to the programs that it constitutionally administers, and the Office of Tax Appeals will hear tax appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities.

Tax Rates

The following reflects the typical property tax rate per $100 of assessed value in various jurisdictions.

TABLE 5
CITY OF PASADENA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(Fiscal Years 2014-15 Through 2023-24)

Fiscal Year ended June 30	General City	City Debt Service*	Los Angeles County General	Pasadena School District	Pasadena Comm. College District	Flood Control District	Metropolitan Water District	Total
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.

Principal Property Taxpayers

The following table shows the ten largest taxpayers in the City as determined by their gross assessed valuations in 2024-25. A large concentration of ownership in a single individual or entity results in a greater amount of tax collections which are dependent upon that property owner's ability or willingness to pay property taxes.

TABLE 6
CITY OF PASADENA
TOP TEN PROPERTY TAXPAYERS
Fiscal Year 2024-25

Property Owner	Primary Land Use	Fiscal Year 2024-25 Assessed Valuation	% of Total
CPUS Pasadena LP	Office Building	$ 297,110,009	0.72%
Stone Blossom Capital	Office Building	256,904,030	0.62
Kaiser Foundation Health Plan	Medical Buildings	245,275,352	0.59
BPP East Union LLC	Shopping Center	234,584,512	0.57
Pacific Huntington Hotel	Hotel	208,686,117	0.50
Onni Paseo LLC	Commercial	208,600,540	0.50
PPF Off 100 West Walnut Street LP	Office Building	198,231,152	0.48
PPF Off 74 North Pasadena Avenue and 75	Office Building	184,218,989	0.45
177 Colorado Owner LLC	Office Building	180,156,327	0.44
TRIO Pasadena LLC	Apartment Building	175,417,705	0.42
Total principal property taxpayers gross assessed value		$2,084,968,179	5.29%
Total City assessed value(1)		$41,392,970,137	100.00%

(1) 2024-25 Local Secured Assessed Valuation: $40,536,725,364.
Source: Los Angeles County Assessor 2024/25 Combined Tax Rolls and the SBE Non Unitary Tax Roll.

Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. as of May 1, 2025. The Debt Report is included for general information purposes only. The City has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the City in whole or in part. Such long-term obligations generally are not payable from revenues of the City (except as indicated) nor are they necessarily obligations secured by land within the City. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The table shows the percentage of each overlapping entity's assessed value located within the boundaries of the City. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the City. The total amount of debt for each overlapping entity is not given in the table.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the City in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the City. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the City.

TABLE 7
CITY OF PASADENA
STATEMENT OF DIRECT AND OVERLAPPING DEBT
As of April 1, 2025

[Table to come]

Source: California Municipal Statistics, Inc.

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 imitative 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

The California Constitution and existing statutes give the State Legislature authority over property taxes, sales taxes and the vehicle license fee (the "VLF"). The State Legislature has authority to change tax rates, the items subject to taxation and the distribution of tax revenues among local governments, schools, and community college districts. The State has used this authority for many purposes, including increasing funding for local services, reducing State costs, reducing taxation, addressing concerns regarding funding for particular local governments, and restructuring local finance.

The California Constitution generally requires the State to reimburse the local governments when the State mandates a new local program or higher level of service. Due to financial difficulties of the State in past years, it did not provide reimbursements for many mandated costs. In other cases, the State has suspended mandates, eliminating both responsibility of the local governments for complying with the mandate and the need for State reimbursements.

On November 3, 2004, the voters of the State approved Proposition 1A, which amended the California 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 government's property, sales and VLF revenues. Proposition 1A generally prohibits the shift of property tax revenues from cities, counties and special districts, except to address a "severe state financial hardship," which must be approved by a two-thirds vote of both houses of the State Legislature, and only then if, among other things, such amounts were agreed to be repaid with interest within three years. The measure also (i) protects the property tax backfill of Sales Tax revenues diverted to pay the State's economic recovery bonds, and the reinstatement of the Sales Tax revenues once such bonds are repaid, and (ii) protects local agency VLF revenue (or a comparable amount of backfill payments from the State).

If the State reduces the VLF rate below its current level of 0.65 percent of the vehicle value, Proposition 1A requires the State to provide local governments with equal replacement revenues. Proposition 1A provides two significant exceptions to the above restrictions regarding sales and property taxes. First, the State may shift to schools and community colleges up to 8 percent of local government property tax revenues if the Governor proclaims that the shift is needed due to a severe State financial hardship, the legislature approves the shift with a two-thirds vote of both houses and certain other conditions are met. The State must repay local governments for the diversion of their property tax revenues, with interest, within three years. Second, Proposition 1A allows the State to approve voluntary exchanges of local Sales Tax and property tax revenues among local governments within a county.

Proposition 1A amends the California Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. If the State does not provide funding for the activity that has been determined to be mandated, the requirement on cities, counties or special districts to abide by the mandate would be suspended. In addition, Proposition 1A expands the definition of what constitutes a mandate to encompass State action that transfers to cities, counties and special districts financial responsibility for a required program for which the State previously had complete or partial financial responsibility. This provision does not apply to mandates relating to schools or community colleges, or to those mandates relating to employee rights.

Proposition 1A restricts the State's authority to reallocate local tax revenues to address concerns regarding funding for specific local governments or to restructure local government finance. For example, the State could not enact measures that changed how local sales tax revenues are allocated to cities and counties. In addition, measures that reallocated property taxes among local governments in a county would require approval by two-thirds of the members of each house of the legislature (rather than a majority vote). As a result, Proposition 1A could result in fewer changes to local government revenues than otherwise would have been the case.

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.

RISK FACTORS

The following risk factors associated with investing in Bonds, along with all other information in this Official Statement, should be considered by potential investors in evaluating an investment in the Bonds. The following list is not intended to be comprehensive of all risks of investing in the Bonds and no significance should be associated with the order of presentation of the risk factors

The Bonds are payable from and secured by voter-approved property tax levy on all property within the City. The City is not obligated to pay the debt service on the Bonds from any other sources. This official statement, including Appendix A, .

Assessed Value of Taxable Property

The annual property tax rate for payment of the Bonds will be based on the total assessed value of taxable property in the City and the scheduled debt service on the Bonds in each year. Fluctuations in the annual debt service on the Bonds and/or in the assessed value of taxable property in the City may cause the annual property tax rate applicable to the Bonds to fluctuate. In addition, issuance by the City of additional authorized bonds payable from *ad valorem* property taxes may cause the overall property tax rate to increase. Discussed below are certain factors that may affect the City's ability to levy and collect sufficient *ad valorem* taxes to pay scheduled debt service on the Bonds each year.

Total Assessed Value of Taxable Property in the City. The greater the assessed value of taxable property in the City, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the City's general obligation bonds. The total assessed valuation of taxable property in the City for Fiscal Year 2024-25, as indicated by the Los Angeles County Auditor-Controller, was approximately $41.2 billion, compared to $39.4 billion in Fiscal Year 2023-24. See Tables 1, 2, 3, and 5 herein for information regarding the City's tax rate and fiscal year assessed valuation.

Natural and economic forces can affect the assessed value of taxable property in the City. See also Tables 1, 2 and 3 above. 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 (which areas in and around the City experienced in 2025), 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 " – Natural Hazards," " - Climate Issues" and " – Changing Economic Conditions" below.

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 XIIIA 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. See "PROPERTY TAXATION" for a discussion of the City's assessed valuation, tax rates and delinquencies and assessment appeals. For a discussion of the City's other taxes, see "APPENDIX A - CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION - CITY FINANCIAL INFORMATION."

Concentration of Taxable Property Ownership. The more property (by assessed value) owned by any single taxpayer, the more exposure of tax collections to weakness in that taxpayer's financial situation and ability or willingness to pay property taxes. For Fiscal Year 2023-24, no single taxpayer owned more than 0.74% of the total taxable property in the City. See Table 6 herein.

