Preliminary Official Statement with Appendix A

PRELIMINARY OFFICIAL STATEMENT DATED __________, 2026

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

In the opinion of Norton Rose Fulbright US LLP, Special Counsel, under current law and assuming compliance with certain covenants in the documents pertaining to the 2026A Certificates and requirements of the Internal Revenue Code of 1986, as described herein, the portion of each Base Rental Payment due under the Sublease designated as and comprising interest with respect to the 2026A Certificates is not includable in the gross income of the owners of the 2026A Certificates for federal income tax purposes. In the further opinion of Special Counsel, the portion of each Base Rental Payment due under the Sublease designated as and comprising interest with respect to the 2026A Certificates is not treated as an item of tax preference for purposes of the federal alternative minimum tax on individuals. Special Counsel is also of the opinion that, under current law, the portion of each Base Rental Payment due under the Sublease designated as and comprising interest with respect to the 2026A Certificates is exempt from personal income taxes of the State of California. See "TAX MATTERS."

$[par]*
Refunding Certificates of Participation, Series 2026A
Evidencing and Representing Proportional,
Undivided Interests of the Owners
Thereof in Base Rental Payments to Be Made by the
CITY OF PASADENA, CALIFORNIA

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

The Refunding Certificates of Participation, Series 2026A (the "2026A Certificates") are being delivered pursuant to the Amended and Restated Trust Agreement, dated as of January 1, 2003 (as amended and supplemented, the "Trust Agreement"), among the City of Pasadena (the "City"), the Pasadena Public Financing Authority (the "Authority") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The 2026A Certificates are being delivered in fully registered form and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as the Securities Depository for the 2026A Certificates and individual purchases of 2026A Certificates will be made in book-entry form only, in authorized denominations of $5,000 or any multiple thereof. Interest represented by the 2026A Certificates will be payable on each February and August commencing August 1, 2026. Principal and interest represented by the 2026A Certificates will be payable by the Trustee to DTC, which is obligated in turn to remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the 2026A Certificates. See APPENDIX E - "BOOK-ENTRY SYSTEM" herein.

The 2026A Certificates are subject to optional and mandatory prepayment prior to their scheduled maturity under the circumstances described herein. See "THE 2026A CERTIFICATES - Prepayment" herein.

The 2026A Certificates are being executed and delivered (i) to refund the City's outstanding Refunding Certificates of Participation, Series 2015A maturing on or after February 1, 2027 (the "Refunded Certificates"), and (ii) to pay the costs of issuance of the 2026A Certificates. See "THE REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The 2026A Certificates represent proportional, undivided interests in base rental payments (the "Base Rental Payments") to be made by the City under the Amended and Restated Sublease, dated as of January 1, 2003 (as amended and supplemented, the "Sublease"), between the Authority and the City, for the lease of certain real property and improvements (the "Leased Property"). The Trust Agreement and the Sublease provide for the delivery of certificates of participation in the Base Rental Payments from time to time (all such certificates of participation, the "Certificates") as well as interest rate swap agreements, liquidity facilities and

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* Preliminary, subject to change.

credit enhancement relating to Certificates which are payable from the Base Rental Payments. The 2026A Certificates are executed and delivered as parity obligations with all other Certificates.

Under the Sublease, Base Rental Payments are payable from any legally available funds of the City in amounts sufficient to pay the principal and interest represented by the Certificates, amounts due under liquidity facilities, credit enhancement and interest swap agreements relating to Certificates. The Base Rental Payments are subject to abatement under certain circumstances when there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof. See "SOURCE OF PAYMENT FOR THE 2026A CERTIFICATES - Rental Abatement" and "RISK FACTORS" herein.

MATURITY SCHEDULE
(See Inside Front Cover)

THE FULL FAITH AND CREDIT OF THE CITY IS NOT PLEDGED FOR THE PAYMENT OF THE BASE RENTAL PAYMENTS AND SUCH PAYMENT IS NOT SECURED BY A PLEDGE OF ANY REVENUES OR FUNDS OF THE CITY. THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE 2026A CERTIFICATES NOR THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

For a discussion of certain risk factors which should be evaluated prior to purchase of the 2026A Certificates, see "RISK FACTORS" herein.

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 2026A Certificates. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The 2026A Certificates are expected to be sold by competitive sale on [____], 2026, pursuant to the Notice Inviting Bids dated [______], 2026. The 2026A Certificates are offered when, as and if executed and delivered, subject to approval by Norton Rose Fulbright US LLP, San Francisco, California, Special Counsel, and subject to certain other conditions. Certain legal matters will be passed upon for the City and the Authority by the City Attorney and by Norton Rose Fulbright US LLP, San Francisco, California, as Disclosure Counsel. It is expected that the 2026A Certificates will be available for delivery through the facilities of DTC by Fast Automated Securities Transfer (FAST) on or about __________, 2026.

Dated: __________, 2026

$[par]*
Refunding Certificates of Participation, Series 2026A
Evidencing and Representing Proportional,
Undivided Interests of the Owners
Thereof in Base Rental Payments to Be Made by the
CITY OF PASADENA, CALIFORNIA

Maturity Date (February 1)	**Principal Amount**	**Interest Rate**	**Yield**	**CUSIP Number**†

* 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 2026A Certificates. 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 2026A Certificates or as indicated above. The CUSIP number for a specific 2026A Certificate is subject to being changed after the issuance of the 2026A Certificates 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 2026A Certificates.

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter 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 2026A Certificates 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 2026A Certificates. 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 makes no representation as to the accuracy or sufficiency of the information contained in this Official Statement.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its 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 2026A Certificates 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 2026A Certificates.

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 2026A Certificates 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 Trust Agreement has 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
and
PASADENA PUBLIC FINANCING AUTHORITY

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

CITY STAFF

Miguel Márquez, *City Manager*[(1)]
Matthew E. Hawkesworth, *Assistant City Manager*
Karin Schnaider, *Director of Finance*
Vicken Erganian, *City Treasurer and Deputy Director of Finance*
Mark Jomsky, *City Clerk*
Michele Beal Bagneris, *City Attorney*

SPECIAL SERVICES

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

MUNICIPAL ADVISOR
KNN Public Finance, LLC
Berkeley, California

TRUSTEE
The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

VERIFICATION AGENT
Robert Thomas CPA, LLC
Minneapolis, Minnesota

[(1)] Mr. Márquez announced his plan to retire upon the appointment of his successor.

TABLE OF CONTENTS

OFFICIAL STATEMENT

$[par]*
Refunding Certificates of Participation, Series 2026A
Evidencing and Representing Proportional,
Undivided Interests of the Owners
Thereof in Base Rental Payments to Be Made by the
CITY OF PASADENA, CALIFORNIA

INTRODUCTION

General

The purpose of this Official Statement, including the cover page and appendices hereto, is to provide certain information concerning the City of Pasadena (the "City") and the sale and delivery of $[par]* aggregate principal amount of Refunding Certificates of Participation, Series 2026A (the "2026A Certificates"), evidencing and representing proportional, undivided interests of the registered owners thereof (the "Owners") in base rental payments (the "Base Rental Payments") to be made by the City as the rental for certain real property and improvements (the "Leased Property") pursuant to the Amended and Restated Sublease, dated as of January 1, 2003 (as the same has been and may be amended and supplemented, the "Sublease"), including as supplemented by Supplement No. 7 to Amended and Restated Sublease, dated as of [__________] 1, 2026 ("Supplement No. 7 to Sublease"), each between the Pasadena Public Financing Authority (the "Authority") and the City.

Capitalized terms used and not otherwise defined in this Official Statement have the meaning ascribed to them in APPENDIX C - "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - Definitions of Certain Terms."

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

The City's basic financial statements for the fiscal year ended June 30, 2025 are attached hereto in APPENDIX B - "CITY OF PASADENA ANNUAL COMPREHENSIVE FINANCIAL

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* Preliminary, subject to change.

REPORT YEAR ENDED JUNE 30, 2025." These financial statements, including Management's Discussion and Analysis, the auditor's report and the notes thereto, should be read in their entirety.

Purpose of 2026A Certificates

The 2026A Certificates are being executed and delivered (i) to refund the City's outstanding Refunding Certificates of Participation, Series 2015A maturing on or after February 1, 2027 (the "Refunded Certificates") and (ii) to pay the costs of issuance of the 2026A Certificates. See "THE REFUNDING PLAN" herein.

The Trust Agreement and the Certificates

The 2026A Certificates are being delivered pursuant to the Amended and Restated Trust Agreement, dated as of January 1, 2003 (as the same has been and may be amended and supplemented, the "Trust Agreement"), including the Eighth Supplemental Trust Agreement, dated as of [__________] 1, 2026 (the "Eighth Supplemental Trust Agreement"), each among the City, the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). Pursuant to the Trust Agreement and the Sublease, the Trustee is authorized to deliver certificates of participation from time to time evidencing and representing proportional, undivided interests in the Base Rental Payments (all such certificates of participation delivered under the Trust Agreement being referred to as the "Certificates"). Upon the issuance of the 2026A Certificates, there will remain Outstanding under the Trust Agreement, in addition to the 2026A Certificates, one Series of Certificates, in the aggregate principal amount of $120,465,000 and one Swap Agreement. See "OUTSTANDING INDEBTEDNESS" and APPENDIX A - "CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION - BONDED AND OTHER INDEBTEDNESS – Long-Term Debt Obligations Payable from the General Fund" herein.

Base Rental Payments

Under the Sublease, the City is to pay the Base Rental Payments in consideration of the City's right to the use and possession, and the quiet use and enjoyment, of the Leased Property. The City's obligation to make Base Rental Payments is subject to abatement during any period in which, by reason of title defect, material damage or destruction, there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof. See "RISK FACTORS - Rental Abatement" herein. The Authority has assigned its rights to receive Base Rental Payments and substantially all of its other rights under the Sublease to the Trustee pursuant to the Amended and Restated Assignment Agreement, dated as of January 1, 2003 (the "Assignment Agreement"), between the Authority and the Trustee.

Base Rental Payments are to be paid to the Trustee for deposit in Base Rental Payment Funds established under the Trust Agreement with respect to each Series of Certificates. The Base Rental Payments made by the City are to be applied to amounts due with respect to the Certificates, including payments to Liquidity Providers, Credit Providers, and Qualified Swap Providers. The rights to the Base Rental Payments and the amounts held by the Trustee under the Trust Agreement (other than the Rebate Fund) have been pledged to the Owners of the Certificates, the Credit Providers, the Liquidity Providers and the Qualified Swap Providers on a parity basis. The Base Rental Payments are to be applied as provided in the Trust Agreement. See "SOURCE OF PAYMENT OF THE 2026A CERTIFICATES - Base Rental Payment Funds."

Under the Sublease, Base Rental Payments are to be made in an amount sufficient to pay the principal and interest with respect to all Certificates, including the 2026A Certificates, and amounts due under all Liquidity Facilities, Credit Enhancement and Swap Agreements. While the Base Rental Payments are payable from any legally available funds, the City expects to make Base Rental Payments from amounts in its General Fund to the extent revenues of affiliated entities operating portions of the Leased Property are not available. The City has entered into agreements to make payments from its General Fund in addition to the Base Rental Payments. See APPENDIX A - "CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION" and Notes 10 through 18 of the Notes to Basic Financial Statements included in APPENDIX B - "CITY OF PASADENA ANNUAL COMPREHENSIVE FINANCIAL REPORT YEAR ENDED JUNE 30, 2025." None of the Base Rental Payments or any of such other payments are secured by a pledge of amounts in the General Fund or any other revenues or funds of the City. The City has covenanted to include the Base Rental Payments due in each fiscal year in the City operating budget for such fiscal year. See "SOURCE OF PAYMENT FOR THE 2026A CERTIFICATES - Covenant to Budget and Appropriate."

THE FULL FAITH AND CREDIT OF THE CITY IS NOT PLEDGED FOR THE PAYMENT OF THE BASE RENTAL PAYMENTS AND SUCH PAYMENT IS NOT SECURED BY A PLEDGE OF ANY REVENUES OR FUNDS OF THE CITY. THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE 2026A CERTIFICATES NOR THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE AUTHORITY HAS NO TAXING POWER.

Continuing Disclosure

The City has covenanted for the benefit of the holders and beneficial owners of the 2026A Certificates to annually provide certain financial information and operating data relating to the City (the "Annual Report") and to provide notices of the occurrence of certain enumerated events. See "CONTINUING DISCLOSURE" and "APPENDIX F - FORM OF CONTINUING DISCLOSURE AGREEMENT" herein.

Summaries Not Definitive

Brief descriptions of the 2026A Certificates, the City and the Leased Property are included in this Official Statement, together with summaries of the Trust Agreement, the Sublease, the Lease, and the Assignment Agreement. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the 2026A Certificates, the Trust Agreement, the Lease, the Sublease and the Assignment Agreement are qualified in their entirety by reference to the actual documents, copies of which are available for inspection at the corporate trust office of the Trustee at The Bank of New York Mellon Trust Company, N.A., [333 South Hope Street, Suite 2525], Los Angeles, California 90071.

Other Information

Copies of documents referred to herein and information concerning the 2026A Certificates 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 REFUNDING PLAN

The proceeds of the 2026A Certificates will be used to refund the City's Certificates of Participation, Series 2015A maturing on or after February 1, 2027 (the "Refunded Certificates") and (ii) to pay the costs of issuance of the 2026A Certificates.

The table below describes the Refunded Certificates in greater detail.

Maturity Date (February 1)	Principal Amount	Interest Rate	CUSIP† Number
2027	$2,670,000	5.00%	702204 NL8
2028	2,800,000	5.00	702204 NM6
2029	2,940,000	5.00	702204 NN4
2030	3,090,000	5.00	702204 NP9
2031	3,245,000	5.00	702204 NQ7
2032	1,895,000	3.50	702204 NU8
2032	1,510,000	5.00	702204 NR5
2033	3,545,000	3.50	702204 NS3
2038	15,600,000	4.00	702204 NT1

† 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 and are included solely for the convenience of the holders of the 2026A Certificates. None of the City, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

A portion of the net proceeds from the sale of the 2026A Certificates shall be deposited with The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Agent"), to the credit of the "City of Pasadena, California Refunding Certificates of Participation, Series 2026A Escrow Fund" (the "Escrow Fund"). The remaining portion of net proceeds from the sale of the 2026A Certificates shall be paid to the Trustee and shall be used to pay costs of issuance relating to the 2026A Certificates.

The amount deposited in the Escrow Fund, plus earnings on such amount, will be sufficient to enable the Escrow Agent to pay the redemption price (par) of the Refunded Certificates on [__________], 2026, as well as to pay the interest due on the Refunded Certificates on and before such date. The sufficiency of the amounts on deposit in the Escrow Fund, together with interest earnings thereon, to pay the redemption prices of the Refunded Certificates, as well as the interest payable on the Refunded Certificates to their redemption date, will be verified by Robert Thomas CPA, LLC (the "Verification Agent"). As a result of the deposit in the Escrow Fund and application thereof as described above, and assuming the accuracy of the Verification Agent's computations, the Refunded Certificates will be defeased and the obligation of the City to make Base Rental Payments will cease. The amounts on deposit in the Escrow Fund will not be available to make payments on the Refunded Certificates. The deposit of moneys into the Escrow Fund will constitute irrevocable deposits for the benefit of the holders of the respective Refunded Certificates. See "VERIFICATION" herein.

Any surplus moneys in the Escrow Fund, following the redemption of the Refunded Certificates and payment of costs of issuance, or surplus moneys received by the City from the sale of the 2026A Certificates, following payment of costs of issuance, shall be returned to the City.

The City intends to pay the City's Certificates of Participation, Series 2015A maturing on February 1, 2026 as scheduled from other available funds.

THE 2026A CERTIFICATES

General

The 2026A Certificates will be dated as of their date of delivery and will be payable as to interest from such date, semiannually on each February 1 and August 1, commencing August 1, 2026 (each, an "Interest Payment Date"). Interest evidenced by the 2026A Certificates will be calculated on the basis of a 360-day year comprised of twelve 30-day months. The 2026A Certificates will be delivered in authorized denominations of $5,000 or any multiple thereof. The 2026A Certificates will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, ("DTC"), which will act as securities depository for the 2026A Certificates. Payments of principal and interest evidenced by the 2026A Certificates will be paid by the Trustee to DTC, which is obligated in turn to remit such principal and interest with respect to the 2026A Certificates to the Beneficial Owners. See APPENDIX E - "BOOK-ENTRY SYSTEM" attached hereto.

The 2026A Certificates are being delivered as a Series of Additional Certificates pursuant to the Trust Agreement. Each Owner of 2026A Certificates will have the same rights upon an Event of Default as the Owner of any other Series of Certificates, except as any such rights of the Owners of future Series of Additional Certificates may be limited as provided in the Supplemental Trust Agreement under which such Additional Certificates are executed and delivered. See "SOURCE OF PAYMENT FOR THE 2026A CERTIFICATES," "OUTSTANDING INDEBTEDNESS–Additional Certificates," APPENDIX C - "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

DTC will act as securities depository for the 2026A Certificates. The 2026A Certificates are being delivered in fully registered form and, when issued, will be registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered 2026A Certificate will be executed and delivered for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC. So long as Cede & Co. is the registered owner of the 2026A Certificates, as nominee of DTC, references herein to the Owners of the 2026A Certificates shall mean Cede & Co. and shall not mean the actual purchasers of the 2026A Certificates (the "Beneficial Owners"). The information under this caption and in Appendix E concerning DTC and DTC's book-entry system is based solely on information provided by DTC, and no representations can be made by the City or the Trustee concerning the accuracy thereof. See APPENDIX E - "BOOK-ENTRY SYSTEM" attached hereto for a further description of DTC and its book-entry system.

Prepayment

Optional Prepayment. The 2026A Certificates maturing on or after February 1, 20__, are subject to optional prepayment by the City on or after ____ 1, 20__, in whole, or in part, at the direction of the City, among such maturities as selected by the City and by lot within any maturity, on any date, at the prepayment price of 100% of the principal amount of the 2026A Certificates to be prepaid, plus accrued interest represented thereby to the date fixed for prepayment.

Mandatory Prepayment From Net Proceeds. The 2026A Certificates are subject to prepayment on any date prior to their respective principal payment dates, as a whole, or in part, at the direction of the City, from the net proceeds of any insurance or condemnation award with respect to the Leased Property or portions thereof, at a prepayment price equal to the sum of the principal amount represented thereby plus accrued interest represented thereby to the date fixed for prepayment, without premium; provided, however, that notwithstanding the foregoing, such prepayment may be effected with respect to the 2026A Certificates by defeasing such 2026A Certificates or portions thereof to maturity pursuant to the Trust Agreement.

Mandatory Sinking Account Payments. The 2026A Certificates maturing on February 1, 20__ and bearing interest at ___% are subject to mandatory sinking fund prepayment in the amount of the principal thereof, without premium, in the years and amounts as set forth below.

Mandatory Prepayment Dates (February 1)	**Principal Amount**	**Mandatory Prepayment Dates (February 1)**	**Principal Amount**
		*	

* Final Maturity

The 2026A Certificates maturing on Feburary 1, 20__ and bearing interest at __% are subject to mandatory sinking fund prepayment in the amount of the principal thereof, without premium, in the years and amounts as set forth below.

Mandatory Prepayment Dates (February 1)	Principal Amount	Mandatory Prepayment Dates (February 1)	Principal Amount
		*	

* Final Maturity

The amount of each prepayment required by the Trust Agreement with respect to the 2026A Certificates will be reduced proportionately as directed by a certificate of the City, which shall include a revised sinking fund schedule in the event and to the extent of any and all optional prepayments of 2026A Certificates pursuant to the Trust Agreement.

Partial Prepayment

Upon surrender of any Certificate prepaid in part only, the Trustee will execute and deliver to the Owner thereof a new Certificate or Certificates representing the unpaid principal amount of the Certificates surrendered.

Notice of Prepayment

The Trustee will give notice of the prepayment of 2026A Certificates, not less than 30 nor more than 60 days prior to the prepayment date to the respective Owners of any 2026A Certificates designated for prepayment at their addresses appearing on the registration books of the Trustee. Notice of any prepayment shall either (i) state that the proposed prepayment is conditioned on there being on deposit in the applicable fund or account on the prepayment date sufficient money to pay the full prepayment price of the Certificates to be prepaid or such other conditions as so expressly stated, or (ii) be sent only if sufficient money to pay the full prepayment price of the Certificates to be prepaid is on deposit in the applicable fund or account. So long as DTC or its nominee is the registered owner of the 2026A Certificates, all notices of prepayment will be sent only to DTC.

SCHEDULE OF 2026A CERTIFICATE PAYMENTS

The following table shows the annual debt service due with respect to the 2026A Certificates.

Period Ending (June 30)	Principal	Interest	Total
	$	$	$
	$	$	$

* Mandatory sinking account payments.

SOURCE OF PAYMENT FOR THE 2026A CERTIFICATES

General

For the right to the use and possession of, and the continued quiet use and enjoyment of, the Leased Property, the City covenants under the Sublease to pay Base Rental Payments. The full faith and credit of the City is not pledged for the payment of the Base Rental Payments and such payment is not secured by a pledge of or lien on any revenues or funds of the City. While the Base Rental Payments are payable from any legally available funds of the City, the City expects to pay the Base Rental Payments from amounts in its General Fund to the extent revenues of affiliated entities operating portions of the Leased Property are not available. The City covenants in the Sublease to include each fiscal year's Base Rental Payments in that fiscal year's operating budget. The City has in the past, and may in the future, incur obligations payable from its General Fund in addition to the obligation to make Base Rental Payments.

For information regarding the City, including financial information, see APPENDIX A - "CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION" and APPENDIX B - "CITY OF PASADENA ANNUAL COMPREHENSIVE FINANCIAL REPORT YEAR ENDED JUNE 30, 2025." The City's audited financial statements for the year ended June 30, 2025, should be read in their entirety.

Rental Payments

Base Rental Payments. The Sublease requires the City to pay Base Rental Payments with respect to the Leased Property at the times and in the amounts set forth in the Sublease, a portion of which Base Rental Payments will be applied to the payment of interest represented by the Certificates and to amounts due under any swap agreements. In connection with the delivery of the City of Pasadena Certificates of Participation (Conference Center Project), Series 2006B (Auction Rate Certificates) (the "2006B Certificates"), the City entered into a Swap Agreement (the "Swap Agreement") which, upon the refunding of the 2006B Certificates, was re-associated with the City's Variable Rate Demand Refunding Certificates of Participation, Series 2008A (the "2008A Certificates"). Payments by the City under the Swap Agreement are to be made from Base Rental Payments as provided in the Trust Agreement. See "OUTSTANDING INDEBTEDNESS–Swap Agreement" herein. The interest components of the Base Rental Payments will be paid by the City as, and will constitute interest paid on, the principal components of the Base Rental Payments to be paid by the City under the Sublease.

Additional Rental. The Sublease also requires the City to pay, as rental under the Sublease in addition to the Base Rental Payments, to the Authority or the Trustee, such amounts ("Additional Rental") in each year as will be required for the payment of all costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of the Sublease or the assignment thereof, the Trust Agreement or the respective interests in the Leased Property and the lease of the Leased Property by the Authority to the City under the Sublease, including, but not limited to, all fees, costs and expenses and all administrative costs of the Authority relating to the Leased Property, including, without limiting the generality of the foregoing, salaries and wages of employees, overhead, insurance premiums, taxes and assessments (if any), expenses, compensation and indemnification of the Trustee (to the extent not paid or otherwise provided for out of the proceeds of the sale of any Certificates), fees of auditors, accountants, attorneys or engineers, insurance premiums, and all other reasonable and necessary administrative costs of the Authority or charges required to be paid by it to comply with the terms of the Certificates or the Trust Agreement.

Total Rental. The Base Rental Payments and Additional Rental for each Lease Year or portion thereof during the term of the Sublease will constitute the total rental for such Lease Year or portion thereof for the lease of the Leased Property.

Covenant to Budget and Appropriate

Under the Sublease, the City covenants to take such action as may be necessary to include all Base Rental Payments and Additional Rental payments in its operating budget for each fiscal year and to make all necessary appropriations for such Base Rental Payments and Additional Rental payments. In addition, to the extent permitted by law, the City covenants to take such action as may be necessary to amend or supplement the budget appropriations for payments under the

Sublease at any time and from time to time during any fiscal year in the event that the actual Base Rental Payments and Additional Rental paid in any fiscal year exceeds the pro rata portion of the appropriations then contained in the City's budget. The Sublease provides that the City's agreements and covenants thereunder shall be deemed to be and shall be construed to be duties imposed by law and that it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the agreements and covenants in the Sublease agreed to be carried out and performed by the City.

Pledge of Base Rental Payments

The Authority and the City have irrevocably pledged and transferred to the Trustee, for the benefit of the Owners and each Credit Provider, Liquidity Provider and Qualified Swap Providers with respect to Certificates, all of their right, title and interest in and to all amounts on deposit from time to time, in the funds and accounts established under the Trust Agreement (other than the Rebate Fund) and in and to the Base Rental Payments, which will be used for the punctual payment of the interest and principal represented by the Certificates, or to reimburse any Credit Provider for payment of any such amounts and to pay the amounts payable under any Swap Agreement, as such payments will become due and payable in the amounts specified in writing by the applicable Qualified Swap Provider, and the Base Rental Payments will not be used for any other purpose while any of the Certificates remain Outstanding or the City has any obligation to any Credit Provider, Liquidity Provider or Qualified Swap Provider. The pledge constitutes a first and exclusive lien on the funds established under the Trust Agreement and the Base Rental Payments in accordance with the terms thereof subject in all respects to the power of the City to cause the delivery of Additional Certificates pursuant to the Trust Agreement which will be on a parity with the Outstanding 2008A Certificates and the 2026A Certificates.

Base Rental Payment Funds

All Base Rental Payments will be paid directly by the City to the Trustee and if received by the Authority at any time, will be deposited by the Authority with the Trustee within one Business Day after the receipt thereof. A pro rata amount of Certificates, based on the aggregate amount Outstanding of all Base Rental Payments, the proceeds of rental interruption insurance and liquidated damages, if any, will be deposited by the Trustee in each Base Rental Payment Fund and all amounts on deposit therein will be held in trust by the Trustee, which funds the Trustee agrees to establish and maintain for the benefit of the Owners, each Credit Provider, Liquidity Provider and Qualified Swap Provider, until all required Base Rental Payments are paid in full pursuant to the Sublease and until such date as the Certificates are no longer Outstanding and no amounts remain owing to any Credit Provider, Liquidity Provider or Qualified Swap Provider; provided, however, and notwithstanding the foregoing, if the Trustee receives a Base Rental Payment in excess of the amount necessary to pay the amount due and owing on the next Interest Payment Date, Principal Payment Date or Mandatory Sinking Account Payment Date, as the case may be, after giving effect to the funds then on deposit in each Base Rental Payment Fund not needed for any other purpose under the Trust Agreement, and if the amount then in all Certificate Reserve Funds is at least equal to the Certificate Reserve Fund Requirement, and no amounts are then due to any related Credit Provider, Liquidity Provider or Qualified Swap Provider and there exists no Event of Default under the Trust Agreement, then amounts in the Base Rental Payment

Funds not needed to make such payments may be utilized by the Trustee to make any regular periodic payment due to a Reserve Agreement Provider under a Reserve Agreement.

The Trust Agreement provides that the Trustee is to deposit the amounts on deposit in the Base Renal Payment Funds at the time and in the priority in the following respective funds:

Interest Fund. The Trustee, on each Interest Payment Date, shall deposit in each Interest Fund that amount of moneys representing the portion of the Base Rental Payments designated as the interest component with respect to the related Series of Certificates coming due on such Interest Payment Date. Moneys in the Interest Fund shall be used and withdrawn by the Trustee for the purpose of paying the interest represented by the Certificates when due and payable or for reimbursing any Credit Provider for such payment and for making any payment due to any Qualified Swap Provider not including any amounts owing to any Qualified Swap Provider as a result of the early termination of its Qualified Swap.

Principal Fund. The Trustee, on each Principal Payment Date and Mandatory Sinking Account Payment Date, shall deposit in each Principal Fund that amount of moneys representing the portion of the Base Rental Payments designated as the principal component coming due on such Principal Payment Date.

Mandatory Sinking Account Payment Date. Moneys in the Principal Funds shall be used and withdrawn by the Trustee for the purpose of paying the principal represented by the Certificates when due and payable at maturity or upon earlier prepayment from Mandatory Sinking Account Payments.

Prepayment Fund. The Trustee, on the prepayment date specified in the Written Request of the City filed with the Trustee at the time that any prepaid Base Rental Payment is paid to the Trustee pursuant to the Sublease, shall deposit in the Prepayment Fund established with respect to the Certificates of a Series to be prepaid that amount of moneys representing the portion of the Base Rental Payments designated as prepaid Base Rental Payments. Moneys in a Prepayment Fund shall be used and withdrawn by the Trustee for the purpose of paying the principal, premium, if any, and interest represented by the Certificates to be prepaid or for reimbursing the related Credit Provider for such payment and for paying amounts owing to the related Qualified Swap Provider as a result of the early termination of its Qualified Swap.

All Base Rental Payment Funds, all Interest Funds and all Principal Funds are secured and pledged to the payment of all Certificates and to the obligations owing to each Credit Provider, Liquidity Provider and Qualified Swap Provider. To the extent amounts on deposit in any Base Rental Payment Fund, Interest Fund or Principal Fund are insufficient to pay the interest or principal represented by all Certificates or reimburse any Credit Provider for such payment and to pay all amounts owing to any Qualified Swap Provider, the Trustee shall transfer from such other Base Rental Payment Funds, Interest Funds or Principal Funds, if available, so that all Certificates and all amounts owing to such providers shall be on a parity, and no Owner of any Certificate shall enjoy any payment or security in excess of those received by any other Owner. No amounts drawn or paid under any Qualified Swap, Credit Enhancement or Liquidity Facility by the provider thereof with respect to any Series of Certificates shall be applied to the payment of any amounts owed to any Owners of any unrelated Series of Certificates or to any unrelated Qualified Swap Provider, Credit Provider or Liquidity Provider.

Certificate Reserve Funds

Under the Trust Agreement, there are separate Certificate Reserve Funds for each of the 2008A Certificates and the 2026A Certificates. However, all such Certificate Reserve Funds secure all Outstanding Certificates and are funded, in the aggregate, in an amount equal to the Certificate Reserve Fund Requirement. As of the delivery date of the 2026A Certificates, the amount of the Certificate Reserve Fund Requirement will be $[__________].

As described below under "Proposed Amendments to the Trust Agreement and Sublease," following receipt of the consent of the Owners of a majority in aggregate principal amount of all Certificates then Outstanding (other than Certificates held by or for the account of the City outside of the City's pension and retirement funds) (such date being referred to herein as the "Amendments Effective Date"), the requirement that each series of Certificates under the Trust Agreement be secured by a Certificate Reserve Fund will be eliminated. In addition, the 2026A Certificates will no longer be secured by a Certificate Reserve Fund at such time and the City will be entitled to withdraw all funds from the Certificate Reserve Fund securing the 2026A Certificates.