Property Tax Rates. Another factor impacting the ability of taxpayers to pay additional taxes for general obligation bonds is the cumulative rate of tax. The total tax rate per $100 of assessed value (including the basic countywide 1% rate required by statute) is shown for each of the last ten years in Table 5 herein.

Additional Debt. Issuances of additional general obligation bonds can cause the overall property tax rate to increase. The City expects that, from time to time, it may propose further bond measures to the voters to help meet its capital needs.

Possible Limitations on Remedies; Bankruptcy

General. Following is a discussion of certain considerations in the event that the City should become a debtor in a bankruptcy proceeding. It is not an exhaustive discussion of the potential application of bankruptcy law to the City. The discussion is based on the United States Bankruptcy Code (the "Bankruptcy Code") as now in effect and the few relevant judicial decisions to date. The Bankruptcy Code could be amended or construed differently in future judicial decisions (including as a result of possible future decisions in the pending analogous insolvency proceedings for the Commonwealth of Puerto Rico). Any such action could affect the possible application of bankruptcy law to the City.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the City were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, bondholders may be prohibited from taking any action to collect any amount from the City (including *ad valorem* tax revenues) or to enforce any obligation of the City, without the bankruptcy court's permission, except possibly as described below in the case of pledged "special revenues." In such a proceeding, as part of its plan of adjustment in bankruptcy, the City may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, including the obligation of the City to raise taxes if necessary to pay the Bonds, if the bankruptcy court determines that the plan is fair, equitable, not unfairly discriminatory to creditors as a whole, is in the best interests of creditors and otherwise complies with the Bankruptcy Code. There also may be other possible effects of a City bankruptcy proceeding that could result in delays or reductions in payments on the Bonds. Regardless of any specific adverse determinations in any City bankruptcy proceeding, the fact of a City bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

California law allows local governments to file for relief under Chapter 9 of the Bankruptcy Code, but only after attempting to resolve their fiscal problems with creditors, employee groups and other interested parties through a mediation process, unless the government entity declares a fiscal emergency.

Limitations on Plans of Adjustments. Chapter 9 of the Bankruptcy Code does not limit or impair the power of a state to control, by legislation or otherwise, a political subdivision of the state in the exercise of its political or governmental powers, including expenditures for the exercise. In addition, Chapter 9 prevents a bankruptcy court from interfering with the political or governmental powers of a political subdivision debtor, any of its property or revenues or the use or enjoyment of its income producing property, unless the political subdivision debtor confirms a plan of adjustment to that effect or consents to that action. State law provides that *ad valorem* taxes may be levied to pay the principal of and interest on the Bonds and other voter-approved general obligation bonds of the City in an unlimited amount, and that proceeds of such a levy must be used for the payment of principal of and interest on the City's general obligation bonds, including the Bonds, and for no other purpose. Under State law, the City's share of the 1% limited tax imposed by the County is the only *ad valorem* tax revenue that may be raised and expended to pay liabilities and expenses of the City other than its voter-approved debt, such as its general obligation bonds. If the City should become a debtor in a Chapter 9 proceeding, then it must propose a plan of adjustment of its debts. The plan may not become effective until confirmed by the bankruptcy court. The court may not confirm a plan unless it finds, among other conditions, that the City is not prohibited by law from taking any action necessary to carry out the plan, and that the plan is fair, equitable, does not unfairly discriminate among creditors as a whole, is in the best interests of creditors, and is feasible. If the State law restriction on the levy and expenditure of ad valorem taxes for payment of general obligation bonds is respected in a bankruptcy case, then such ad valorem taxes could be levied by the County only for payment of the Bonds and its other voter-approved general obligation bonds, or securities issued in their stead, and could not be used by the City for any other purpose under its plan.

If the City were a debtor in bankruptcy, it may be prevented from making payments to the Bondholders from funds in its possession. There may be other possible effects of a bankruptcy of the City that could result in delays or reductions in payments on the Bonds, which could have an adverse effect on the liquidity and value of the Bonds.

Statutory Lien. Pursuant to Senate Bill 222 (2015) ("SB 222"), all general obligation bonds issued by local agencies, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of ad valorem taxes levied to pay the bonds. SB 222 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are issued. As a result, the lien on debt service taxes will continue to be valid with respect to post-petition receipts of debt service taxes, should the City become a Chapter 9 debtor. (Unlike most security interests created by agreement, statutory liens on post-petition revenues remain effective under the Bankruptcy Code.) The automatic stay provisions of the Bankruptcy Code would apply, however, thereby preventing bondholders from enforcing their rights to payment from such taxes (with the result that any payments becoming due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed), except possibly as described under "– Special Revenues" below. It is also possible that the bankruptcy court could approve an alternate use of such taxes, if the bondholders are afforded protection that the court determines to be adequate.

Special Revenues. If the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application by the County (or others with possession) of pledged *ad valorem* tax revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay, and bondholders may be able to compel their immediate use to pay debt service, subject to the matters discussed below, including a decision by the United States Court of Appeals for the First Circuit.

"Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The City has specifically levied and pledged *ad valorem* taxes for payment of the Bonds. The Bonds were approved at an election held on a proposition that described the project for which the Bonds may be issued. As noted above, State law prohibits the use of the proceeds of the City's debt service tax for any purpose other than payment of its general obligation bonds, and the bond proceeds may only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payment of general obligation bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Even if the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, bondholders may not be able to compel that they be used to pay debt service during the pendency of a Chapter 9 proceeding. While the application of special revenues is exempt from the automatic stay by Section 922(d) of the Bankruptcy Code, the United States Court of Appeals for the First Circuit has interpreted that section to exempt only voluntary applications by the debtor and voluntary applications by creditors or others of property in their possession, and not to exempt actions by creditors to compel an application by others, and has held that a bankruptcy court lacks authority to compel the application of special revenues. *In re The Financial Oversight and Management Board for Puerto Rico*, 919 F.3d 121 (1st Cir. 2019). The U.S. Supreme Court declined to review the First Circuit decision. If the First Circuit's interpretation is upheld and applied by courts in the Ninth Circuit and the State Superintendent (or State-appointed administrator) were to file a petition to initiate a Chapter 9 proceeding in respect of the City, bondholders would be stayed from seeking to compel the application of pledged *ad valorem* taxes to pay debt service on the Bonds during the pendency of the proceeding (in either federal or state court), which would leave bondholders with only state court remedies. Accordingly, even if the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues," a Chapter 9 proceeding could result in a substantial delay in the payment of debt service, if the City failed to apply pledged *ad valorem* taxes to pay debt service on the Bonds.

In addition, under the Bankruptcy Code, the exemption of special revenues from the automatic stay permits application of special revenues (other than municipal betterment assessments) "derived" from a project or system only if the application is subject to necessary operating expenses of the project or system. This rule applies regardless of the provisions of transaction documents. If a bankruptcy court were to conclude that the City's tax collections are "derived" from a City project or system and are not akin to municipal betterment assessments, then the court could determine that such revenues may not be ordered (by itself or a state court) during the pendency of the bankruptcy proceeding to pay debt service to the extent that they are needed to pay necessary operating expenses of the City and may lawfully be applied for that purpose.

Possession of Tax Revenues; Remedies. If the City goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the City does not voluntarily pay such tax revenues to the owners of the Bonds, it is not clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

Amounts Invested by City. The City is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in as described in "SECURITY FOR THE BONDS." Should those investments suffer losses, there may be delays or reductions in payments on the Bonds.

Opinion of Bond Counsel Qualified. The proposed forms of opinions of Bond Counsel, attached hereto as APPENDIX D, are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights.

Natural Hazards

Property values in the City could be reduced by natural hazards and/or the occurrence of natural disasters beyond the City's control, including, but not limited to some of the events listed below. It is not possible for the City to make any representation regarding the extent to which the occurrence of any of these hazards could cause reduced economic activity within the boundaries of the City or may impact the taxable property within the City.

Seismic Risks. The City is in a seismically active region of the State. Major fault systems traversing Southern California and affecting the Pasadena area include the San Andreas and Newport-Inglewood fault systems. A major earthquake along these regional systems, a local fault, or as yet unknown faults has the potential to result in seismic-induced ground shaking in the City. Much of the City overlies sandy, stony or gravelly soil. This soil is more porous and loosely compacted than bedrock and thus subject to greater impacts from seismic ground shaking than bedrock. Portions of the City lie in or near the Sierra Madre fault and the Raymond Hill fault. These faults are the only faults considered active within the City. A significant earthquake along one or more of these or other faults is probable during the period the Bonds will be Outstanding. In the event of an earthquake, the location of the epicenter as well as the time of day and season of the year could have a profound effect on the number of deaths, casualties, property damage, and disruption of normal governmental and community services and activities. The effects could be compounded by collateral emergencies such as fires, dam failure, hazardous material spills, utility disruptions, structural collapses, street blockage by debris, street surface breakage due to liquefaction, landslides and transportation emergencies. Property within the City could sustain extensive damage in a major earthquake, and a major earthquake could adversely affect the area's economic activity.

[Liquefaction]

Wildfire. In recent years, portions of California, including several areas in Northern California, have experienced multiple significant wildfires that have burned thousands of acres and destroyed thousands of homes and structures, such as the recent Eaton Fire in January 2025, which burned more than

14,000 acres, destroyed approximately 9,400 structures, damaged over 1,000 structures, with damages estimated at over $[____] billion. Property damage due to a wildfire could result in a significant decrease in the assessed value of property in the City.

Within the City, the Eaton Fire destroyed 147 structures, which did not have a significant impact on the assessed valuation of property within the City. See "PROPERTY TAXATION – Assessed Valuation - *Factors Relating to Increases/Decreases in Assessed Value* – Recent Eaton Fire" herein.

Drought. In recent years California has experienced severe drought conditions. In January 2014, the Governor declared a state-wide "Drought State of Emergency" due to the State facing serious water shortfalls due to the driest year in recorded history in the State and the resultant record low levels measured in State rivers and reservoirs. The California State Water Resources Control Board (the "State Water Board") subsequently issued a statewide notice of water shortages and potential future curtailment of water right diversions. In April 2017, the Governor of the State lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation measures. In a series of proclamations in 2021 (April 12, 2021, May 10, 2021, July 8, 2021, and October 19, 2021 (the "2021 Drought Proclamations")), the Governor encouraged Californians to materially reduce their water usage and empowered the State Water Board to adopt regulations to prohibit certain wasteful water use practices. On March 28, 2022, the Governor signed Executive Order N-7-22, escalating prior water conservation efforts noting that a majority of California remains under "extreme and expanding drought" conditions. Executive Order N-7-22 effected significant policies, including, suspending any ordinance, policy or requirement of any kind that prohibits the hauling of water if the water is for human consumption, cooking or sanitization, and prohibiting the City and other public agencies from approving or issuing permits for certain groundwater wells or the alteration of certain existing wells. However, due to increased rainfall in late 2022 and early 2023, some of these restrictions were rescinded. Specifically, in March 2023, following one of the wettest winters on record, the Governor rolled back certain drought restrictions, but material restrictions and prohibitions remain in effect. It is not possible for the City to make any representation regarding the extent to which drought conditions or proclamations could cause reduced economic activity within the boundaries of the City or the extent to which the drought has had or may have in the future an impact on the value of taxable property within the City.

Flooding. The City has approximately [_____] properties where the purchase of flood insurance is required due to such properties being located within a flood-prone area as outlined in the National Flood Insurance Program ("NFIP") managed by Federal Emergency Management Agency ("FEMA"). Full compliance and good standing under the NFIP are application prerequisites for most FEMA grant programs. The City is in compliance with all NFIP requirements and in good-standing. Flooding can take many forms - river floods, storm-related flash floods, and coastal floods, for example - and can be caused by a variety of reasons, including heavy rains and inadequate drainage systems. Urbanization also increases the risk of flooding by increasing stormwater runoff and, to a lesser extent, erosion.

[Landslides]?

Changing Economic Conditions

While the City has historically enjoyed strong economic and financial performance, the City faces several long-term financial challenges including climate change, changes to the economy of the region and the nation, and the management of pension and post-employment retirement obligations. While the City has adopted measures and policies to better position its operating budgets for future risks and future economic downturns, such measures may not be sufficient. Property values could be reduced by factors beyond the City's control, including depressed real estate market due to general economic conditions in the County, the region and the State.

The general economy of the City is also subject to the types of risks generally associated with all urban real estate markets. Real estate prices may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in home improvement costs and by other similar factor. In addition, if there is a significant decline in the general economy of the City, the owners of property within the City may be less able or less willing to make timely payment of property taxes or may petition for reduced assessed valuation causing a delay or interruption in the receipt of property tax revenues by the City.

Loss of Tax Exemption

The Code imposes a number of requirements that must be satisfied for interest on state and local obligations, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of Bond proceeds, limitations on the investment earnings of Bond proceeds prior to expenditure, a requirement that certain investment earnings on 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 City have covenanted in certain of the documents referred to herein that they will comply with such requirements. Failure by 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 Bonds in federal gross income, retroactively to date of original delivery of the Bonds.

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 Bonds. There can be no assurance as to the effect on the market price of the Bonds in the event that they are selected for audit. The City has not sought to obtain a private letter ruling from the IRS with respect to the Bonds, and the opinion of Bond Counsel is not binding on the IRS. See "TAX MATTERS" herein.

Current and future legislative proposals, if enacted into law, clarifications of the Code or court decisions may cause interest on the Bonds, to be subject, directly or indirectly, in whole or in part, to federal income taxation, or subject to state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Legislative proposals arise from time to time which would limit the exclusion of gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates, or that could significantly reduce the benefit of, or otherwise affect, the exclusion of gross income from interest on obligations like the Bonds. [The Ways and Means Committee of the U.S. House of Representatives is currently evaluating the elimination of tax exemption of interest on state and local municipal bonds. The City is unable to predict the outcome of such deliberations.] TO BE UPDATED The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or the marketability of, the Bonds.

Cybersecurity

The City and the County, 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 County 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 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.

The City is reliant on the County's tax collectors for the levy and collection of the ad valorem taxes, and on the Fiscal Agent. No assurance can be given that the City's, County's, Fiscal Agent's, or others 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 Bonds. 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 City's information technology systems and cause disruption to City services and operations and/or affect the owners of the 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 summaries 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. Wildfires in turn could make any steep slopes within 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 - CITY FINANCIAL 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 spread across the globe and the WHO declared the COVID-19 outbreak to be a pandemic. The spread of COVID-19 had significant adverse health and financial impacts throughout the world, including the City.

With significant decline in COVID-19 case rates and increase in vaccination rates, emergency orders have been lifted. 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.

Notwithstanding the impacts that COVID-19 may have on the global, national or local economy, or on the City's revenues, the Bonds are voter-approved general obligations of the City payable solely from the levy and collection of *ad valorem* property taxes and are not payable from the general fund of the City. The City's assessed valuation and property-related revenues have continued to grow at a steady rate. See "PROPERTY TAXATION" above. However, there can be no assurances that such growth will continue in the future.