The term "Certificate Reserve Fund Requirement" is defined under the Trust Agreement to mean, as of any date of calculation, for Common Reserve Certificates, the least of (i) maximum prospective annual Base Rental Payments with respect to Outstanding Common Reserve Certificates to be made by the City under the Sublease, (ii) 10% of the outstanding principal amount of the Common Reserve Certificates or (iii) 125% of the average annual Base Rental Payments with respect to Outstanding Common Reserve Certificates to be made by the City under the Sublease, in accordance with the Tax Certificate. For purposes of the foregoing Certificate Reserve Fund Requirement for Common Reserve Certificates, it shall be assumed that the interest component of the Base Rental Payments relating to any Series of the Common Reserve Certificates for which a Qualified Swap is in effect will be equal to the swap rate and that the interest component of the Base Rental Payments relating to any Series of Common Reserve Certificates evidencing interest at a variable or auction rate (for which no Qualified Swap is in effect) will be equal to the Insured "AAA" MMD (Municipal Market Data) scale on the date of initial calculation of the Certificate Reserve Fund Requirement in connection with the delivery of such Series of Common Reserve Certificates (which date of calculation shall be not more than 30 days prior to the date of execution and delivery of such Series of Common Reserve Certificates). "Certificate Reserve Fund Requirement" means, as of any date of calculation for Certificates that are not Common Reserve Certificates, the amount specified in the Supplemental Trust Agreement with respect to such Certificates. "Certificate Reserve Fund Requirement" means, as of any date of calculation, for the 2026A Certificates as of the Amendments Effective Date, $0. See APPENDIX C - "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - The Trust Agreement - Certificate Reserve Fund."

Moneys in the Certificate Reserve Funds will be used and withdrawn by the Trustee solely for the purposes provided in the Trust Agreement. If, on any Interest Payment Date, the amount on deposit in any Interest Fund is insufficient to pay the interest due with respect to the related Certificates on such Interest Payment Date, or to reimburse any Credit Provider for payment of such interest and to pay any obligation of the City then due under a related Qualified Swap, the Trustee will transfer from any Certificate Reserve Fund and deposit in the related Interest Fund an amount sufficient to make up such deficiency. If, on any Principal Payment Date or any Mandatory

Sinking Account Payment Date, the amount on deposit in any Principal Fund is insufficient to pay the principal due with respect to the related Certificates on such Principal Payment Date or Mandatory Sinking Account Payment Date, the Trustee will transfer from any Certificate Reserve Fund and deposit in the related Principal Fund an amount sufficient to make up such deficiency. Subject to the conditions of the Trust Agreement, moneys on deposit in any Certificate Reserve Fund will be withdrawn and applied by the Trustee for the final payment on any Outstanding Certificates and then to pay any amounts owing to any related Credit Provider, Liquidity Provider or Qualified Swap Provider.

The Trust Agreement provides that if at any time the aggregate balance in all Certificate Reserve Funds shall be reduced below the Certificate Reserve Fund Requirement, the first Base Rental Payments thereafter payable by the City under the Sublease and not needed to pay the interest and principal components of the Certificates on the next Interest Payment Date, Principal Payment Date or Mandatory Sinking Account Payment Date shall be used to increase the aggregate balance in the Certificate Reserve Funds to such required Certificate Reserve Fund Requirement. The Trust Agreement further provides that if after the payment of principal and interest on any Interest Payment Date, the aggregate balance in the Certificate Reserve Funds is in excess of the Certificate Reserve Fund Requirement, the Trustee will, subject to certain investment requirements, transfer such excess to each Base Rental Payment Fund pro rata, based on the principal amount represented by the related Outstanding Certificates. At the termination of the Sublease in accordance with its terms, any balance remaining in any Certificate Reserve Fund, subject to the last sentence in the immediately preceding paragraph, shall be released and may be transferred to such other fund or account of the City, or otherwise used by the City for any other lawful purposes, as the City may direct. For purposes of determining the amount on deposit in each Certificate Reserve Fund, all investments shall annually be valued at the cost thereof (exclusive of accrued but unpaid interest, but inclusive of commissions). **The City shall have no obligation to replenish any Certificate Reserve Fund, except, as described in this paragraph, from Base Rental Payments not needed to pay the interest and principal components of the Certificates.**

The City, upon notice to the Rating Agencies and the applicable Credit Provider, may substitute one or more Reserve Facilities from a financial institution, the long-term unsecured obligations of which (at the time of substitution) are rated not less than "Aa" by Moody's and "AA" by S&P in substitution for or in place of all or any portion of any cash then on deposit in a Certificate Reserve Fund, under the terms of which the Trustee is unconditionally entitled to draw amounts when required under the Trust Agreement. "Reserve Facility" means one or more letters of credit, lines of credit, liquidity facilities or other credit enhancement issued by a financial institution or other form of credit enhancement and any replacements thereto, including, but not limited to insurance, surety bonds and guarantees delivered to the Trustee which alone or in the aggregate, together with the cash in the Certificate Reserve Funds, provides for satisfaction of the Certificate Reserve Fund Requirement in accordance with the Trust Agreement. See APPENDIX C - "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - The Trust Agreement - Certificate Reserve Fund" for a summary of the procedures the Trustee will follow if all or a portion of the Certificate Reserve Fund Requirement is satisfied by one or more Reserve Facilities. As described below under "Proposed Amendments to the Trust Agreement and Sublease Agreement", on the Amendments Effective Date, the minimum rating for a Reserve Facility will be reduced to a rating from Moody's or S&P in the "AA" category (without regard to gradation).

Notwithstanding anything in the Trust Agreement to the contrary, all Certificate Reserve Funds shall be deemed to be one fund which fund secures and is pledged to the payment of all Certificates and to the obligations owing to each Credit Provider, Liquidity Provider and Qualified Swap Provider.

Insurance

The Sublease requires the City to maintain specified insurance coverage with respect to the Leased Property, including title insurance, property damage insurance, use and occupancy insurance, workers' compensation insurance and public liability insurance. There will be no new title insurance policy issued in connection with the Series 2026A Certificates, although a title insurance policy was issued in connection with the originally issued Certificates. The Trust Agreement permits the issuance of refunding certificates of participation without obtaining a new policy of title insurance. In the Lease the City has represented that it is the fee owner of the Leased Property free and clear of all liens, claims or encumbrances which affect marketability. See APPENDIX C - "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - The Sublease - Insurance." The insurance required by the Sublease is part of the City's overall risk management program described under APPENDIX A - "CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION - Insurance." The City believes that its current risk management program satisfies the requirements of the Sublease.

As an alternative to providing the workers' compensation insurance and public entity liability insurance required by the Sublease, the City may provide a self-insurance or self-funding method or plan of protection for any part or all of the requirements for such insurance and, through such a plan or method, provide for deductible or retention amounts greater than those contemplated by the Sublease. Any such self-insurance or self-funding maintained by the City will comply with certain terms set forth in the Sublease.

The City will collect, adjust and receive all moneys which may become due and payable under any insurance against loss or damage to the Leased Property and use and occupancy insurance, may compromise any and all claims thereunder and will transfer the proceeds of such insurance to the Trustee for application as provided in the Sublease or in the Trust Agreement. The Trustee will not be responsible for the sufficiency of any insurance required by the Sublease. The Trustee will be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the City.

The Sublease provides that the required use and occupancy insurance may be part of the insurance for loss or damage to the Leased Property; provided that the City may apply amounts payable for the loss of use and occupancy only to make Base Rental Payments.

Substitution, Addition or Removal of Leased Property

The City may amend the Sublease and the Lease to substitute real property and/or improvements (the "Substituted Property") for existing Leased Property, to add real property and/or improvements (the "Additional Property") or to remove real property or improvements from the definition of Leased Property, upon compliance with all of the conditions set forth in the Sublease. After a Substitution or Removal, the part of the Leased Property for which the

Substitution or Removal has been effected will be released from the leasehold under the Sublease and under the Lease.

The City will be required to deliver to the Authority, each Qualified Swap Provider and the Trustee: (i) a certificate of the City containing a description of all or part of the Leased Property to be released and, in the event of a Substitution or Addition, a description of the Substituted Property to be substituted in its place or the Additional Property to be added, as the case may be; (ii) a certificate of the City stating that the annual fair rental value of the Leased Property after a Substitution, Addition or Removal, in each year during the remaining term of the Sublease, is, with respect to a Substitution or Removal, at least equal to the maximum annual Base Rental Payments attributable to the Leased Property prior to said Substitution or Removal, or, with respect to an Addition, at least equal to the maximum annual Base Rental Payments attributable to the Leased Property after such Addition, as determined by the City on the basis of an appraisal of the Leased Property after said Substitution, Addition or Removal, conducted by a member of the American Institute of Real Estate Appraisers or the American Society of Appraisers designated by the City; (iii) an opinion of Counsel to the effect that the amendments to the Sublease and the Lease have been duly authorized, executed and delivered and constitute the valid and binding obligations of the City and the Authority enforceable in accordance with their terms; (iv) in the event of a Substitution or Addition, a policy of title insurance in an amount equal to the same proportion of the principal amount as the principal portion of Base Rental Payments for the Substituted or Additional Property, as the case may be, bears to the total principal portion of Base Rental Payments, insuring the City's leasehold interest in the Substituted Property or Additional Property, as the case may be (except any portion thereof which is not real property), subject to Permitted Encumbrances, together with an endorsement thereto making said policy payable to the Trustee for the benefit of the Owners of the Certificates; (v) in the event of a Substitution or an Addition, an opinion of the City Attorney to the effect that the exceptions, if any, contained in the title insurance policy referred to in (iv) above do not interfere with the beneficial use and occupancy of the Substituted Property or Additional Property, as the case may be, described in such policy by the City for the purposes of leasing or using the Substituted Property or Additional Property, as the case may be; (vi) an opinion of Counsel that the Substitution, Addition or Removal does not cause the interest represented by the Certificates to be includable in gross income of the Owners thereof for federal income tax purposes; (vii) a Certificate of the City stating that the City has complied with the insurance requirements of the Sublease with respect to any Substituted Property or Additional Property; (viii) evidence that the City has delivered to each of the Rating Agencies then rating any Certificates and each Credit Provider copies of the certificates and appraisal described in (i) and (ii) above; and (ix) in the case of a Substitution or Removal, written consent of each Credit Provider to such Substitution or Removal. See APPENDIX C - "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - The Sublease" herein.

As described below under "Proposed Amendments to the Trust Agreement and Sublease", on the Amendments Effective Date, the requirement for an appraisal in clause (ii) above will be eliminated.

Damage, Destruction, Title Defect and Condemnation; Use of Net Proceeds

If prior to the termination of the term of the Sublease: (a) the Leased Property or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty; or (b) title to, or the temporary use of, the Leased Property, or any portion thereof, or the estate of the City or the Authority in the Leased Property, or any portion thereof, is defective or will be taken under the exercise of the power of eminent domain by any governmental body, or by any person, or firm or corporation acting under governmental authority, then the City and the Authority will cause the net proceeds of any insurance claim or condemnation award to be applied to the prompt repair, restoration, modification, improvement or replacement of the damaged, destroyed, defective or condemned portion of the Leased Property, and any balance of the net proceeds remaining after such work has been completed will be paid to the City; provided that the City, at its option, and provided that the proceeds of such insurance or condemnation award together with any other moneys then available for the purpose are at least sufficient to prepay the aggregate annual amount of principal and interest represented by Outstanding Certificates attributable to the portion of the Leased Property so destroyed, damaged, defective or condemned (determined by reference to the proportion which the annual fair rental value of the destroyed, damaged, defective or condemned portion thereof bears to the annual fair rental value of the entire Leased Property), may elect not to repair, reconstruct or replace the damaged, destroyed, defective or condemned portion of the Leased Property and thereupon will cause said proceeds to be used for the prepayment of Outstanding Certificates pursuant to the Trust Agreement. In the event that the proceeds, if any, of said insurance or condemnation award are insufficient either: (i) to repair, rebuild or replace the Leased Property so that the fair rental value of the Leased Property would be at least equal to the Base Rental Payments; or (ii) to prepay the Outstanding Certificates, together with any payment then due to any Qualified Swap Provider, as provided above, then the City may, in its sole discretion, budget and appropriate an amount necessary to effect such repair, rebuilding or replacement or prepayment; provided that the failure of the City to so budget and/or appropriate will not be a breach of or default under the Sublease.

Rental Abatement

Except to the extent of (i) amounts held by the Trustee in any Base Rental Payment Fund or any Certificate Reserve Fund; (ii) amounts received in respect of use and occupancy insurance; and (iii) amounts, if any, otherwise legally available to the Trustee for payments in respect of the Certificates, or to any Credit Provider, Liquidity Provider or Qualified Swap Provider, during any period in which, by reason of material damage, destruction, title defect or condemnation there is substantial interference with the use and possession by the City of any portion of the Leased Property, rental payments due under the Sublease will be abated to the extent that the annual fair rental value of the portion of the Leased Property in respect of which there is no substantial interference is less than the annual Base Rental Payments and Additional Rental, in which case rental payments will be abated only by an amount equal to the difference. In the event that rental is abated, in whole or in part, due to damage, destruction, title defect or condemnation of any part of the Leased Property and the City is unable to repair, replace or rebuild the Leased Property from the proceeds of insurance, if any, the City agrees to apply for and to use its best efforts to obtain any appropriate state and/or federal disaster relief in order to obtain funds to repair, replace or rebuild the Leased Property. See "RISK FACTORS - Rental Abatement."

Proposed Amendments to the Trust Agreement and the Sublease

The City is proposing to make certain amendments to the Trust Agreement and the Sublease. The amendments will not become effective until the Owners of a majority in aggregate principal amount of Certificates then Outstanding (other than Certificates held by or for the account of the City outside of the City's pension and retirement funds) consent to such amendments. *By the purchase of the Series 2026A Certificates, the purchasers will be deemed to have consented to the amendments.*

The proposed amendments include the following changes:

(a) the elimination of the requirement for any additional series of Certificates issued pursuant to the Trust Agreement to be secured by a Certificate Reserve Fund or allowing for a stand-alone reserve fund for an additional series of Certificates;

(b) the elimination of the requirement for these 2026A Certificates to be secured by a Certificate Reserve Fund at such time when no Pre-2015 Certificates are Outstanding;

(c) the elimination of the requirement for an appraisal by a member of the American Institute of Real Estate Appraisers or the American Society of Appraisers in connection with the substitution, addition or removal of property under the Sublease;

(d) the lowering of the minimum rating for a Reserve Facility from at least a "Aa" by Moody's and "AA" by S&P to a rating from Moody's or S&P in the "AA" category (without regard to gradation); and

(e) the elimination of the right to take possession of and relet the Leased Property under the Sublease.

See APPENDIX C - "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - The Trust Agreement - Proposed Amendments to Trust Agreement" and " - Proposed Amendments to Sublease" herein for further information.

OUTSTANDING INDEBTEDNESS

Other Certificates

Upon the issuance of the 2026A Certificates, there will also remain Outstanding under the Trust Agreement one Series of Certificates (the 2008A Certificates) (the "Prior Certificates"), as set forth below:

Issue	Dated Date	Original Par Amount	Outstanding Par Amount
Variable Rate Demand Refunding Certificates of Participation, Series 2008A	April 18, 2008	$134,720,000	$120,465,000

Additional Certificates

In addition to the Prior Certificates and the 2026A Certificates, the City, the Authority and the Trustee may, with prior notice to each Credit Provider, by execution of a Supplemental Trust Agreement without the consent of the Owners, provide for the delivery of Additional Certificates representing additional Base Rental Payments. See APPENDIX C - "SUMMARY OF

PRINCIPAL LEGAL DOCUMENTS - The Trust Agreement." Additional Certificates executed and delivered under the Trust Agreement will be on a parity with the Outstanding Prior Certificates and the 2026A Certificates and each Owner thereof will have the same rights upon an Event of Default as the Owner of any other Certificate executed and delivered under the Trust Agreement, except as any such rights of the Owners of any Additional Certificates may be limited as provided in any Supplemental Trust Agreement under which such Additional Certificates are executed and delivered. As described above in "Proposed Amendments to the Trust Agreement and Sublease," on the Amendments Effective Date, the requirement that each series of Certificates under the Trust Agreement be secured by a Certificate Reserve Fund will be eliminated. See "SOURCE OF PAYMENT FOR THE 2026A CERTIFICATES - Certificate Reserve Funds."