2028 Olympic and Paralympic Games

With the selection of the City of Los Angeles as host city of the 2028 Olympic and Paralympic Games, the City and the Los Angeles Organizing Committee for Olympic and Paralympic Games 2028 ("OCOG") entered into a binding Games Agreement that set forth the governing principles and commitments for the City's participation as a venue city, utilizing the Rose Bowl as a soccer venue for the Games. Key elements of the Games Agreement include defining the City's role, the process for delivery of standard and enhanced public services in connection with the Games, and the reimbursement of certain City expenses and lost revenue through supplemental agreements that will be negotiated in the future between the City and the OCOG.

The fiscal impact to the City by hosting the Games is currently unknown but will be negotiated and developed in supplemental agreements. While the City is reasonably confident that it will recover its costs related directly to the provision of "Enhanced City Resources," there is no guarantee in the Games Agreement that this will occur. The City's ability to recover its costs are dependent on several factors, including the ability to secure favorable reimbursement terms in supplemental agreements, the financial success of the Games, and ultimately, the solvency of the OCOG.

FINANCIAL STATEMENTS

The audited basic financial statements (the "Financial Statements") of the City for the year ended June 30, 2024, included in APPENDIX B - "CITY OF PASADENA ANNUAL COMPREHENSIVE FINANCIAL REPORT YEAR ENDED JUNE 30, 2024," have been examined by Lance, Soll & Lunghard LLP, independent auditors (the "Auditor"), to the extent and for the period indicated in its report (the "Report"), which also appears in APPENDIX B. The Financial Statements and the Report should be read in their entirety.

The Financial Statements and Report for the year ended June 30, 2024 and for prior years are on file for public inspection with the City Clerk. The City has not requested nor received the consent of the Auditor to the reproduction of its Report in APPENDIX B - "CITY OF PASADENA ANNUAL COMPREHENSIVE FINANCIAL REPORT YEAR ENDED JUNE 30, 2024." The Auditor has not reviewed or expressed any opinion regarding any portion of this Official Statement other than the Financial Statements as stated in the Report.

TAX MATTERS

Federal Tax Exemption. In the opinion of Bond Counsel to the City, under current law , and assuming compliance by the City with certain covenants in the Resolution and the Tax Certificate and other documents pertaining to the Bonds and requirements of the Internal Revenue Code of 1986 (the "Code") regarding the use, expenditure and investment of proceeds of the Bonds and the timely payment of certain investment earnings to the United States, interest on the Bonds is not includable in the gross income of the owners of the Bonds for federal income tax purposes. Failure to comply with such covenants and requirements may cause interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds.

In the further opinion of Bond Counsel, interest on to the Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax on individuals. Bond Counsel expresses no opinion regarding the applicability of the federal corporate alternative minimum tax to the adjusted financial statement income of certain corporations.

Ownership of, or the receipt of interest on or with respect to, tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Bond Counsel expresses no opinion with respect to any collateral tax consequences and, accordingly, prospective purchasers of the Bonds should consult their tax advisors as to the applicability of any collateral tax consequences.

Certain requirements and procedures contained or referred to in the Resolution, the Tax Certificate or other documents pertaining to the Bonds may be changed, and certain actions may be taken or not taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. Bond Counsel expresses no opinion as to the effect of any change to any document pertaining to the Bonds or of any action taken or not taken where such change is made or action is taken or not taken without the approval of Bond Counsel or in reliance upon the advice of counsel other than Bond Counsel with respect to the exclusion from gross income for federal income tax purposes of interest on the Bonds.

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

Tax Accounting Treatment of Certificate Premium. To the extent a purchaser acquires a Bond at a price in excess of the amount payable at its maturity, such excess will constitute "bond premium" under the Code. The Code and applicable Treasury Regulations provide generally that bond premium on a tax-exempt obligation is amortized over the remaining term of the obligation (or a shorter period in the case of certain callable obligations) based on the obligation's yield to maturity (or shorter period in the case of certain callable obligations). The amount of premium so amortized reduces the owner's basis in such obligation for federal income tax purposes, though such amortized premium is not deductible for federal income tax purposes. This reduction in basis will increase the amount of any gain (or decrease the amount of any loss) recognized for federal income tax purposes upon a sale or other taxable disposition of the obligation. Bond Counsel is not opining on the accounting for bond premium or the consequence to a Bond purchaser of purchasing a Bond with bond premium. Accordingly, persons considering the purchase of Bonds with bond premium should consult their own tax advisors with respect to the determination of bond premium on such Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such Bonds.

Tax Accounting Treatment of Original Issue Discount. The excess, if any, of the stated redemption price at maturity of Bonds of a particular maturity over the initial offering price to the public of the Bonds of that maturity at which a substantial amount of the Bonds of that maturity is sold to the public is "original issue discount." Original issue discount accruing on a Bond is treated as interest excluded from the gross income of the owner thereof for federal income tax purposes under the same conditions and limitations as are applicable to interest on the Bonds. Original issue discount on a Bond of a particular maturity purchased pursuant to the initial public offering at the initial public offering price at which a substantial amount of the Bonds of that maturity is sold to the public accrues on a semiannual basis over the term of the Bond on the basis of a constant yield; and within each semiannual period accrues on a ratable daily basis. The amount of original issue discount on a Bond accruing during each period is added to the adjusted basis of such Bond, which will affect the amount of taxable gain upon disposition (including sale, redemption or payment on maturity) of such Bond. The Code includes certain provisions relating to the accrual of original issue discount in the case of purchasers that purchase Bonds other than at the initial offering price. Bond Counsel is not opining on the accounting for or consequence to a Bond purchaser of purchasing a Bond with original issue discount. Accordingly, persons considering the purchase of Bonds with original issue discount should consult their own tax advisors with respect to the determination of original issue discount on such Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such Bonds.

Information Reporting and Backup Withholding. Interest on the Bonds will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of such interest on the Bonds from gross income for federal income tax purposes, such reporting requirement causes interest on the Bonds to be subject to backup withholding if such interest on the Bonds is paid to beneficial owners who (a) are not "exempt recipients," and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner are allowed as a refund or credit against such beneficial owner's federal income tax liability so long as the required information is furnished to the IRS.

State Tax Exemption. In the further opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxes imposed by the State of California.

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

Proposed Form of Opinion. The proposed form of opinion of Bond Counsel regarding the Bonds is attached in APPENDIX D.

APPROVAL OF LEGALITY

Legal matters incident to the execution and delivery of the Bonds are subject to the approving opinion of Norton Rose Fulbright US LLP, San Francisco, California, Bond Counsel. A form of such opinion is attached hereto in APPENDIX D - "PROPOSED FORM OF OPINION OF BOND COUNSEL," and copies of such opinion with respect to the Bonds will be available at the time of delivery of the Bonds. Certain legal matters will be passed upon for the City by the City Attorney and by Norton Rose Fulbright US LLP, San Francisco, California, as Disclosure Counsel. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Norton Rose Fulbright US LLP has served as Disclosure Counsel to the City and in such capacity has advised the City with respect to the requirements of applicable securities laws and participated with responsible City officials and staff in conferences and meetings where information contained in this Official Statement was reviewed for accuracy and completeness. Disclosure Counsel is not responsible for the accuracy or completeness of the information presented in this Official Statement and has not undertaken to independently verify any of such information. Rather, the City is solely responsible for the accuracy and completeness of the information contained in this Official Statement. No purchaser or holder of the Bonds, or other person or party other than the City, will be entitled to rely on the fact that Norton Rose Fulbright US LLP has acted as Disclosure Counsel to the City.

LITIGATION

There is no pending litigation, notice of which has been received by the City, or, to the knowledge of the City, threatened litigation seeking to restrain or enjoin the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings or authority under which they are to be issued or the levy, collection and pledge of ad valorem taxes.

A number of suits and claims are pending against the City and related entities. In the opinion of the City, the results of such legal activities will not have a material adverse effect on the City's ability to pay debt service on the Bonds.