Swap Agreement

In connection with the delivery of the 2006B Certificates, the City entered into the 2006 Swap Agreement with Depfa Bank plc. Upon the refunding of the 2006B Certificates, the City re-associated the 2006 Swap Agreement (the "Swap Agreement") with the City's Variable Rate Demand Refunding Certificates of Participation, Series 2008A. The obligations of Depfa Bank plc were assigned to Royal Bank of Scotland ("RBC") on March 30, 2011. In general, the Swap Agreement provides that RBC (the "Swap Provider") is obligated to pay to the City a variable interest rate based on 64% of the sum of (i) the one-month term Secured Overnight Financing Rate plus (ii) 0.11448% (the "Variable Swap Rate") and the City is obligated to pay to the Swap Provider a fixed interest rate, in each case calculated on an initial notional amount of $133,000,000 which notional amount declines approximately proportionately with the outstanding principal amount of the 2008A Certificates. Specifically, under the Swap, the City pays a fixed rate of 3.456% and receives the Variable Swap Rate. The Swap expires on February 1, 2034, unless terminated earlier. As of June 30, 2025, the rating of the counterparty RBC was "[A+]." Also as of June 30, 2025, the swap had a marked to market value of approximately $[5.9] million to the City.

The Swap Agreement provides protection to the City against interest rate fluctuations arising from the variable interest rate applicable to the 2008A Certificates. However, such Swap Agreement does not alter the City's obligation with respect to the payment of principal and interest with respect to the 2008A Certificates.

The City may at any time enter into a Qualified Swap with respect to one or more Series of Certificates. However, any such Qualified Swap requires approval by any Credit Provider providing Credit Enhancement with respect to a Series of Certificates. "Qualified Swap" means any financial arrangement (i) that is entered into by the City with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (ii) which provides that the City will pay to such entity an amount based on the interest accruing at a fixed rate on an amount equal to the principal amount of an Outstanding Series, and that such entity will pay to the City an amount based on the interest accruing on the same amount, at a variable rate of interest computed according to a formula set forth in such arrangement (which may be, but need not be, the same as the actual rate of interest payable with respect to such Series) or that one will pay to the other any net amount due under such arrangement; and (iii) which has been designated in writing to the Trustee by the Treasurer or Director of Finance of the City as a Qualified Swap with respect to a Series. "Qualified Swap Provider" means an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability or whose payment obligations under a Qualified Swap are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability are rated (at the time the subject Qualified Swap is entered into) at least as high as the "Aa" rating category by Moody's and the "AA" rating category by S&P (without regard to any modifiers within such category), or the equivalent thereof by any successor thereto. The Authority and the City have pledged and transferred to the Trustee, for the benefit of the Owners and each Credit Provider, Liquidity Provider and Qualified Swap Provider, all of their right, title and interest in and to all amounts on deposit from time to time in the funds and accounts established under the Trust Agreement (other than the Rebate Fund) and in and to the Base Rental Payments and all Certificate Reserve Funds secure and are pledged to the payment of all Series and to the obligations owing to each Credit Provider, Liquidity Provider and Qualified Swap Provider. See "SOURCE OF PAYMENT FOR THE 2026A CERTIFICATES–Pledge of Base Rental Payments; Base Rental Payment Funds" and "–Certificate Reserve Funds."

Amounts owed by the City to a Qualified Swap Provider under a Qualified Swap are payable from the Base Rental Payments owed under the Sublease. The City's obligation to make such payments is subject to the conditions applicable to its obligation to make Base Rental Payments as set forth in the Sublease. Amounts paid by the City under a Qualified Swap are to be deposited into the Base Rental Payment Fund established for the related Series of Certificates under the Trust Agreement and disbursed by the Trustee when required. Qualified Swaps provide for early termination in certain circumstances, which could result in the City being required to make an unanticipated termination payment which could be substantial. Such termination payment, if due, is payable by the City as a Base Rental Payment but the City's obligation to make such payment is generally subject to the same conditions applicable to its obligation to make Base Rental Payments as set forth in the Sublease. Since a Qualified Swap is subject to termination upon the occurrence of a number of events, no assurance can be given that any Qualified Swap will continue to be in existence. Accordingly, the Qualified Swaps do not provide a source of credit or security for the related Series of Certificates.

The City does not contemplate entering into a Qualified Swap with respect to the 2026A Certificates.

BASE RENTAL PAYMENTS

While the Base Rental Payments are payable from any legally available source of funds, the City expects to make such payments from its General Fund to the extent revenues of affiliated entities operating portions of the Leased Property are not available. The principal affiliated entity is the Pasadena Center Operating Company, a California nonprofit public corporation, which operates the Pasadena Civic Auditorium and the Pasadena Conference Center. In addition to the Sublease, the City has entered into a number of other agreements which provide that the City make rental and other payments from the General Fund and other available sources of funds. See APPENDIX A - "CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION" and generally Notes 10 through 18 of the Notes to Basic Financial Statements in APPENDIX B - "CITY OF PASADENA ANNUAL COMPREHENSIVE FINANCIAL REPORT YEAR ENDED JUNE 30, 2025."

The following table lists the projected Base Rental Payments with respect to the Prior Certificates, the Swap Agreement and the 2026A Certificates.

CITY OF PASADENA
PROJECTED BASE RENTAL PAYMENT OBLIGATIONS [(1)]

Fiscal Year Ended June 30	Prior Certificates[(2)(3)]	2026A Certificates	Aggregate Base Rental Payments
2026	$	$	$
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
Total	$	$	$

(1) Does not include any Additional Rental (including any termination fees under letter of credit agreements) or any termination payments with respect to the Swap Agreement or fees or expenses of trustees, remarketing agents, auction agents, broker-dealers or other professionals in connection with the Certificates.

(2) Includes fixed interest payments by the City under the Swap Agreement of [3.536]% per annum and assumes variable rate received by the City under the Swap Agreement will equal the interest represented by the 2008A Certificates.

(3) Excludes Refunded Certificates.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the 2026A Certificates are as follows:

Sources:	
Principal Amount	$
Plus [Net] Premium	
Total Sources	$
Uses:	
Deposit to 2026A Escrow Fund	$
Costs of Issuance[1]	
Total Uses	

[1] Cost of issuance include Underwriter's discount, legal fees, printing costs, rating agency fee, escrow agent fee, municipal advisor fee, verification agent fee and other miscellaneous expenses.

THE LEASED PROPERTY

Under the Sublease, the City is obligated to make Base Rental Payments for the occupancy and use of the Leased Property. The Leased Property consists of: (i) the Civic Auditorium, (ii) Fire Station No. 33, (iii) Fire Station No. 31, (iv) the Rose Bowl Aquatics Center, (v) the Pasadena City Hall, (vi) the Pasadena Community Health Center (the "Health Center"), (vii) the Corporation Yards, (viii) the Hale Building and (ix) the Convention Center, each described below.

The Leased Property was not damaged by the recent wildfire impacting portions of the City. See "CITY FINANCIAL INFORMATION – Wildfires and Recent Eaton Fire" in APPENDIX A – "CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION" attached hereto.

Civic Auditorium

The Civic Auditorium as well as the underlying real property constitute a portion of the Leased Property. The Civic Auditorium is located at 300 East Green Street on three acres of real property and is a prominent building in the Pasadena Civic Center area. The facility was built from 1930 to 1932 in an Italian Renaissance design. The facility has three distinct sections: the pavilion, the auditorium and the exhibition hall. The pavilion section houses the ticket offices, main foyer and lobby, administrative offices and a large lecture hall. The auditorium seats 3,000 people and has excellent acoustics. The walls have a series of panels prepared from drawings by Raphael, and its ceilings feature decorative plaster and are hand painted.

Fire Station No. 33

Fire Station No. 33 as well as the underlying real property constitute a portion of the Leased Property. Fire Station No. 33 was completed in 1950 and is located at 515 North Lake Avenue. The fire station is approximately 10,400 square feet. There are two floors above ground and one floor below ground. Approximately 75% of the space is occupied by fire-fighting equipment and approximately 25% is office and living space. Other structures on this parcel include a classroom and training tower facility as well as a service garage facility.

Fire Station No. 31

Fire Station No. 31 and the improvements constructed thereon as well as the underlying real property constitute a portion of the Leased Property. The fire station is a two-story, masonry and glass structure, which was completed in 1991 and is located at 145 South Fair Oaks Avenue bounded by Dayton Street on the north and Valley Street on the south. The site is 13,122 square feet. The facility has a total square footage of 8,966. It houses the apparatus room, station offices, lobby area, kitchen, dining room, restroom, living room, sleeping quarters and study areas. The facility has three bays and houses one ladder truck and one engine company.

Rose Bowl Aquatics Center

The improvements and underlying real property comprising the Rose Bowl Aquatics Center, located at 360 North Arroyo Boulevard, constitute a portion of the Leased Property. The improvements were completed during the summer of 1990. They consist of an aquatics facility, located near the Rose Bowl at Arroyo Boulevard north of Seco Street, which includes two Olympic-size swimming pools, one of which has competition diving facilities, a small children's pool, a clubhouse and landscaping.

Pasadena City Hall

The improvements and underlying real property comprising City Hall, located at 100 North Garfield Avenue, constitute a portion of the Leased Property. City Hall is the central feature of Pasadena's Civic Center, located on Garfield Avenue. Completed in 1927, this three-story building is made of reinforced concrete and features a patio in the center, accented by landscaping of flowers, trees and a fountain. It is a rectangular edifice outlining a spacious court. The real property underlying City Hall consists of 2.79 acres of land. The east side is a one-story arcade; the other three sides are three stories high, with small towers at each corner and a dome over the west entrance. The dome is a massive circular tower rising perpendicular for six stories. Atop the dome is the lantern, a column-supported cupola 41 feet high, surmounted by an urn and ball. The highest point is 206 feet above ground.

During initial construction, the contractor was required to guarantee that City Hall would meet a compression test of 2,000 pounds per square inch for 28 days, considerably above the usual specification for that era. With the proceeds of the 2004 Certificates, the City seismically retrofitted City Hall by: (i) installing a base isolation system, involving the strengthening and connecting of the existing building foundations and creating a "moat" (building movement space) around the entire perimeter of the building to allow for ground movement; (ii) structurally tying together the building's walls and columns before they are separated from their footing by flexible isolators designed to carry the building loads and laterally cushion the building from earthquake forces; and (iii) creating a new east basement and structural east arcade along Euclid Avenue to connect the north and south wings of the building as part of the structural solution.

City Hall underwent a general rehabilitation which began in June 2003, including the addition of new access ramps at both the Garfield and Euclid entries as well as a replacement of the staircase at the new east side. Courtyard walkways requiring removal for structural work were replaced. Some planting and tree removal were required at the interior courtyard and the perimeter of the building to effect the "moat" work. The main exterior work included patching and painting of exterior plaster, roof and gutter repairs, cleaning and repair of exterior cast stone elements, window rehabilitation, door repair, accessibility upgrades, cleaning and restoration of the clock, skylight cleaning and repairs and installation of a new skylight at the historic northwest corner location. With respect to the building's interior, all original historic interior spaces and features were rehabilitated. Existing historic elevator cabs were restored and upgraded and new elevators were installed to replace existing council elevators and provide accessibility to the fourth floor and fifth level observation deck in the dome. Some original restrooms were restored and new restrooms were also added. The entire building was upgraded to meet life safety and accessibility requirements. Finally, new mechanical, plumbing, electrical and fire/life safety systems were installed.

The City reoccupied the renovated City Hall in April 2007 when the rehabilitation was completed. As of June 30, 2025, City Hall had an insurable value of approximately $[57.6] million.

Health Center

The Health Center property is located at 1845 North Fair Oaks Avenue and consists of three separate buildings. The buildings were constructed in 1929, 1956 and 1976, respectively. The gross square area of the three buildings is approximately 61,000 square feet. The City acquired the land and the buildings in December 1993 at a cost of approximately $1,700,000. The Health Center was renovated in 1996.

Corporation Yards

The real property underlying the City's Corporation Yards consists of approximately 23.61 acres located at 233 West Mountain Street. The Corporation Yards are used in connection with the operation and storage of certain vehicles and equipment of the City.

Hale Building

The Hale Building is an approximately 32,500 square foot building and is located at 281 Ramona Street. The land on which the Hale Building is located totals 25,596 square feet. The building, which now houses the City's Permit Center, was built in 1929 for the Southern California Gas Company. After acquiring the facility in 1986, the City restored the historic 1929 lobby of the Hale Building, which now serves as the Permit Center service counter. The two-story building features the original decorative ceiling, unusual painted plaster walls (hidden for years by wood paneling) and the original tile flooring. The building is listed in the National Register of Historic Places as part of the Civic Center district of the City.

Convention Center

The Pasadena Convention Center is located on a 9.15-acre, U-shaped site adjacent to the City's Civic Auditorium and the Pasadena Ice Skating Center. The facility consists of a 55,000 square foot exhibit hall building, a 25,000 square foot ballroom, 25,000 square feet of pre-function space, a full service kitchen, a 22,000 square foot outdoor plaza, and a two level convention and conference center building of approximately 28,000 square feet for meetings. Attached is a 650 space underground parking garage. The Convention Center is located at 300 East Green Street and is situated in the City's Downtown Redevelopment Project Area encompassing the heart of the central business district. As of June 30, 2025, the Convention Center had an insurable value of $[__________].

THE CITY

The City of Pasadena 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 approximately 23 square miles and is located in the County of Los Angeles in the northwestern portion of the San Gabriel Valley. The City is bounded on the west by the cities of Los Angeles, La Cañada Flintridge and Glendale, on the south by 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. See APPENDIX A - "CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION" herein for further information regarding the City.

THE AUTHORITY

The Authority is a joint exercise of powers authority created by and existing under the laws of the State established pursuant to that certain Joint Exercise of Powers Agreement, dated April 24, 2000, between the City and the Pasadena Community Development Commission (the "Commission"). The Authority is a public entity separate from the City and the Commission. The Authority is administered by a Governing Board which consists of the members of the City Council. THE AUTHORITY IS NOT OBLIGATED IN ANY MANNER WHATSOEVER TO MAKE BASE RENTAL PAYMENTS OR ADDITIONAL RENTAL PAYMENTS. THE AUTHORITY HAS NO TAXING POWER.

In 2011, the State of California enacted ABx1 26, which required the dissolution of all California redevelopment agencies, including the Commission, and the disposition and winding up of the operations of such redevelopment agencies. The City has covenanted under the Trust Agreement to take whatever action is necessary to preserve the existence of the Authority.

RISK FACTORS

The following risk factors associated with investing in 2026A Certificates, along with all other information in this Official Statement, should be considered by potential investors in evaluating an investment in the 2026A Certificates. The following list is not intended to be comprehensive of all risks of investing in the 2026A Certificates and no significance should be associated with the order of presentation of the risk factors.

Lease Obligation-No Tax Pledge

THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS UNDER THE SUBLEASE DOES NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER

THE 2026A CERTIFICATES NOR THE OBLIGATION OF THE CITY TO MAKE BASE RENTAL PAYMENTS UNDER THE SUBLEASE CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

No Pledge of Other City Funds

The 2026A Certificates are payable from Base Rental Payments made by the City under the Sublease. While the Base Rental Payments are payable from any legally available funds, the City expects to make Base Rental Payments from amounts in its General Fund to the extent revenues of affiliated entities operating portions of the Leased Property are not available. The City has not pledged any moneys in the General Fund nor any revenue source to secure the obligations represented by the 2026A Certificates. No assurances can be given as to the amount and source of money available to the City at any particular time to make Base Rental Payments. In the event the City's revenue sources are less than its total obligations, the City could fund municipal services and other obligations payable from its General Fund before making Base Rental Payments and other payments due under the Sublease.

Sublease Has No Limit on Additional Obligations

In addition to the Certificates, as of June 30, 2025 the City had outstanding approximately $124.9 million of taxable pension bonds, $184.3 million of lease revenue bonds, and $2.5 million of equipment leasing arrangements directly paid by the General Fund.