CONTINUING DISCLOSURE

The City has agreed to enter into a Disclosure Dissemination Agreement (the "Continuing Disclosure Agreement"), for the benefit of the Holders and Beneficial Owners of the Bonds to provide annual financial statements of the City (the "Annual Report"), by not later than 25th day of February following the end of each fiscal year of the City (presently June 30), commencing with the report for the 2024-25 fiscal year. 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 F - 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 Resolution, 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 Resolution and will not result in the acceleration of the maturity of any Bond; provided however that a Holder 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 Bond (including persons holding Bonds through any nominees, depositories or other intermediaries). See APPENDIX F - "FORM OF CONTINUING DISCLOSURE AGREEMENT."

In the last five years, the City has not failed in any material respect to comply with any of its prior continuing disclosure agreements to provide continuing disclosure reports and notices of enumerated events pursuant to the provisions of the Rule.

RATING

S&P Global Ratings, a division of S&P Global Inc. ("S&P"), has assigned the 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 furnished to the rating agency certain information and materials concerning the Bonds and the City. Generally, a 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 Bonds.

UNDERWRITING

The Bonds were awarded to ________ (the "Underwriter") pursuant to a competitive bidding held on ______, 2025. The Bonds were awarded to the Underwriter, at an aggregate purchase price of $______, representing the par amount of the Bonds of $______, plus [net] original issue premium of $______, and less an Underwriter's discount of $______. The Underwriter will be obligated to purchase all of the Bonds if any of the Bonds are purchased.

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the respective public offering prices stated or derived from information stated on the inside cover page hereof. The initial public offering prices may be changed from time to time by the Underwriter.

MUNICIPAL ADVISOR

Urban Futures, Inc. (the "Municipal Advisor") has acted as Municipal Advisor to the City in conjunction with the delivery of the 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 Bonds. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the 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.

EXECUTION AND DELIVERY

The preparation, execution and distribution of this Official Statement have been authorized by the City.

CITY OF PASADENA

By: ______________________________

Matthew E. Hawkesworth
Director of Finance

APPENDIX A

CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION

APPENDIX B

CITY OF PASADENA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2024

APPENDIX C

CITY OF PASADENA INVESTMENT POLICY

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX E

BOOK-ENTRY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Bonds"). The 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 certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

To facilitate subsequent transfers, all 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 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 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 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting right to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium and redemption proceeds, distributions, and interest payments on the 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 City or the Fiscal Agent, on the payment 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 Participants and not of DTC nor its nominee, the Fiscal Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium and redemption proceeds, distributions, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Fiscal Agent, 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 Bonds at any time by giving reasonable notice to the City or the Fiscal Agent. Under such circumstances, in the event that a successor securities depository is not obtained, certificates for the Bonds are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

The City cannot and do not give any assurances that DTC will distribute to Participants or that Participants or others will distribute to the Beneficial Owners payments of principal of and interest and premium, if any, on the Bonds paid or any redemption or other notices or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The City is not responsible or liable for the failure of DTC or any Participant or Indirect Participant to make any payments or give any notice to a Beneficial Owner with respect to the Bonds or any error or delay relating thereto.

Neither the City nor the Fiscal Agent will have any responsibility or obligation to Participants, to Indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC, any Participant, or any Indirect Participant; (ii) the payment by DTC or any Participant or Indirect Participant of any amount with respect to the principal of or premium, if any, or interest on the Bonds; (iii) any notice that is permitted or required to be given to Holders under the Resolution and the Fiscal Agent Agreement; (iv) the selection by DTC, any Participant or any Indirect Participant of any person to receive payment in the event of a partial redemption of the Bonds; (v) any consent given or other action taken by DTC as Certificate Owner; or (vi) any other procedures or obligations of DTC, Participants or Indirect Participants under the book-entry system.

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX A

CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION

THE CITY OF PASADENA

The information in this appendix concerning the City's finances and operations is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the General Fund or any other funds of the City. The Bonds are payable from the proceeds of an unlimited ad valorem tax approved by the voters of the City pursuant to all applicable laws and State Constitutional requirements and required to be levied by the City Council on property within the City in an amount sufficient for the timely payment of principal of and interest on the Bonds. See "SECURITY FOR THE BONDS" and "PROPERTY TAXATION" in the front portion of this Official Statement.

Certain statements included or incorporated by reference in this APPENDIX A 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. 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.

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:

Name	Occupation	Term Expiration
Victor M. Gordo, Mayor	Attorney	December 2028
Tyrone A.L. Hampton (District 1)	Business Owner	December 2028
Rick Cole (District 2)	Government Finance Officer	December 2028
Justin Jones (District 3)	Civil Engineer	December 2026
Gene Masuda, (District 4)	Business Owner	December 2028
Jessica Rivas Vice Mayor (District 5)	Attorney	December 2026
Steve Madison (District 6)	Attorney	December 2028
Jason Lyon (District 7)	Attorney	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, 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[1]	Population
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

[1] 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

Fiscal Year Ended June 30	Total Enrollment
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

The following tables shows annual average employment, unemployment and labor force (not seasonally adjusted) information for City for calendar years 2015 through 2023, as well as a comparison of unemployment rates for the City, County, State and U.S. for calendar years 2019 through 2023. For January 2025, unemployment rates (not seasonally adjusted) for the City, County, State and United States were 5.7%, 5.8%, 5.5% and 4.4%, respectively.

TABLE A-3

CITY OF PASADENA
EMPLOYMENT, UNEMPLOYMENT AND LABOR FORCE
AVERAGES FOR CALENDAR YEARS 2015 THROUGH 2023[(1)]
(in thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
City Employment	72.3	74.2	76.1	76.1	77.0	69.0	72.1	75.3	75.3
City Unemployment	4.6	3.5	3.3	3.1	3.1	7.6	5.8	3.4	3.7
City Civilian Labor Force	76.9	77.7	79.3	79.3	80.1	76.6	77.8	78.7	79.0
City Unemployment Rate	5.9%	4.5%	4.1%	4.0%	3.9%	9.9%	7.4%	4.3%	4.6%

Source: State of California Employment Development Department.
(1) Preliminary Los Angeles County employment data indicated an unemployment rate of [6.5% as of July 2024].

CITY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA
AND U.S. UNEMPLOYMENT RATES
AVERAGES FOR CALENDAR YEARS 2019 THROUGH 2023

	2019	2020	2021	2022	2023
City Unemployment Rate	3.9%	9.9%	7.4%	4.3%	4.6%
County Unemployment Rate	4.5%	12.3%	9.0%	5.0%	5.0%
State Unemployment Rate	4.1%	10.1%	7.3%	4.3%	4.8%
United States Unemployment Rate	3.7%	8.1%	5.3%	3.6%	3.6%

Source: Employment Development Department, U.S. Department of Labor, Bureau of Labor Statistics.

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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

Company	Approximate Number of Employees	Business Line
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.

Housing

The following table presents a ten-year history of total housing units within the City since 2015.

TABLE A-5
HOUSING UNITS
For Years 2015 through 2024

Year[1]	Housing Units
2015	59,721
2016	59,935
2017	60,870
2018	61,146
2019	61,501
2020	61,643
2021	61,881
2022	62,229
2023	62,517
2024	63,574

(1) As of January 1 of each year, except 2020 is as of April 1.
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.

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

	Fiscal Year Ended June 30,					
	2019	**2020**	**2021**	**2022**	**2023**	**2024**
Building Permit Valuations						
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	$273.1	$333.1	$133.8	$179.6	$248.9	$218.2
Number of Permits Issued						
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	3,039	3,040	3,114	3,157	3,415	3,424

Source: City of Pasadena, Planning and Permitting Department.

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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)

	Twelve-Month Periods Ended March 31,									
Type of Business	**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
Total Retail	2,485.1	2,565.4	2,610.5	2,683.1	2,813.6	2,704.0	2,288.7	3,002.4	3,212.7	3,172.2
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
Total Sales All Outlets	2,976.8	3,013.4	3,095.9	3,091.2	3,263.3	3,054.6	2,506.6	3,321.4	3,573.1	3,539.9
Retail Group	2,485.1	2,565.4	2,610.5	2,683.1	2,813.6	2,704.0	2,288.7	3,002.4	3,212.7	3,172.2
Non-Store & Part time Retails		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
Total Point of Sales	2,976.8	3,013.4	3,095.9	3,091.3	3,263.3	3,054.6	2,506.6	3,321.4	3,573.1	3,539.9
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
Total Sales Tax Receipts	$3,363.1	$3,414.2	$3,529.8	$3,527.6	$3,747.1	$3,602.5	$3,195.1	$4,076.5	$4,322.9	$4,297.7

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. In November 2024, the City's voters approved up to $195,000,000 principal amount of general obligation bonds to finance a portion of 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: Hollywood Burbank 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 A Line of the Metro light rail system, which began operations in 2003, runs from the City of Long Beach through 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 March 18, 2025	Expiration of Contract
American Federation of State, County and Municipal Employees	286	June 30, 2026
International Brotherhood of Electrical Workers	117	June 30, 2026
International Union of Operating Engineers	17	June 30, 2027
Service Employee International Union	25	June 30, 2027
Laborers International Union of North America	330	June 30, 2026
Pasadena Fire Fighters Association	157	December 31, 2026
Pasadena Police Officers Association	199	June 30, 2026
Pasadena Fire Fighters Management Association	6	December 31, 2026
Pasadena Management Association	517	June 30, 2027
Pasadena Police Lieutenants Association	15	June 30, 2028
Pasadena Police Supervisors Association	13	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

Fiscal Year[1] Ended June 30,	Loss Paid	Expense Paid	Total Paid	Remaining Reserves for Unpaid Claims[1]
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

(1) 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.

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.

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. Revenue growth is projected to slow for fiscal year 2025-26 due to a general slowing in the economy, ongoing inflationary pressure, and reduced real estate turnover due to higher interest rates. 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 3.4%, 4.0%, 4.0% and 3.8%, 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 is required by the Charter to transfer to a total of 12% of gross income unless it would be detrimental to the operation of the electric utility, and is expected to transfer the full amount 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 December 31, 2024, the balance in the trust was $2.6 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.

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TABLE A-10
GENERAL FUND 5-YEAR FINANCIAL PLAN

	Year Ending June 30,					
	2024 Actual	2025 Adopted Budget	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
Beginning Amount Available for Appropriations	$18,086,076	$16,215,713	$8,977,946	$6,526,933	$3,521,048	$2,482,057
REVENUES						
Property Taxes	$108,000,715	$112,487,500	$117,155,731	$122,615,188	$128,365,841	$134,411,872
Sales Tax[(3)]	80,223,221	76,586,100	79,205,138	81,581,292	83,947,150	86,381,617
Utility User Tax	32,027,241	34,060,000	35,264,000	36,264,480	37,302,858	38,380,606
Transient Occupancy Tax	18,505,296	19,300,000	20,917,600	21,586,963	22,277,746	22,990,634
Franchise Taxes	2,709,329	2,973,500	3,003,235	3,033,267	3,063,600	3,094,236
Other Taxes	21,493,139	20,250,000	20,009,500	20,352,595	20,704,528	21,065,551
Total Taxes	$262,958,941	$265,657,100	$275,555,204	$285,433,785	$295,661,723	$306,324,516
Licenses & Permits	$3,735,701	$4,132,685	$4,256,666	$4,384,366	$4,515,896	$4,651,373
Intergovernmental Revenues	7,046,916	1,021,302	1,031,515	1,041,830	1,052,248	1,062,771
Charges for Services	40,214,015	37,083,285	38,010,367	38,960,626	39,934,642	40,933,008
Fines & Forfeitures	6,334,311	6,620,000	6,811,980	7,009,527	7,212,804	7,421,975
Investment/Interest Earnings	5,347,438	2,280,038	2,300,558	2,321,263	2,342,155	2,363,234
Rental Income	1,036,656	1,079,051	1,081,209	1,083,372	1,085,538	1,087,709
Miscellaneous	2,684,846	2,769,373	2,816,452	2,864,332	2,913,026	2,962,547
TOTAL REVENUES	$329,358,824	$320,642,834	$331,863,951	$343,099,101	$354,718,032	$366,807,133
EXPENDITURES						
Personnel	$206,097,494	$215,348,587	$226,088,731	$234,929,446	$242,567,769	$253,716,392
Services & Supplies	67,751,383	68,963,879	69,598,297	70,990,263	72,410,068	73,858,269
Equipment	14,757,764	425,927	42,446	43,294	44,160	45,044
Internal Services	29,647,584	30,542,372	31,764,067	33,034,630	34,356,015	35,730,255
TOTAL EXPENDITURES	$318,254,225	$315,280,765	$327,493,541	$338,997,633	$349,378,012	$363,349,960
Excess Revenues over (Expenses)	$11,104,599	$362,069	$4,370,410	$4,101,468	$5,340,020	$3,457,173
OPERATING TRANSFER (IN / (OUT))						
Debt Service	($11,619,669)	($12,318,397)	($12,323,966)	($12,317,139)	($11,290,184)	($11,288,643)
Contributions to Other Funds/Misc	(25,269,239)	(20,421,877)	(14,637,895)	(14,930,652)	(15,229,265)	(15,533,851)
Abatements for Svcs to Other Funds	398,060	398,060	398,060	398,060	398,060	398,060
Enterprise Contributions[(1)]	19,742,378	19,742,378	19,742,378	19,742,378	19,742,378	19,742,378
NET OPERATING TRANSFER (IN / (OUT))	$(16,748,470)	($12,599,836)	($6,821,423)	($7,107,353)	($6,379,011)	($6,682,056)
Operating Income/(Loss)	($5,643,871)	($12,237,767)	($2,451,013)	($3,005,885)	($1,038,991)	($3,224,883)
Allocation to Capital Reserve	(341,750)	0	-	-	-	-
Use of Assigned Fund Balance[(4)]	10,247,300	5,000,000	-	-	-	-
Allocation to Policy Reserve	(6,132,042)	0	-	-	-	-
Net Income/(Loss)	($1,870,363)	($7,237,767)	($2,451,013)	($3,005,885)	($1,038,991)	($3,224,883)
Ending Amount Available for Appropriations	$16,215,713	$8,977,946	$6,526,933	$3,521,048	$2,482,057	$ -
Reserve Fund Balance	64,736,000	64,736,000	64,736,000	64,736,000	64,736,000	63,993,174
Assigned	59,102,000	49,102,000	49,102,000	49,102,000	49,102,000	49,102,000
Section 115 OPEB & Pension Trusts[(2)]	15,707,890	16,022,047	16,342,488	16,669,338	17,002,725	17,342,779
Total Fund Balance	$155,761,603	$143,837,993	$141,707,421	$139,028,386	$138,322,782	$135,437,953

[(1)] The charter change to the Light and Power fund transfer from the General Fund was approved by voters in Mach 2024, and it is anticipated that the transfer will be increase beyond the current $18.0 m in FY 2026 to help maintain a balance budget.

[(2)] 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 period ending February, 2025 was 8.76% net of expenses and the average five years annualized return was 4.32%.

[(3)] The City received $5.0 million in Sales Tax revenue in FY 2024 that is believed to be distributed to the City in error. These funds were assigned at year-end with the expectation that the State will take back these funds in FY 2025.

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 $64.7 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 the General Fund Emergency Contingency Reserve. 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 $12.0 million from the General Fund. As of December 31, 2024, the balance was $13.6 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 City's General Fund balances and reserves for the five fiscal years ending June 30, 2024.