The Sublease does not prohibit the City from incurring additional obligations payable from general revenues on a parity with the Base Rental Payments either as Additional Certificates under the Sublease or under other agreements. See "OUTSTANDING INDEBTEDNESS - Additional Certificates" herein. To the extent that additional obligations are incurred by the City, the funds available to make Base Rental Payments may be decreased. See APPENDIX A - "CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION - City Financial Information - General Fund Comparative Financial Statements" herein.

Rental Abatement

Base Rental Payments and Additional Payments are paid by the City in each rental period for and in consideration of the right to use and occupy the Leased Property during each such period. Under the Sublease, rental payments will be abated during any period in which, by reason of title defect, damage or destruction, there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof to the extent agreed upon by the City and the Authority. See "SOURCE OF PAYMENT FOR THE 2026A CERTIFICATES - Rental Abatement." If Base Rental Payments are abated, no assurances can be given that moneys held by the Trustee under the Trust Agreement, or the proceeds of rental interruption insurance, will be sufficient to pay the debt service with respect to the 2026A Certificates. In addition, even if such amounts are sufficient to make such payments, moneys remaining in the Certificate Reserve Funds after such payments may be less than the Certificate Reserve Fund Requirement. **If damage, destruction, condemnation or title defect with respect to the Leased Property or any portion thereof results in abatement of Base Rental Payments and the resulting Base Rental**

Payments, together with moneys in the Certificate Reserve Funds, are insufficient to make all payments with respect to the 2026A Certificates during the period that the Leased Property, or portion thereof, is being restored, then all or a portion of such payments may not be made and no remedy is available to the Owners under the Sublease or Trust Agreement for nonpayment under such circumstances. Failure to pay principal of, premium, if any, or interest represented by the 2026A Certificates as a result of abatement of the City's obligation to make Base Rental Payments under the Sublease is not an event of default under the Trust Agreement or the Sublease.

It is not always possible to predict the circumstances under which abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the lease or at the time of the abatement. If the latter, the value of the Leased Property could be substantially higher or lower than its value at the time of the issuance of the 2026A Certificates. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the 2026A Certificates. Notwithstanding the provisions of the Sublease specifying that the extent of any Base Rental Payment abatement is to be agreed upon by the City and the Authority, in the event of the City's failure to have use and possession of the Leased Property, such provisions may be superseded by operation of law, and, in such event, the resulting Base Rental Payments of the City may not be sufficient to pay all or that portion of the remaining principal and interest represented by the 2026A Certificates.

Limited Recourse on Default; Reletting of the Leased Property

The enforcement of any remedies provided for in the Sublease and in the Trust Agreement could prove to be both expensive and time-consuming. Although the Sublease and the Trust Agreement provide that if there is a default by the City, the Trustee, as assignee of the Authority, may take possession of and relet the Leased Property, no assurance can be given that there are prospective tenants who would wish to lease the Leased Property or that the amounts received from any such reletting would be sufficient to pay the Base Rental Payments represented by the 2026A Certificates when due. See "SOURCE OF PAYMENT FOR THE 2026A CERTIFICATES - Proposed Amendments to the Trust Agreement and the Sublease."

Limitation on Enforcement of Remedies

The ability of the Trustee to exercise remedies in the event of a default under the Sublease may be especially difficult because of the essential nature of the Leased Property, its commercial and historical value, as well as the problems associated with taking possession and evicting government operations. Consequently, the Trustee may find it more difficult, time consuming or expensive to exercise its legal remedies than in a lease structure that did not involve governmental services. Consequently, it is likely that the Trustee's only practical remedy will be to sue the City as rent becomes due and it will be unable to exercise upon the collateral and take possession of, and relet, the Leased Property. Any suit for money damages would be subject to limitations on legal remedies against cities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. If the Trustee is unable to take possession and relet the Leased Property, the Owners of the 2026A Certificates may not receive payment of Base Rental Payments represented by the 2026A Certificates, or such payment may be delayed. See "THE LEASED PROPERTY" and "SOURCE OF PAYMENT FOR THE 2026A CERTIFICATES - Proposed Amendments to the Trust Agreement and the Sublease."

No Acceleration

In the event of a default under the Sublease, there is no available remedy of acceleration of the total Base Rental Payments due over the term of the Sublease. The City will only be liable for Base Rental Payments on an annual basis as they come due and the Trustee would be required to seek separate judgments for the annual Base Rental Payments. In addition, any such suit for money damages could be subject to limitations on legal remedies against public agencies in California, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

Amounts Owed by the City under Liquidity Facilities, Credit Enhancement and Swap Agreements

Under the Sublease, Base Rental Payments are to be made in an amount sufficient to pay the principal and interest with respect to all Certificates, including the 2026A Certificates, and amounts due under all Liquidity Facilities, Credit Enhancement and Swap Agreements. Amounts payable by the City under Liquidity Facilities, Credit Enhancement and Swap Agreements could be increased substantially upon the occurrence of certain events set forth therein, such as upon a termination event under the Swap Agreement or an event of default under the letter of credit reimbursement agreement for the 2008A Certificates. The City's obligation to make payments for all Certificates and such other amounts due is subject to the conditions set forth in the Sublease, and all such payments would be limited by fair rental value in any year.

City Pension and OPEB Obligations

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

Further, the City's pension obligations are constitutionally protected under California law, meaning that the City has limited ability to alter its obligations outside of a municipal bankruptcy (Chapter 9) proceeding. Even in a bankruptcy proceeding, the City may have limited ability to avoid paying its pension obligations, and in particular, any obligation to make payments to CalPERS, potentially resulting in an adverse impact on the treatment in bankruptcy of other City creditors, including the Certificate Owners. See "RISK FACTORS - Bankruptcy" below.

Certain Risks Associated with Sales Tax and Other Local Tax Revenues

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

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

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

Assessed Value of Taxable Property

Property taxes are currently among the largest sources of the City's General Fund revenues. Natural and economic forces can affect the assessed value of taxable property within the City. The City is located in a seismically active region, and damage from an earthquake in or near the area could cause extensive damage to taxable property. Other natural or manmade disasters, such as floods (which areas in and around the City experienced in 2023), fire, wildfire (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 " - Earthquakes and Natural Disasters," " - Climate Considerations" and " - Other Factors" below.

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

Reductions in the market values of taxable property may cause property owners to appeal assessed values and may also be associated with an increase in delinquency rates for property taxes. Section 2(b) of Article 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.

Decreases in the assessed value of taxable property within the City resulting from a natural disaster or other calamity, economic recession, reclassification by ownership or use or as a result of the implementation of Proposition 8 all may have an adverse impact on property tax collections by the City, and consequently, the General Fund revenues that are available to make Base Rental Payments.

Bankruptcy

In addition to the limitation on remedies contained in the Trust Agreement, the rights and remedies provided in the Trust Agreement, the Lease and the Sublease may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles that may affect the enforcement of creditors' rights. The City is a governmental unit and therefore cannot be the subject of an involuntary case under the United States Bankruptcy Code (the "Bankruptcy Code"). However, the City is a municipality and therefore may seek voluntary protection from its creditors pursuant to Chapter 9 of the Bankruptcy Code for purposes of adjusting its debts. If the City were to become a debtor under the Bankruptcy Code, the City would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 case. Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have a priority of payment superior to that of Owners of the 2026A Certificates; and (iv) the possibility of the adoption of a plan (an "Adjustment Plan") for the adjustment of the City's various obligations over the objections of the Trustee or all of the Owners of the 2026A Certificates and without their consent, which Adjustment Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that such Adjustment Plan is "fair and equitable" and in the best interests of creditors. The Adjustment Plans approved by the Bankruptcy Courts in connection with the bankruptcies of the California cities of Vellejo, San Bernardino and Stockton resulted in significant reductions in the amounts payable by the cities under lease revenue obligations substantially identical or similar to the 2026A Certificates. The City can provide no assurances about the outcome of the bankruptcy cases of other California municipalities or the nature of any Adjustment Plan if it were to file for bankruptcy.

In addition, the City could either reject the Sublease or the Lease or assume the Sublease or the Lease despite any provision of the Sublease or the Lease that makes the bankruptcy or insolvency of the City an event of default thereunder. If the City rejects the Lease, the Trustee, on behalf of the Owners of the 2026A Certificates, would have a pre-petition unsecured claim that may be substantially limited in amount, and this claim would be treated in a manner under an Adjustment Plan over the objections of the Trustee or Owners of the 2026A Certificates. Moreover, such rejection would terminate the Lease and the City's obligations to make payments thereunder. The City may also be permitted to assign the Lease (or the Sublease) to a third party, regardless of the terms of the transaction documents. If the City rejects the Sublease, the Trustee, on behalf of the Owners of the 2026A Certificates, would have a pre-petition unsecured claim and this claim would be treated in a manner under an Adjustment Plan over the objections of the Trustee or Owners of the 2026A Certificates. Moreover, such rejection may terminate both the Sublease and the Lease and the obligations of the City to make payments thereunder.

Substitution, Addition or Removal of Leased Property

The Sublease permits the release of portions of the Leased Property or the substitution of other real property for all or a portion of the Leased Property. Although the Sublease requires various certificates designed to ensure that the substitute property has an annual fair rental value upon becoming part of the Leased Property equal to the maximum annual amount of the Base Rental Payments remaining due with respect to the Leased Property being replaced, it does not require that such substitute property have an annual fair rental value equal to the total annual fair rental value at the time of replacement of the Leased Property or portion thereof being replaced. In addition, such replacement property could be located anywhere within the City's boundaries. Therefore, release or substitution of all or a portion of the Leased Property could have an adverse effect on the security for the 2026A Certificates. See "SOURCE OF PAYMENT FOR THE 2026A CERTIFICATES - Substitution, Addition or Removal of Leased Property."

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.

Earthquake insurance is only required to be provided to the extent such insurance is commercially available from reputable insurance companies. See APPENDIX C - "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - The Sublease." The City does not carry earthquake insurance for the Leased Property because the City has determined that it is not available at commercially reasonable rates. In the event that a portion or all of the Leased Property is damaged or destroyed by earthquake, the City's obligation to make Base Rental Payments would be abated. In addition, if a portion or all of the Leased Property were damaged or destroyed in an earthquake, rental interruption insurance would not provide coverage for any abatement of Base Rental Payments and the City would have no obligation to repair such damage. In the event of a serious earthquake affecting the City, it is possible that the Federal Emergency Management Agency ("FEMA") would provide financing to aid the rebuilding of some or all of the Leased Property; however, there can be no assurance that FEMA or any other entity would provide such aid or that, if provided, it would cover the cost of reconstruction.

Wildfire. In recent years, portions of California, including several areas in Southern 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. The City is located near wildlands susceptible to wildfire, which can be more intense during high wind events. Climate changes leading to a decline in precipitation and rise in temperatures during the summer months may result in drier vegetation and greater threat from wildfire. See " – Drought" and " – Climate Issues" below. Property damage due to a wildfire could result in a decrease in the assessed value of property in the City. In addition to the risk of damage, if nearby wildfires become more frequent, air quality, evacuations and similar fire-related impacts, as well as potential insurance cost increases, could affect purchaser demand for, and value of, affected properties in the property tax base.

The recent Eaton Fire burned more than 14,000 acres, destroyed approximately 9,400 structures, damaged over 1,000 structures, primarily in the unincorporated area of Altadena, located north of the City. Within the City, the Eaton Fire destroyed 147 structures, which does not represent a significant portion of assessed valuation of property within the City. See See "CITY FINANCIAL INFORMATION – Wildfires and Recent Eaton Fire" in APPENDIX A – "CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION" attached hereto.

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 moderate risk from flooding. The City has approximately 3,620 properties at risk of flooding over the next 30 years, as outlined in the National Flood Insurance Program ("NFIP") managed by FEMA. This represents 12% of all properties within the City. 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.

The City is not required under the Sublease to maintain flood insurance on the Leased Property. According to the FEMA Flood Insurance Rate Map, all of the Leased Property falls under the zone X category, which means "areas determined to be outside the 0.2% annual chance floodplain." In the event of damage or destruction to the Leased Property caused by perils for which the City is not required to provide insurance under the Lease, such as flooding, the City will not be obligated to repair, replace or reconstruct the Leased Property. See APPENDIX C - "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - The Sublease" and " - Rental Abatement" herein.

Certain Other Risks with Respect to the Leased Property

A portion of the Leased Property includes Pasadena City Hall, the Hale Building and the Civic Center, each an historic building. In the event of a casualty to any of such portions of the Leased Property, the City may not be able to restore or rebuild these buildings in a way that would restore the inherent value of these historic properties. Further, the Civic Center hosts significant celebrity gatherings and awards shows and various community events. Additionally, a significant portion of the Leased Property is located near the route of the Tournament of Roses Rose Parade and the Rose Bowl, both of which attract national attention and sizeable crowds. The City has no way of quantifying the probabilities of a terrorist attack on the Rose Parade, Rose Bowl, the Civic Center or any of the Leased Property. The City is not required under the Sublease to carry terrorism risk insurance. In the event of damage or destruction to some or all of the Leased Property caused by a terrorist attack for which the City is not required to provide insurance under the Sublease, the City will not be obligated to repair, replace or reconstruct the Leased Property. See APPENDIX C - "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - The Sublease" and " - Rental Abatement" herein.

Reserve Funds

At the time of delivery of the 2026A Certificates, the Certificate Reserve Funds under the Trust Agreement will be funded in an amount equal to the Certificate Reserve Fund Requirement as calculated under the Trust Agreement. In the event of abatement or default, the amounts on deposit in the Certificate Reserve Funds may be significantly less than the amount of Base Rental Payments due during any period of abatement or default.

Economic Conditions in the State of California

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

Hazardous Substances

The City knows of no existing hazardous substances which require remedial action on or near the Leased Property. However, it is possible that such substances do currently or potentially exist and that the City is not aware of them. The City does not currently carry insurance covering the risk of hazardous substances. Owners and operators of real property may be required by law to remedy conditions of property relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well known and widely applicable of these laws, but State laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly and adversely affect the operations and finances of the City and/or the value of the Leased Property.

Investment of Funds

The Certificate Reserve Funds and all other funds held under the Trust Agreement are required to be invested in Permitted Investments as provided under the Trust Agreement. See APPENDIX C - "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - Definitions of Certain Terms" for a summary of the definition of Permitted Investments. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected, decline in market value and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Trust Agreement or the funds and accounts held by the City could have a material adverse effect on the source of payment for the 2026A Certificates and/or the financial condition of the City.

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

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

Loss of Tax Exemption

THE PORTION OF EACH BASE RENTAL PAYMENT DUE UNDER THE SUBLEASE DESIGNATED AS AND COMPRISING INTEREST WITH RESPECT TO THE 2026A CERTIFICATES, OR ANY PORTION THEREOF, COULD BE DETERMINED TO BE INCLUDED IN GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION, AND SUCH A DETERMINATION WOULD NOT SUBJECT THE 2026A CERTIFICATES TO MANDATORY PREPAYMENT OR TO AN ADJUSTMENT OF THEIR RESPECTIVE RATES OF INTEREST. See "TAX MATTERS" herein and APPENDIX D - "PROPOSED FORM OF OPINION OF SPECIAL COUNSEL."

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 2026A Certificate proceeds, limitations on the investment earnings of 2026A Certificate proceeds prior to expenditure, a requirement that certain investment earnings on 2026A Certificate 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 portion of each base rental payment due under the Sublease designated as and comprising interest with respect to the 2026A Certificates in federal gross income, retroactively to date of original delivery of the 2026A Certificates.

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 2026A Certificates. There can be no assurance as to the effect on the market price of the 2026A Certificates 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 2026A Certificates, and the opinion of Special Counsel is not binding on the IRS. See "TAX MATTERS" herein.

Cybersecurity

The City, 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 is 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.