TABLE A-11
GENERAL FUND BALANCES AND RESERVES
FOR FISCAL YEARS 2019-20 THROUGH 2023-24
(in thousands)

	As of June 30,				
	2020	2021	2022	2023	2024
Restricted Fund Balance					
Nonspendable	$14,853	$13,626	$13,697	$14,316	$14,224
Restricted	12,106	13,717	12,101	12,596	13,206
Total Restricted	$26,959	$27,344	$25,798	$26,912	$27,430
Available Fund Balance					
Committed	$55,120	$51,687	$57,339	$71,985	$67,892
Assigned	25,082	31,326	23,079	57,407	59,102
Unassigned	445	(11,294)	-	8,307	4,455
Total Available Fund Balance	$80,647	$71,719	$80,418	$137,699	$131,439
Total Fund Balance	$107,606	$99,063	$106,216	$164,611	$158,879
General Fund Reserves					
Emergency Contingency Reserve	$42,427	$40,442	$43,004	$43,953	$48,552
Operating Reserve	12,682	11,246	14,335	14,651	16,184
Total Reserve Balances	$55,110	$51,687	$57,339	$58,604	$64,736

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. Beyond the current issuance to repair the Central Library, 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. The City plans to begin the update the Climate Action Plan in fiscal year 2025-26.

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 2023-24 as adopted, the actual budget results and the variance for such fiscal year.

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TABLE A-12
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL FOR FISCAL YEAR 2023-24
($ in Thousands)

	Fiscal Year 2023-24		
	Budget	Actual	Variance (Actual - Budget)
Revenues			
Taxes:			
Property[1]	$84,824	$84,073	$ (751)
Sales	74,993	80,223	5,230
Utility users'	28,685	32,027	3,342
Transient occupancy	18,360	18,505	145
Other	21,146	25,394	4,045
Licenses and permits	3,990	3,787	256
Intergovernmental revenues[2]	30,093	31,788[3]	1,695
Charges for services	46,236	47,865	1,629
Fines and forfeits	6,626	6,334	(292)
Investment earnings	2,438	2,993	555
Net change in fair value of investments	-	3,468	3,468
Lease revenues	986	1,022	36
Interest -leases (as lessor)	-	1	1
Miscellaneous revenues	3,339	3,386	47
Contributions	28	28	-
Total Revenues	321,744	356,441	19,150
Expenditures			
General Government	$73,750	$72,922	$828
Public safety	168,281	171,656	(3,372)
Public Works and Transportation	25,552	25,461	91
Culture and leisure	38,157	37,110	1,047
Community development: Planning and Permitting	13,926	11,161	2,765
Capital outlay	16,926	14,758	2,168
Debt Services:			
Lease payments	-	976	(976)
Subscription payments	-	1,055	(1,055)
Interest-leases and subscriptions	-	106	(106)
Total Expenditures	$336,595	$335,205	$1,390
Excess of revenues over expenditures	$(14,851)	$5,689	$20,540
Other financing sources (uses)			
Proceeds from financed purchase arrangements		46	46
Transfer in[4]	$20,190	$20,140	$(50)
Transfer out[5]	(37,303)	(33,887)	3,416
Leases issued	-	67	67
Subscriptions issued	-	2,191	2,191
Total other financing sources (uses)	($17,113)	($11,443)	$5,624
Extraordinary gain(loss)			
Net Change in fund balances	($ 31,964)	(5,754)	$26,164
Fund balance at beginning of year, as prev reported	$164,611	$164,611	-
Restatement for correction of an error	22	22	-
Fund balance at beginning of year, as restated	$164,633	$164,633	-
Fund balance at end of year	$132,669	$158,879	$26,164

(1) Excludes vehicle license fee revenue.
(2) Includes vehicle license fee revenue and other state and federal apportionment payments.
(3) 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.
(4) 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.
(5) 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, 2024.

Set forth below are the City's final General Fund budget for fiscal year 2023-24, the 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**	**Variance (Actual – Budget)**	**Adopted**
Revenues				
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
Expenditures				
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
Other financing sources (uses)				
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)
Extraordinary gain(loss)				
Change in fund balances	$ (29,847)	$ (9,008)	$20,839	$ (1,167)
Fund balance at beginning of year	$ 75,964	$75,964	$ -	$97,207
Fund balance at end of year	$ 46,117	$66,956[1]	$20,839	$96,040

[1] Fund balance reflects the estimated available fund balance that is comprised of the reserve fund balance and the unassigned fund balance.

Source: City of Pasadena Final 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	**Fiduciary Funds**
General Fund	Trust and Agency Funds
Special Revenue Funds	
Debt Services Funds	
Capital Projects Funds	
Proprietary Funds	**Capital Assets**
Enterprise Funds	Capital Assets used in the Operation
Internal Service Funds	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

REQUIREMENTS	2022-23	2023-24	2024-25
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
TOTAL REQUIREMENTS	$ 295,942,950	$ 323,680,029	$ 341,950,039
AVAILABLE FUNDS			
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
TOTAL AVAILABLE FUNDS	$ 296,217,082	$ 318,795,205	$ 340,783,272

Source: City of Pasadena, Department of Finance; Originally Adopted City Budgets.

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. A Charter amendment approved by the voters in March 2024 removed the net income requirement of the Light and Power Fund to make the transfer. The City anticipates that in fiscal year 2025-26, the City Council will consider an increased transfer amount beyond the previous $18.0 million transfer up to the full 12%. 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[(2)]**
Light and Power Fund						
Amount Transferred	$17,315	$18,000	$18,000	$18,000	$18,000	$18,000
Amount as Percentage of Prior Year's Gross Income[(1)]	10.0%	9.7%	10.0%	9.8%	8.7%	7.5%
Water Fund						
Amount Reimbursed for Cost-of-services Provided	$1,544	$1,544	$1,544	$1,544	$1,544	$1,544

(1) Reflects percentage of prior fiscal year's gross income of the Light and Power Fund.
(2) 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)

	Fiscal Year Ended June 30,					
Tax	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Property[1]	$ 65,535	$ 67,890	$ 73,748	$ 76,309	$ 81,292	$ 84,073
Sales[2]	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
Total	$160,095	$171,412	$174,689	$200,837	$216,316	$224,097

(1) Includes assessments.
(2) Includes, without limitation, Measure I sales tax revenues. See below.
Source: City of Pasadena, Department of Finance.

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.

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.

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.

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%. 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-17
DEBT SERVICE PROJECTIONS ON LONG-TERM DEBT OBLIGATIONS
For Fiscal Years 2025 through 2028
($ in Thousands)

Fiscal Year ended June 30	Total General Fund Obligations Debt Service (including Self Supporting Obligations)	General Fund Obligations Debt Service (excluding Self Supporting Obligations)
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-18
LONG-TERM OBLIGATIONS PAYABLE FROM CITY GENERAL FUND
as of April 1, 2025
($ in Thousands)

City Issues	Original Par	Outstanding	Final Maturity	Variable/Fixed Synthetic Fixed (SWAP)	Letter of Credit Expiration Date	Letter of Credit Bank
Pension Obligation Bonds						
2015 B Taxable POBs	$119,460	$2,160	2025	Fixed	–	–
2020 AB Taxable POBs	131,805	125,955	2045	Fixed	–	–
Sub-Total Pension Obligation Bonds	**$251,265**	**$128,115**				
City Leases						
2020 Equip Lease Financing – Motorola Equip	6,800	2,024	2027	Fixed	–	–
2015A Certification of Participation	55,350	39,840	2038	Fixed	–	–
Sub-Total City Leases	**$ 62,150**	**$ 41,864**				
Self-Supporting Obligations						
2008 A COPs (Conference Center)	$134,720	$120,465	2035	Variable/SWAP (Synthetic Fixed)	3/31/2028	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 D PPA Lease Revenue Bonds (Rose Bowl Renovation Project) Tax-RZEDBS	7,400	7,400	2043	Fixed	–	–
2016 A Rose Bowl Lease Revenue Bonds Refunding (Tax-Exempt)	21,865	8,615	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	3,805	2027	Fixed	–	–
2019 A Equip Lease Financing-PACS Equipment	3,253	502	2026	Fixed	–	–
2024 Rose Bowl Lease Revenue Refunding Bonds (Tax-Exempt)	103,062	103,062	2048	Fixed	–	–
Sub-Total Self-Supporting	**$379,008**	**$319,591**				
Total General Fund Obligations	**$692,423**	**$489,570**				

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, 2024, 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.