No assurance can be given that the City's 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 2026A Certificates. The City is also reliant on other entities and service providers in connection with its information technology generally, as well as with the administration of the 2026A Certificates, including without limitation the Trustee. No assurances can be given that security and operational control measures will ensure against any and all cybersecurity threats and attacks. A cybersecurity incident or breach could damage the City's information technology systems and cause disruption to City services and operations and/or affect the owners of the 2026A Certificates. 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. Wildfire in turn makes the surrounding steep slopes of the City increasingly susceptible to landslides in high precipitation events.

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

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

See "APPENDIX A - CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION - 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 has since spread across the globe. The WHO declared the COVID-19 outbreak to be a pandemic. The spread of COVID-19 has had and continues to have significant adverse health and financial impacts throughout the world, including the City.

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

Other Factors

The City in general has been, or in the future may be, affected by a number of other factors which could impact its financial condition. In addition to the factors discussed above, such factors include, among others, (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements, (b) legislative changes, voter initiatives, referenda and statewide propositions, (c) acts of terrorism or cyber-terrorism, (d) natural disasters or other physical calamities, in addition to earthquakes and climate change discussed above. Any of these factors (as well as other factors) could have an adverse effect on the financial condition of the City.

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

FINANCIAL STATEMENTS

The audited basic financial statements (the "Financial Statements") of the City for the year ended June 30, 2025, included in APPENDIX B - "CITY OF PASADENA ANNUAL COMPREHENSIVE FINANCIAL REPORT YEAR ENDED JUNE 30, 2025," have been examined by LSL, 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, 2025 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, 2025." 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 Special Counsel to the City, under current law , and assuming compliance by the City with certain covenants in the Trust Agreement, the Sublease, the Tax Certificate and other documents pertaining to the 2026A Certificates and requirements of the Internal Revenue Code of 1986 (the "Code") regarding the use, expenditure and investment of proceeds of the 2026A Certificates and the timely payment of certain investment earnings to the United States, the portion of each Base Rental Payment due under the Sublease designated as and comprising interest with respect to the 2026A Certificates is not includable in the gross income of the owners of the 2026A Certificates for federal income tax purposes. Failure to comply with such covenants and requirements may cause the portion of each Base Rental Payment due under the Sublease designated as and comprising interest with respect to the 2026A Certificates to be included in gross income retroactive to the date of issuance of the 2026A Certificates.

In the further opinion of Special Counsel, the portion of each Base Rental Payment due under the Sublease designated as and comprising interest with respect to the 2026A Certificates is not treated as an item of tax preference for purposes of the federal alternative minimum tax on individuals. Special 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. Special Counsel expresses no opinion with respect to any collateral tax consequences and, accordingly, prospective purchasers of the 2026A Certificates should consult their tax advisors as to the applicability of any collateral tax consequences.

Certain requirements and procedures contained or referred to in the Trust Agreement, the Sublease, the Tax Certificate or other documents pertaining to the 2026A Certificates 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. Special Counsel expresses no opinion as to the effect of any change to any document pertaining to the 2026A Certificates or of any action taken or not taken where such change is made or action is taken or not taken without the approval of Special Counsel or in reliance upon the advice of counsel other than Special Counsel with respect to the exclusion from gross income for federal income tax purposes of the portion of each Base Rental Payment due under the Sublease designated as and comprising interest with respect to the 2026A Certificates.

Special 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 Special Counsel, and Special Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of examining the tax-exempt status of the interest on or with respect to municipal obligations. If an examination of the 2026A Certificates is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the 2026A Certificates would have no right to participate in the examination process. In responding to or defending an examination of the tax-exempt status of the portion of each Base Rental Payment due under the Sublease designated as and comprising interest with respect to the 2026A Certificates, the City may have different or conflicting interests from the owners. Additionally, public awareness of any future examination of the 2026A Certificates could adversely affect the value and liquidity of the 2026A Certificates during the pendency of the examination, regardless of its ultimate outcome.

Tax Accounting Treatment of Certificate Premium. To the extent a purchaser acquires a 2026A Certificate 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. Special Counsel is not opining on the accounting for bond premium or the consequence to a 2026A Certificate purchaser of purchasing a 2026A Certificate with bond premium. Accordingly, persons considering the purchase of 2026A Certificates with bond premium should consult their own tax advisors with respect to the determination of bond premium on such 2026A Certificates for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such 2026A Certificates.

Tax Accounting Treatment of Original Issue Discount. The excess, if any, of the stated redemption price at maturity of 2026A Certificates of a particular maturity over the initial offering price to the public of the 2026A Certificates of that maturity at which a substantial amount of the 2026A Certificates of that maturity is sold to the public is "original issue discount." Original issue discount accruing on a 2026A Certificate 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 the portion of each Base Rental Payment due under the Sublease designated and comprising interest with respect to the 2026A Certificates. Original issue discount on a 2026A Certificate of a particular maturity purchased pursuant to the initial public offering at the initial public offering price at which a substantial amount of the 2026A Certificates of that maturity is sold to the public accrues on a semiannual basis over the term of the 2026A Certificate 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 2026A Certificate accruing during each period is added to the adjusted basis of such 2026A Certificate, which will affect the amount of taxable gain upon disposition (including sale, redemption or payment on maturity) of such 2026A Certificate. The Code includes certain provisions relating to the accrual of original issue discount in the case of purchasers that purchase 2026A Certificates other than at the initial offering price. Special Counsel is not opining on the accounting for or consequence to a 2026A Certificate purchaser of purchasing a 2026A Certificate with original issue discount. Accordingly, persons considering the purchase of 2026A Certificates with original issue discount should consult their own tax advisors with respect to the determination of original issue discount on such 2026A Certificates for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such 2026A Certificates.

Information Reporting and Backup Withholding. The portion of each Base Rental Payment paid under the Sublease designated as and comprising interest with respect to the 2026A Certificates 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 portion of each Base Rental Payment paid under the Sublease designated as and comprising interest with respect to the 2026A Certificates from gross income for federal income tax purposes, such reporting requirement causes the payment of the portion of each Base Rental Payment paid under the Sublease designated as and comprising interest with respect to the 2026A Certificates to be subject to backup withholding if such portion of each Base Rental Payment paid under the Sublease designated as and comprising interest with respect to the 2026A Certificates 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 Special Counsel, the portion of each Base Rental Payment paid under the Sublease designated as and comprising interest with respect to the 2026A Certificates 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 2026A Certificates of the exclusion of the portion of each Base Rental Payment paid under the Sublease designated as and comprising interest with respect to the 2026A Certificates from gross income for federal income tax purposes or of the exemption of the portion of each Base Rental Payment paid under the Sublease designated as and comprising interest with respect to the 2026A Certificates 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 2026A Certificates. Prospective purchasers of the 2026A Certificates 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 Special Counsel regarding the 2026A Certificates is attached in APPENDIX D.

APPROVAL OF LEGALITY

Legal matters incident to the execution and delivery of the 2026A Certificates are subject to the approving opinion of Norton Rose Fulbright US LLP, San Francisco, California, Special Counsel. A form of such opinion is attached hereto in APPENDIX D - "PROPOSED FORM OF OPINION OF SPECIAL COUNSEL," and copies of such opinion with respect to the 2026A Certificates will be available at the time of delivery of the 2026A Certificates. Certain legal matters will be passed upon for the City and the Authority by the City Attorney and by Norton Rose Fulbright US LLP, San Francisco, California, as Disclosure Counsel. Special 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. Upon the delivery of the 2026A Certificates, Norton Rose Fulbright US LLP will deliver a letter to the City and the Underwriter concerning certain matters with respect to the Official Statement. No purchaser or holder of the 2026A Certificates, or other person or party other than the City and the Underwriter, will be entitled to rely on such letter or on the fact that Norton Rose Fulbright US LLP has acted as Disclosure Counsel to the City.

LITIGATION

There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best knowledge of the City, threatened against or affecting the City: (i) which would materially and adversely impact the City's ability to complete the transactions described in or contemplated by this Official Statement; (ii) to restrain or enjoin the delivery of any of the 2026A Certificates or the payments to be made by the City pursuant to the Sublease; (iii) in any way contesting or affecting the validity of the Trust Agreement, the Sublease, any of the 2026A Certificates or the transactions relating to the Leased Property as described in "THE LEASED PROPERTY," or contesting in any way the completeness or accuracy of this Official Statement; or (iv) wherein an unfavorable decision, ruling or finding would materially and adversely affect the City or the validity or enforceability of the Trust Agreement, the Sublease or the 2026A Certificates.

In October 2025, the City and the Rose Bowl Operating Company ("RBOC") filed a lawsuit against defendants that now include The Regents of the University of California, acting on behalf of University of California, Los Angeles ("UCLA"), Kroenke Sports & Entertainment, LLC, and Stadco LA, LLC (the "SoFi Defendants"). The lawsuit seeks to enforce an agreement between the RBOC, as agent for the City, and UCLA, which prohibits UCLA from conducting its home football games in any facility in the Los Angeles area and Orange County other than the Rose Bowl Stadium through June 2044. The operative complaint alleges that UCLA expressly waived the right to terminate the agreement, which independently deems any attempt to terminate as a breach entitling the City to injunctive relief. Thus, the operative complaint argues that any attempt by UCLA to leave the Rose Bowl Stadium before its lease expires (including for SoFi Stadium in Inglewood, California) is impermissible. The operative complaint seeks, among other things, specific performance of the agreement, a preliminary and permanent injunction prohibiting UCLA's departure from the Rose Bowl Stadium, and damages. UCLA and the SoFi Defendants have moved to compel the dispute into arbitration, which the City and RBOC have opposed. The timeline for resolution of the lawsuit depends on the outcome of defendants' arbitration motions. To the extent they are denied, the proceedings may remain pending for years before final resolution. While the ultimate outcome and fiscal impact of such litigation cannot be predictably measured, the City does not expect that the lawsuit is will materially adversely affect the City's ability to satisfy payments relating to the lease-backed bonds or other long-term obligations payable from its General Fund. See APPENDIX A – "CITY FINANCIAL INFORMATION - Long-Term Obligations Payable from the General Fund."

A number of other 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 financial position or results of operations of the City or such entities.

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 2026A Certificates 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 2025-26 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 Trust Agreement, 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 Trust Agreement and will not result in the acceleration of the maturity of any 2026A Certificate; provided however that the Trustee, may, and in some cases, must, and 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 2026A Certificate (including persons holding 2026A Certificates 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.

RATINGS

S&P Global Ratings, a division of S&P Global Inc. ("S&P"), has assigned the 2026A Certificates 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 2026A Certificates and the City. Generally, the rating agency bases its rating on such information and materials and on investigations, studies and assumptions made by the rating agency. There is no assurance that such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in its judgment circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect on the market price of the 2026A Certificates.

UNDERWRITING

The 2026A Certificates were awarded to ________ (the "Underwriter") pursuant to a competitive bidding held on ______, 2026. The 2026A Certificates were awarded to the Underwriter, at an aggregate purchase price of $______, representing the par amount of the 2026A Certificates of $______, plus [net] original issue premium of $______, and less an Underwriter's discount of $______. The Underwriter will be obligated to purchase all of the 2026A Certificates if any of the 2026A Certificates are purchased.

The Underwriter may offer and sell the 2026A Certificates to certain dealers (including dealers depositing 2026A Certificates 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

KNN Public Finance, LLC (the "Municipal Advisor") has acted as Municipal Advisor to the City in conjunction with the delivery of the 2026A Certificates. 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 2026A Certificates. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the 2026A Certificates.

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

VERIFICATION

Concurrently with the issuance of the 2026A Certificates, Robert Thomas CPA, LLC (the "Verification Agent") will deliver a report with respect to the mathematical accuracy of certain computations, contained in schedules provided to them, which were prepared by the Underwriter, relative to the sufficiency of moneys and securities deposited into the Escrow Fund established pursuant to an escrow agreement to pay, when due the principal, whether at maturity or upon prior redemption, interest and redemption premium requirements of the Refunded Certificates. The report of the Verification Agent will include the statement that the scope of its engagement is limited to verifying the mathematical accuracy of the aforesaid computations and that it has no obligation to update its report because of events occurring, or data or information coming to its attention, subsequent to the date of the report.

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EXECUTION AND DELIVERY

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

CITY OF PASADENA

By: ___________________________

Karin Schnaider
Director of Finance

APPENDIX A

CITY OF PASADENA FINANCIAL AND DEMOGRAPHIC INFORMATION

THE CITY OF PASADENA

The financial and demographic information provided below is presented as general background data and has been collected from sources which the City deems to be reliable. Under the Trust Agreement, neither the Trustee nor any Owner of any 2026A Certificate has the right to compel the exercise of the taxing power by the City or the sale or forfeiture of any of its property. The Base Rental Payments and any premiums upon prepayment thereof prior to maturity are not a debt of the City nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts or revenues, except the Base Rental Payments and other funds which are pledged to the payment of the 2026A Certificates under the Trust Agreement, and any premiums upon prepayment pursuant to the Trust Agreement.

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.

The City Manager has announced his plan to retire upon appointment of his successor.

Karin Schnaider , Director of Finance, was named the City's Director of Finance in November 2025. Mrs. Schnaider is an accomplished municipal executive and ICMA Credentialed Manager with more than twenty years of leadership experience in finance, operations, and strategic planning. She most recently served as Assistant City Manager for the City of Tracy, California, a community of approximately 100,000 residents with a three hundred fifty-one million dollar budget, where she oversaw multiple operating departments including public works, utilities, community development services, transit, economic development, homelessness services, information technology, and parks and recreation. In Tracy, she led the implementation of its housing element and general plan, guided major capital and infrastructure investments, and secured significant state, federal, and philanthropic funding to support community priorities.

Before becoming Assistant City Manager, Schnaider served as Tracy's Director of Finance and Technology, where she directed bond financing and special tax district programs, advanced long term fiscal sustainability strategies, strengthened financial transparency, and established the City's first Innovation and Technology Department. Her prior experience also includes serving as Finance Director for the California cities of Benicia and Sierra Madre, as well as earlier finance and accounting roles with the Pasadena Unified School District and the City of San Diego, California.

Schnaider holds a Bachelor of Science in Accountancy from San Diego State University and a Master of Public Policy Administration from California State University, Long Beach. She is an ICMA Credentialed Manager and has been active in statewide and national professional organizations focused on municipal finance, revenue and taxation policy, and local government leadership.

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 2016.

TABLE A-1
POPULATION
For Years 2016 through 2025

Year[(1)]	Population
2016	141,023
2017	143,333
2018	144,388
2019	146,312
2020	139,998
2021	139,870
2022	138,745
2023	138,311
2024	140,054
2025	140,631

(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 2016 through 2024, as well as a comparison of unemployment rates for the City, County, State and U.S. for calendar years 2019 through 2024. For August 2025, unemployment rates (not seasonally adjusted) for the City, County, State and United States were 5.8%, 6.3%, 5.8% and 4.3%, respectively.

TABLE A-3

CITY OF PASADENA
EMPLOYMENT, UNEMPLOYMENT AND LABOR FORCE
AVERAGES FOR CALENDAR YEARS 2016 THROUGH 2024
(in thousands)

	2016	2017	2018	2019	2020	2021	2022	2023	2024
City Employment	72.7	74.5	74.9	75.6	67.0	70.1	73.1	73.5	73.7
City Unemployment	3.5	3.2	3.1	3.1	7.5	5.7	3.4	3.7	4.2
City Civilian Labor Force	76.1	77.7	78.1	78.8	74.5	75.8	76.5	77.2	77.9
City Unemployment Rate	4.6%	4.1%	4.0%	4.0%	10.1%	7.5%	4.4%	4.8%	5.4%

Source: State of California Employment Development Department.

CITY, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA
AND U.S. UNEMPLOYMENT RATES
AVERAGES FOR CALENDAR YEARS 2019 THROUGH 2024

	2019	2020	2021	2022	2023	2024
City Unemployment Rate	4.0%	10.1%	7.5%	4.4%	4.8%	5.4%
County Unemployment Rate	4.5%	12.3%	9.0%	5.0%	5.1%	5.8%
State Unemployment Rate	4.1%	10.1%	7.3%	4.3%	4.%	5.3%
United States Unemployment Rate	3.7%	8.1%	5.3%	3.6%	3.6%	4.0%

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 2025 are listed below.