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. 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 PEPRA (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-21 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, 2024, the FPRS had an unfunded actuarial accrued liability of $16.7 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, 2024, the funded percentage of the FPRS, calculated in accordance with contribution agreements between the City and the FPRS, was 83.5%. The City was not required to make a supplemental contribution for FPRS for the fiscal year ended June 30, 2024.

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. FPRS received in February 2025, $11.1 million of additional funds in connection with the Concord Property as described above. The additional funding will 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, 2024 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-19
CITY OF PASADENA
FIRE AND POLICE RETIREMENT SYSTEM
PORTFOLIO INFORMATION
as of June 30, 2024

Description of Assets	Market Value	Percentage of Portfolio
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	$97,521,736	100.0%

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 Depository 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-20
ANNUAL PAYMENTS TO CALPERS RETIREMENT PLANS BY CITY
($ in Thousands)

Fiscal Year Ended June 30	CalPERS— Misc. Employees Total Contribution	CalPERS- General Fund Contribution Misc. Employees[2]	CalPERS— Safety Employees Total Contribution	CalPERS- General Fund Contribution Safety Employees
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[1]	48,206	24,103	26,975	21,580
2026[1]	49,758	24,879	31,844	25,476
2027[1]	52,229	26,115	33,706	26,965
2028[1]	51,867	25,934	35,112	28,089
2029[1]	56,798	28,399	38,102	30,482
2030[1]	58,129	29,064	38,802	31,041
2031[1]	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 2024 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.

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TABLE A-21
ANNUAL CONTRIBUTION RATES
TO CALPERS RETIREMENT PLANS BY CITY

Fiscal Year Ended June 30	CalPERS Misc. Employees[(1)]	CalPERS Misc. UAL $	CalPERS Safety Employees[(1)]	CalPers Safety UAL $
2015	19.20%	-	29.30%	-
2016	21.10	-	31.80	-
2017	22.80	-	35.10	-
2018	7.99	$18,895,540	17.14	$ 9,230,863
2019	8.38	21,920,840	17.94	10,953,259
2020	9.25	25,084,564	18.90	12,900,362
2021	10.017	27,226,688	19.90	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[(2)]	10.20[(3)]	37,728,152[(4)]	20.10[(5)]	22,317,902[(6)]
2028[(2)]	10.00[(3)]	37,251,619[(4)]	19.70[(5)]	23,637,504[(6)]
2029[(2)]	9.80[(3)]	42,073,532[(4)]	19.40[(5)]	26,486,780[(6)]
2030[(2)]	9.70[(3)]	43,146,868[(4)]	19.10[(5)]	27,046,081[(6)]
2031[(2)]	9.50[(3)]	44,072,944[(4)]	18.70[(5)]	27,574,970[(6)]

(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 2023-24 was $5,064,000. The covered employees made the total required 7.5% contributions of $379,000.

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, 2024, and in the CalPERS reports to the City, which can be accessed at https://www.calpers.ca.gov/page/employers/actuarial-resources/public-agency-actuarial-valuation-reports.

TABLE A-22
CITY OF PASADENA
RETIREMENT PLAN TREND INFORMATION
($ in thousands)

CALPERS – MISCELLANEOUS EMPLOYEES

Valuation Date (June 30)	Actuarial Accrued Liability (AAL) – Entry Age	Actuarial Asset Value*	(Overfunded) Unfunded AAL	Funded Ratio* AVA	Funded Ratio* Market Value	Annual Covered Payroll	(Overfunded) Unfunded AAL as a % of Covered Payroll
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.

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TABLE A-23
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 AVA	Funded Ratio Market Value	Annual Covered Payroll	(Overfunded) Unfunded AAL as a % of Covered Payroll
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-24
CITY OF PASADENA
RETIREMENT PLAN TREND INFORMATION
($ in thousands)

FPRS(1)

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
2015	$162,154	$129,984	$32,170	80.2%	-	N/A
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 $157 or $141 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, 2024, the City recognized OPEB expense of $5,549,000. At the end of the Fiscal Year, the City had net OPEB liability of $78,012,000 and reported OPEB related deferred inflows of resources of $24,387,000 and outflows of resources of $8,387,000. 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, 2024, the Water Enterprise Fund's net OPEB liability was $4,427,856, and the Light and Power Fund's net OPEB liability was $9,087,891.

In fiscal year 2023-24, the City's OPEB liability is calculated based on an amount actuarially determined in accordance with the parameters of GASB Statement 75 (GASB 75). Based upon the actuarial valuation report as of June 30, 2024, the actuary has projected a required "Actuarially Determined Contribution" for fiscal year 2024-25 of $3,285,544 and for fiscal year 2025-26 of $3,469,827. 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 4.21% discount rate and an inflation rate of 2.80%. The City's liability will also be affected by healthcare costs. The actuarial valuation assumes that medical costs start at an initial rate of 8.00% (for Medical/RX), decreasing to an ultimate rate of 4.50% after 2024. For fiscal year 2024-25, the actuary has projected that the City will make benefit payments of $3,285,544. From July 1, 2023, through June 30, 2024, the City's total OPEB liability, including the portions attributable to enterprise funds, grew from $77,600,125 to $80,512,898.

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.

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.

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.

TABLE A-25
CITY OF PASADENA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
Fiscal Years 2021-22 through 2023-24

	As of June 30,		
Assets	**2022**	**2023**	**2024**
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	-
Prepaids 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
Liabilities and Fund Balances			
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-26
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
Revenues:			
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
Expenditures:			
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) exp	$ 21,315	$ 71,875	$ 8,385
Other financing sources (uses):			
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)
Extraordinary gain (loss)	–	–	-
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 December 31, 2024, the funds invested pursuant to the pooled investment program had a market value of $823,742,327. 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 December 31, 2024 was 1.82 years. Of the investments on that date, approximately 16.19% had maturities of thirty days or less.

The assets of the portfolio as of December 31, 2024, are shown in the following table:

TABLE A-27
CITY OF PASADENA
POOLED INVESTMENT PORTFOLIO
as of December 31, 2024

	Market Value	Percentage of Total[(1)]
Money Market – Collateralized	$ 1,236	0.00%
Municipal Bonds	62,392,913	7.63
Corporate Bonds	93,942,385	11.48
Federal Agencies	453,466,604	55.43
US Treasury Securities	51,883,662	6.34
Supranationals	37,410,291	4.57
Commercial Paper	7,329,180	.90
Money Market-CAMP	102,023,410	12.47
Money Market Fund-US Bank	3,307,929	.40
LAIF	1,342,756	0.16
Cash in Bank	4,923,272	0.60
Total	$818,023,639	100.00%
Accrued Interest Receivable	5,718,688	
Grand Total	$823,742,237	

(1) At market value. The Weighted Average Maturity of the above portfolio is 2.07 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 2024-25 on July 8, 2024.

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. An impartial analysis of the budget is posted by the Office of the Legislative Analyst at 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. 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*.** TO BE UPDATED. 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-26 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.