TABLE A-4
MAJOR EMPLOYERS
as of September 2025

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
East West Bank	569	Financial
Western Asset Management	558	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
Target	247	Retail
Bluebeam	245	Software/Technology
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 2016.

TABLE A-5
HOUSING UNITS
For Years 2015 through 2024

Year[(1)]	Housing Units
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
2025	63,960

(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 2019-20 through 2024-25.

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TABLE A-6
CITY OF PASADENA
BUILDING PERMIT VALUATION AND PERMIT ACTIVITY
for Fiscal Years 2019-20 through 2024-25
(Valuation in Millions)

	Fiscal Year Ended June 30,					
	2020	**2021**	**2022**	**2023**	**2024**	**2025**
Building Permit Valuations						
Nonresidential	$63.4	$57.0	$112.5	$188.1	$121.1	$175.0
Residential	39.2	62.9	53.2	56.3	48.6	71.5
Residential New Construction	230.5	13.9	13.9	4.5	48.5	37.1
Total	$333.1	$133.8	$179.6	$248.9	$218.2	$283.6
Number of Permits Issued						
Non Residential	528	486	510	556	455	442
Residential	2,455	2,625	2,645	2,845	2,951	3,536
Residential New Construction	57	3	2	14	18	37
Total	3,040	3,114	3,157	3,415	3,424	4,015

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 September 30, 2016 through September 30, 2025.

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

	Twelve-Month Periods Ended September 30									
Type of Business	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Apparel Stores	$ 187.8	$ 178.6	$ 181.1	$ 173.8	$ 115.0	$ 133.8	$ 148.8	$ 153.4	$ 164.7	$ 167.8
Auto Dealers & Supplies	576.7	623.8	665.3	737.4	706.1	826.9	864.0	880.3	825.7	681.3
Building Materials	153.9	163.2	174.7	161.8	162.1	209.6	293.5	289.3	291.8	324.8
Drug Stores	33.7	35.5	35.6	36.7	32.9	38.3	48.8	55.1	51.2	43.8
Eating & Drinking Places	548.9	572.9	597.0	626.1	474.8	539.6	673.7	724.8	735.7	712.7
Food Stores	120.0	117.6	124.5	136.0	135.2	132.4	144.5	150.3	159.5	153.6
Furnishings & Appliances	297.0	293.0	294.0	276.6	197.3	221.5	255.4	243.5	250.0	272.0
General Merchandise	219.4	216.1	212.6	203.3	161.4	159.0	175.2	167.4	161.4	151.1
Other Retail Stores	264.9	266.2	267.8	255.6	211.3	265.2	287.4	287.3	289.1	289.0
Packaged Liquor	32.5	33.0	38.6	45.3	58.4	73.8	71.3	61.2	53.3	49.7
Service Stations	131.9	141.4	158.7	155.3	111.8	123.6	175.8	166.5	163.3	149.8
Total Retail	$2,566.7	$2,641.4	$2,749.7	$2,808.2	$2,366.4	$2,723.6	$3,138.4	$3,179.1	$3,145.5	$2,995.7
Non-Store & Part Time Retailers	5.5	5.0	4.8	4.5	3.1	3.4	4.0	4.2	4.6	4.1
Business, Serv & Repair Group	241.9	250.3	277.9	251.6	171.5	186.3	250.5	280.7	677.6	684.3
Manufacture & Wholesaler Group	192.4	218.2	165.8	153.0	77.5	86.1	92.1	95.6	98.1	114.4
State Adjustments & Transfers	0.4	0.7	0.8	2.9	1.1	1.2	2.6	2.2	5.6	8.2
Total Sales All Outlets	$3,006.9	$3,115.7	$3,198.9	$3,220.2	$2,619.5	$3,000.7	$3,487.6	$3,561.9	$3,931.4	$3,806.7
Retail Group	2,566.7	2,641.4	2,749.7	2,808.2	2,366.4	2,723.6	3,138.4	3,1791.1	3,145.5	2,995.7
Non-Store & Part time Retails	5.5	5.0	4.8	4.5	3.1	3.4	4.0	4.2	4.6	4.1
Business Service & Repair Group	241.9	250.3	277.9	251.6	171.5	186.3	250.5	280.7	677.6	684.3
Manufacture & Wholesales Group	192.4	218.2	165.8	153.0	77.5	86.1	92.1	95.6	98.1	114.4
State Adjustment & Transfers	0.4	0.7	0.8	2.9	1.1	1.2	2.6	2.2	5.6	8.2
Total Point of Sales	$3,006.9	$3,115.7	$3,198.9	$3,220.2	2,616.5	$3,000.7	$3,487.6	$3,561.9	$3,931.4	$3,806.7
County Pool	414.8	436.2	446.1	508.0	638.4	706.4	749.2	743.8	859.6	807.4
State Pool	1.8	2.2	2.1	1.6	1.6	1.0	1.3	1.9	2.3	1.4
Total Sales Tax Receipts	$3,423.6	$3,554.1	$3,647.1	$3,729.7	$3,259.5	$3,708.1	$4,238.2	$4,307.7	$4,793.4	$4,678.4

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

See "CITY FINANCIAL INFORMATION - Wildfires and Recent Eaton Fire" below.

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 Stadium, 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. The City issued the full authorized principal amount of such general obligation bonds in May 2025.

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 December 8, 2025	Expiration of Contract
American Federation of State, County and Municipal Employees	293	June 30, 2026
International Brotherhood of Electrical Workers	123	June 30, 2026
International Union of Operating Engineers	18	June 30, 2027
Service Employee International Union	26	June 30, 2027
Laborers International Union of North America	332	June 30, 2026
Pasadena Fire Fighters Association	152	December 31, 2026
Pasadena Police Officers Association	199	June 30, 2026
Pasadena Fire Fighters Management Association	6	December 31, 2026
Pasadena Management Association	529	June 30, 2027
Pasadena Police Lieutenants Association	14	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 $6.9 million per year for the past 10 fiscal years, with claims reserves averaging approximately $5.1 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 2016 through 2025 are reflected in the following table:

TABLE A-9
CITY OF PASADENA
LIABILITY CLAIM EXPENDITURES AND REMAINING RESERVES
Fiscal Years 2015-16 through 2024-25

Fiscal Year[1] Ended June 30,	Loss Paid	Expense Paid	Total Paid	Remaining Reserves for Unpaid Claims[1]
2016	8,580,653	1,369,890	9,950,543	0
2017	7,052,422	2,961,169	10,013,591	50,000
2018	6,658,453	2,464,315	9,132,498	19,755
2019	5,383,740	2,675,308	8,059,048	0
2020	5,800,194	2,163,116	7,963,310	4,560,515
2021	10,329,711	3,474,258	13,803,969	5,949,872
2022	760,078	2,341,499	3,101,577	5,148,748
2023	1,705,547	2,638,352	4,343,899	14,224,362
2024	435,434	1,362,349	1,797,783	15,801,843
2025	295,322	251,931	547,253	4,870,102

(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 earthquake and other earth movement, nuclear hazard and military action. The City does not currently maintain separate earthquake coverage under another insurance policy. The City maintains boiler & machinery, and equipment breakdown insurance, on specified types of equipment/property, with limits of $25,000,000 for each policy, subject to variety of applicable sub-limits and deductibles. In addition, the City purchases Property Terrorism/Chemical, Biological or Biochemical, Radiological or Nuclear Terrorism & Sabotage coverage, along with pollution, storage tank, and cyber liability coverage with various limits and subject to variety of applicable sub-limits and deductibles.

See "SOURCES OF PAYMENT FOR THE 2026A CERTIFICATES – Insurance" in the forepart of this Official Statement for a description of insurance that is required to be maintained on the Leased Property.

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

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 regularly 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 (as of May 2025) 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 are expected to increase with the opening of a new AC Hotel in April 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 2028-29. 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 has approved transfer the full amount in 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. See "RISK FACTORS" in the forepart of this Official Statement.

The table below shows estimated operating projections for the five-year forecast period based upon actions previously taken and those adopted in the 2025-26 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,				
	2025 Actual	2026 Adopted Budget	2027 Forecast	2028 Forecast	2029 Forecast
Beginning Amount Available for Appropriations	$158,879	$136,603	$124,845	$121,149	$116,442
REVENUES					
Property Taxes	$112,416	$117,156	$122,615	$128,3651	$134,412
Sales Tax	79,388)	79,20	81,581	83,947	86,382
Utility User Tax	33,093	35,264	36,264	37,303	38,381
Transient Occupancy Tax	20,647	20,918	21,587	22,278	22,991
Franchise Taxes	2,606	3,003	3,033	3,064	3,094
Other Taxes	22,558	26,614	20,352	20,704	21,065
Total Taxes	$270,710	$282,160	$285,434	$295,662	$306,324
Licenses & Permits	$3,919	$4,257	$4,384	$4,516	$4,651
Intergovernmental Revenues	1,888	1,031	1,042	1,052	1,063
Charges for Services	38,977	38,010	38,961	39,935	40,933
Fines & Forfeitures	5,455	6,812	7,009	7,213	7,422
Investment/Interest Earnings	5,194	2,300	2,321	2,342	2,363
Rental Income	1,029	1,081	1,083	1,085	1,088
Miscellaneous	6,505	2,816	2,864	2,913	2,962
TOTAL REVENUES	$333,676	$338,468	$343,099	$354,718	$366,807
EXPENDITURES					
Personnel	$232,835	$233,653	$246,152	$258,693	$271,501
Services & Supplies	70,971	75,684	70,585	71,996	73,436,
Equipment	4,686	2,678	777	793	808
Internal Services	33,446	34,890	36,634	38,466	40,389
TOTAL EXPENDITURES	$341,938	$346,905	$354,148	$369,948	$386,135
Excess Revenues over (Expenses)	($8,262)	($8,436)	($11,049)	($15,230)	($19,328)
OPERATING TRANSFER (IN / (OUT))					
Debt Service	($12,342)	($12,324)	($12,317)	($11,290)	($11,289)
Contributions to Other Funds/Misc	(24,674)	(14,638)	(14,931)	(15,229)	(15,534)
Abatements for Services to Other Funds	398	398	398	398	398
Enterprise Contributions	29,874	30,242	34,203	36,645	39,220
NET OPERATING TRANSFER (IN / (OUT))	($6,744)	$3,678	$7,353	$10,524	$12,795
Operating Income/(Loss)	($15,007)	($4,758	($3,696)	($4,706,539)	($6,532,769)
Allocation to Capital Reserve	(1,439)-	--	--	-	-743
Use of Assigned Fund Balance	3,000	-	--	-	-
Allocation to Policy Reserve	-	-	-	-	-
Net Income/(Loss)	(13,446)[1]	($4,758)	($3,696)	($4,706)	($5,790)
Adjustments for Other General Fund (not Forecasted)	(7,270)	(7,000)	-	-	-
Total General Fund changes in Fund Balance and restatements	($22,277)	($11,758)	($3,694)	($4,706)	($6,533)
Fund Balance At End of Year	$136,603	$124,845	$121,149	$116,442	[ ]
Ending Amount Available for Appropriations	$25,142	-	-	-	-
Reserve Fund Balance	75,856	95,955	91,881	86,778	79,828
Assigned	21,330	21,330	21,330	21,330	21,330
Section 115 OPEB & Pension Trusts	14,274	7,559[2]	7,937	8,334	8,751
Total Fund Balance	$136,603	$124,845	$121,149	$116,442	$109,909

[1] The City Council approved the use of available fund balance on on-time expenditure, which lead to a budget net loss projection.
[2] The City Council approved payment to CALPERS from Section 115 Trust in the amount of $7 million.
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, 2025 was approximately $68.4 million, representing approximately 50.1% of applicable General Fund appropriations for Fiscal Year 2024-25. 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 June 30, 2025, the balance was $14.3 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, 2025.

TABLE A-11
GENERAL FUND BALANCES AND RESERVES
FOR FISCAL YEARS 2020-21 THROUGH 2024-25
(in thousands)

	As of June 30,				
	2021	**2022**	**2023**	**2024**	**2025**
Restricted Fund Balance					
Nonspendable	$13,626	$13,697	$14,316	$14,224	$5,915
Restricted	13,717	12,101	12,596	13,206	14,275
Total Restricted	$27,344	$25,798	$26,912	$27,430	$20,190
Available Fund Balance					
Committed	$51,687	$57,339	$71,985	$67,892	69,941
Assigned	31,326	23,079	57,407	59,102	21,331
Unassigned	(11,294)	-	8,307	4,455	25,140
Total Available Fund Balance	$71,719	$80,418	$137,699	$131,439	$116,412
Total Fund Balance	$99,063	$106,216	$164,611	$158,879	$136,602
General Fund Reserves					
Emergency Contingency Reserve	$40,442	$43,004	$43,953	$48,552	$51,292
Operating Reserve	11,246	14,335	14,651	16,184	17,098
Total Reserve Balances	$51,687	$57,339	$58,604	$64,736	$68,390

Source: City of Pasadena, Department of Finance

The City had $12.9 million in outstanding capital improvement work that was accounted for in Assigned Fund balance at the end of fiscal year 2024-25, and that drawdown on those funds continued into fiscal year 2025-26. Additional Assigned Fund balance assigned by the Director of Finance includes $5.0 million in expected repayment of sales tax revenue mistakenly applied to City of Pasadena, $1.5 million for the General Fund transfer to Housing Fund to purchase Caltrans homes, $0.9 million for Fire GEMT program potential audit findings with the Department of Health Care Services for fiscal years 2019-2022, and $1.0 million in Eaton Fire insurance recovery proceeds for property damage. Due to the advancement or use of funds in response to the Eaton Fire and concurrent windstorm, the City's fund balance in the audited financial reports was reduced at the end of fiscal year 2024-25. This use of funds reduced the unassigned fund balance. As the first period of response to the declared disaster were covered 100% by Federal Emergency Management Agency ("FEMA"), the City expects that many of the added expenditures will be fully reimbursed. The City has already begun the FEMA reimbursement process along with submitting eligible costs to the City's applicable insurance policies. Reimbursements may occur in the current and future fiscal years.

See " - Wildfires and Recent Eaton Fire" below.

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 Fiscal Years 2026-2030 CIP budget includes approximately $2.5 billion, including all enterprise funds (Water & Power, Rose Bowl, and Pasadena Center Operating Company), in total estimated project cost for 220 active projects. In fiscal year 2025-26, $2.0 million was appropriated to 214 projects. Implementation of the CIP is discretionary and will depend upon City resources. Beyond the general obligation bonds issued to repair the Central Library, the City does not intend to issue general obligation indebtedness or general fund-supported obligations 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 2025-26

The budget preparation process for fiscal year 2025-26 began in November 2024. During March and April 2025, 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 2025-26 on June 16, 2025. The General Fund portion of the appropriation budget for fiscal year 2025-26 was approximately $365 million.

Set forth below is the City's General Fund budget for fiscal year 2023-24 as initially adopted, the actual budget results and the variance for such fiscal year.

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

	Fiscal Year 2023-24		
	Budget	**Actual**	**Variance (Actual - Budget)**
Revenues			
Taxes:			
Property[1]	$73,750	$84,073	$(751)
Sales	74,993	80,223	5,230
Utility user	28,685	32,027	3,342
Transient occupancy	18,360	18,505	145
Other	21,146	25,394	4,248
Licenses and permits	3,990	3,787	(203)
Intergovernmental revenues[2]	30,093	31,788	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	340,894	19,150
Expenditures			
General Government	$73,750	$72,922	$828
Public safety	168,284	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	20,190	20,140	(50)
Transfer out	(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			
Restatement for correction of an error			
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.
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 2024-25, the actual results and the variance for such fiscal year, and the adopted General Fund budget for fiscal year 2025-26 (which was last revised by the City Council in October 2025).

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TABLE A-13
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FINAL BUDGET AND ACTUAL FOR FISCAL YEAR 2024-25 AND ADOPTED BUDGET FOR FISCAL YEAR 2025-26
($ in Thousands)

	Fiscal Year 2024-25			Fiscal Year 2025-26
	Budget	Actual	Variance (Actual – Budget)	Adopted Budget[1]
Revenues				
Taxes	$241,930	$246,703	$4,773	$249,903
Licenses and Permits				
Building Licenses and Permits	950	1,019	69	950
Non-building Licenses and Permits	3,183	2,899	(283)	3,324
Federal Grants Direct	1,109	265	(844)	253
Federal Grants Indirect – State	0	0	0	0
State Non-Grant Direct	24,230	24,714	484	25,225
State Grant Direct	1,015	595	(420)	0
Intergovernmental Revenues	265	320	55	289
Charges for Services	20,883	20,341	(542)	19,979
Charges for Services – Quasi-External	18,636	18,636	(0)	20,098
Fines and Forfeitures	7,014	5,455	(1,559)	6,800
Investment Earnings	2,280	5,193	2,913	1,805
Rental Income	1,062	1,012	(50)	1,04
Miscellaneous Revenues	6,634	6,531	(103)	2,523
Contributions				
Total Revenues	$329,192	$333,686	$4,494	$332,190
Expenditures				
General Government	$68,410	$67,825	$(585)	$54,504
Public Safety	174,960	180,364	5,404	185,346
Transportation	55,00	56,377	1,377	54,710
Culture and Leisure	27,448	27,260	(188)	29,941
Community Development	9,906	9,402	(503)	9,209
Housing	2,186	2,198	11	2,788
Public Health	522	627	105	915
Total Expenditures	$338,439	$344,053	$5,614	$337,413
Excess of revenues over expenditures	$(9,247)	$(10,367)	$(1,120)	$(5,223)
Other financing sources (uses)				
Transfer in	$30,272	$30,272	$0	$30,640
Transfer out	38,981	37,016	(1,964)	27,503
Total other financing sources (uses)	$(8,709)	$(6,744)	$1,964	$3,1367
Extraordinary gain(loss)				
Change in fund balances	$(17,956)	$(17,112)	844	$(2,086)
Fund balance at beginning of year	56,758	56,758		35,799
Fund balance at end of year	38,802	39,616[2]	844	33,713

[1] The Fiscal Year 2025-26 General Fund budget was last revised in October 2025. Approximately $2.6 million in expense appropriations were added. Of such amount, $2.1 million represent contractual and grant obligations that were budgeted in Fiscal Year 2024-25, but were not completed; and therefore, will be carried forward to Fiscal Year 2025-26. The balance of approximately $500,000 represent new needs that were not anticipated at the time of the originally adopted budget. The October 2025 revisions represent a 0.7% increase in expenses.
[2] 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 Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2025 and Adopted Budget for fiscal year 2025-26.

See " - Wildfires and Recent Eaton Fire" below.

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 2023-24 THROUGH 2025-26

REQUIREMENTS	2023-24	2024-25	2025-26
Operating Expenditures	$ 298,419,560	$ 315,280,765	$337,412,922
Capital Expenditures	-	-	-
Debt Service	11,692,948	12,318,397	12,323,128
Transfers Out	13,567,521	14,350,877	15,180,375
TOTAL REQUIREMENTS	$ 323,680,029	$ 341,950,039	$ 364,916,425
AVAILABLE FUNDS			
Revenues	$ 301,954,767	$ 320,642,834	$ 332,189,920
Transfers In	2,098,060	398,060	398,060
Reserves	-	-	-
Utility Contributions	14,742,378	19,742,378	30,242,378
TOTAL AVAILABLE FUNDS	$ 318,795,205	$ 340,783,272	$ 362,830,358

Source: City of Pasadena, Department of Finance; initially adopted City General Fund annual 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. For fiscal year 2025-2026, the City Council approved transferring more than the previous $18.0 million, instead approving the maximum aggregate amount available pursuant to City Charter Section 1408 – 12% of the estimated annual gross income from fiscal year 2024-2025. 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 2020-21 THROUGH 2025-26
($ in Thousands)

	Fiscal Year Ended June 30,					
	2021	**2022**	**2023**	**2024**	**2025**	**2026[2]**
Light and Power Fund						
Amount Transferred	$18,000	$18,000	$18,000	$18,000	$28,132	$28,500
Amount as Percentage of Prior Year's Gross Income[1]	9.7%	10.0%	9.8%	8.7%	12.0%	12.0%
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.

See " - Wildfires and Recent Eaton Fire" below.

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 2019-20 through 2024-25
(in Thousands)

	Fiscal Year Ended June 30,					
Tax	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Property[1]	$ 67,890	$ 73,748	$ 76,309	$ 81,292	$ 84,073	$87,221
Sales[2]	56,730	61,430	73,293	75,733	80,223	79,389
Utility User	26,965	26,938	30,124	32,790	32,027	33,094
Street Light & Traffic Signal	6,737	6,275	6,390	7,826	9,269	8,963
Transient Occupancy	13,090	6,298	14,711	18,675	18,505	20,648
Total	$171,412	$174,689	$200,837	$216,316	$224,097	$229,315

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

Property taxes are levied for each fiscal year on taxable real and personal property 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.

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 $[__] as of June 30, 2025.

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 $33.2 million from Measure I sales tax revenues in fiscal year 2024-25 and remitted one third or $11.1 million to the Pasadena Unified School District.

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

TABLE A-17
CITY OF PASADENA
ASSESSED VALUATION OF TAXABLE PROPERTY
Fiscal Years 2015-16 through 2025-26
($ in thousands)

Fiscal Year Ended June 30	Secured Valuations	Homeowner Exemption	Net Secured Valuations	Unsecured Valuations	Total Assessed Valuation	Percent Change
2016	$25,354,224	$(130,237)	$25,223,987	$602,659	$25,826,646	-
2017	26,599,121	(128,241)	26,470,880	625,032	27,095,912	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
2026	42,052,589	(112,199)	41,940,390	820,196	42,760,586	3.59

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].

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.

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

TABLE A-18
CITY OF PASADENA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
For Fiscal Years 2015-16 through 2024-25

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
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
2025	1.000000	0.000000	0.000000	0.063660	0.024340	0.000000	0.007000	1.095000

* The City had no general obligation bond debt service during the period shown.
Source: County of Los Angeles Tax Assessor and California Municipal Statistics, Inc.

In November 2024, the City's voters approved up to $195,000,000 principal amount of general obligation bonds to finance the seismic retrofit of, and improvements to, the central library. The City issued the full authorized principal amount of such general obligation bonds in May 2025. The central library is currently closed in anticipation of seismic retrofit and other improvements.

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TABLE A-19
CITY OF PASADENA
TOP TEN PROPERTY TAXPAYERS
as of June 30, 2025

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		$ 2,189,184,733	5.29%
Total City assessed value(1)		$41,392,970,137	100.00%

(1) 2024-25 Local Secured Assessed Valuation: $40,536,725,.
Source: HDL Coren & Cone.

See " - Wildfires and Recent Eaton Fire" below.

Wildfires and Recent Eaton Fire

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.

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.

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.

Only a portion of the affected structures were within the City. The Eaton Fire destroyed 147 structures in the City including 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. The destroyed structures are not expected to have a significant impact on the assessed valuation of property within the City.

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 the Deferral will have a minimal impact on the General Fund and the City believes it has sufficient liquidity to account for such delay.

[Within the City, up to $1.2 million in property tax revenue expected in fiscal year 2024-25 could be delayed to fiscal year 2025-26.] This amount does not represent a material change to the overall property tax base, but rather a delay in revenue between fiscal years. See Table A-17 below for historical property tax levies and collections.

The City had 117 single family homes and 12 multifamily units red-tagged/destroyed in the Eaton Fire. The City's annual property tax revenue at risk for these parcels is approximately $300,000 in fiscal year 2024-25. Even if assessed values are reduced temporarily until properties are rebuilt, the City expects the revenue impact to be minimal.

City-owned infrastructure and other property damage caused by the Eaton Fire is estimated to be about $52.5 million. To date, Eaton Fire-related City expenditures total $4 million of general government support, power and water of $2.7 million, and $9.59 million in response-related contracts, including sand and infill replacement in park playgrounds, costs related to the windstorm green waste removal, and support services related to the debris removal on private property. As the first period of response by the City to the declared disaster was covered 100% by Federal Emergency Management Agency ("FEMA"), the City expects that many of the added expenditures will be fully reimbursed. However, reimbursement might occur in future fiscal years. The City has begun the FEMA reimbursement process along with submitting eligible costs under the City's applicable insurance policies.

The City has closed several sports fields after County officials found elevated lead levels in the soil of two local neighborhoods. The City has ordered additional testing. 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.

Bonded and Other Indebtedness

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

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

Debt Management Policy

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

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

General Obligation Debt

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

In November 2024, the City's voters approved up to $195,000,000 principal amount of general obligation bonds to finance the seismic retrofit of, and improvements to, the central library. The City issued the full authorized principal amount of such general obligation bonds in May 2025. The central library is currently closed in anticipation of seismic retrofit and other improvements.

Long-Term Obligations Payable from the General Fund

As of June 30, 2025, the City had total long-term obligations payable from the City's General Fund of approximately $488 million. Of this total, obligations for general government purposes represented approximately 8.4%, pension obligation bonds approximately 25.6% and "self-supporting" obligations related to particular activities (such as parking, conference center and the Rose Bowl Stadium) approximately 65.9%. The City expects revenue generated from the activities related to its self-supporting obligations will be sufficient, at least in the near term, to pay those obligations without contributions from other revenue sources. For example, City lease payment obligations secure certain lease revenue bonds that were issued to finance or refinance improvements at the Rose Bowl Stadium, currently outstanding in the aggregate principal amount of approximately $183 million. Depending on the outcome of pending litigation related to the Rose Bowl Stadium, the City might need to use other General Fund sources in respect of the City lease payments securing the lease revenue bonds related to the Rose Bowl Stadium. See "LITIGATION" in the forepart of this Official Statement for additional information regarding the Rose Bowl Stadium dispute. The City expects to meet its lease payment obligations as they become due and does not believe that the litigation will have a material adverse impact on its ability to do so. However, the City cannot predict the outcome of the litigation or the longer-term effects, if any, of a departure by UCLA on the revenues of the Rose Bowl Stadium.

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, 2029.

TABLE A-20
DEBT SERVICE PROJECTIONS ON LONG-TERM DEBT OBLIGATIONS
For Fiscal Years 2026 through 2029
($ 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)
2026	$39,208	12,323
2027	37,888	12,320
2028	33,274	11,287
2029	33,712	11,290

Source: City of Pasadena, Department of Finance.

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

TABLE A-21
LONG-TERM OBLIGATIONS PAYABLE FROM CITY GENERAL FUND
as of January 1, 2026
($ 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						
2020 AB Taxable POBs	131,805	124,905	2045	Fixed	–	–
Sub-Total Pension Obligation Bonds	**$131,805**	**$124,905**				
City Leases						
2020 Equip Lease Financing – Motorola Equip	6,800	1,524	2027	Fixed	–	–
2015A Certification of Participation[(1)]	55,350	39,840	2038	Fixed	–	–
Sub-Total City Leases	**$ 62,150**	**$ 41,364**				
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	17,600	2038	Variable	9/16/2025	BMO Bank
2010 A PPA Lease Revenue Bonds (Rose Bowl Renovation Project) Tax-Exempt	36,808	30,291	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	2,640	2027	Fixed	–	–
2019 A Equip Lease Financing-PACS Equipment	3,253	253	2026	Fixed	–	–
2024 Rose Bowl Lease Revenue Refunding Bonds (Tax-Exempt)	103,062	103,659	2048	Fixed	–	–
Sub-Total Self-Supporting	**$379,008**	**$321,508**				
Total General Fund Obligations	**$572,963**	**$487,777**				

(1) The 2015A Certificates maturing on or after February 1, 2027 are expected to be refunded from proceeds of the 2026A Certificates. See "THE REFUNDING PLAN" in the forepart of this Official Statement.
Source: City of Pasadena, Department of Finance.

Revenue Bonds

The City Charter and State law provide for the issuance of revenue bonds, and the execution of installment purchase contracts that support revenue certificates of participation, which are secured by and payable from the revenues generated by various enterprise and special fund operations. These revenue bonds do not represent obligations of the General Fund of the City, nor are they secured by taxes. Revenue bonds and certificates of participation have been issued that are secured by electric and water revenue enterprises. See Note 10 to the City's Annual Comprehensive Financial Report for the year ended June 30, 2025, attached hereto as Appendix B.

Cash-flow Borrowings

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

Estimated Direct and Overlapping Bonded Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. as of January 1, 2026. 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 A-22
DIRECT AND OVERLAPPING DEBT STATEMENT
as of January 1, 2026

2025-26 Assessed Valuation: $42,872,785,402

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 1/1/26	
Metropolitan Water District	1.007%	$ 172,751	
Pasadena Area Community College District	35.290	43,696,078	
La Canada Unified School District	0.246	280,034	
Pasadena Unified School District	75.300	456,498,720	
City of Pasadena	100.	195,000,000	(1)
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$695,647,583	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Los Angeles County General Fund Obligations	1.963%	$ 73,868,652	
Los Angeles County Superintendent of Schools Certificates of Participation	1.963	35,808	
Pasadena Area Community College District Certificate of Participation	35.290	9,840,617	
City of Pasadena General Fund Obligations	**100.**	**341,250,242**	
City of Pasadena Pension Obligation Bonds	**100.**	**124,905,000**	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$549,900,319	
Less: **City of Pasadena General Fund Obligations supported by other revenue sources**		**301,410,242**	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$248,490,077	
GROSS COMBINED TOTAL DEBT		$1,245,547,902	(2)
NET COMBINED TOTAL DEBT		$944,137,660	

(1) Excludes issue to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2025-26 Assessed Valuation:

Direct Debt ($195,000,000)	**0.45%**
Total Overlapping Tax and Assessment Debt	1.62%
Gross Direct Debt ($661,155,242)	**1.54%**
Net Direct Debt ($359,745,000)	**0.84%**
Gross Combined Total Debt	2.91%
Net Combined Total Debt	2.20%

Source: California Municipal Statistics, Inc.

Retirement Systems

California Public Employees' Retirement System.

General.

Almost all permanent City employees, except certain police and fire personnel employed prior to July 1, 1977, are members of the California Public Employees' Retirement System ("CalPERS") for purposes of pension benefits. CalPERS is an agent multiple employer public employee retirement system which acts as a common investment and administrative agent for participating public employers within the State of California. The plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. CalPERS issues a separate publicly available financial report that includes financial statements and required supplemental information of participating public entities within the State of California. The most recent annual report issued by CalPERS to the City (the "2024 CalPERS Report") includes information based on the June 30, 2024 actuarial valuation of assets included therein (the "2024 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-25 below.

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

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

Also, on February 20, 2014, the CalPERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the

CalPERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17.

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

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

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

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

California Public Employees' Pension Reform Act (PEPRA).

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

GASB Statement Nos. 67 and 68.

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

Annual Payments and Contribution Rates.

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

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

Set forth below is a history of the City's contributions to the CalPERS, including projected payments from fiscal year 2025-26 through fiscal year 2030-31. 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 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 2024 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, 2025, the FPRS had an unfunded actuarial accrued liability of $8.4 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, 2025, the funded percentage of the FPRS, calculated in accordance with contribution agreements between the City and the FPRS, was 92.5%. The City was not required to make a supplemental contribution for FPRS for the fiscal year ended June 30, 2025.

The next significant required City contribution to FPRS is estimated in Fiscal Year 2037-38 of $1.3 million, and successive required annual contributions will continue ranging from an estimated $1.3 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, 2025 attached as Appendix B to this Official Statement.

Investment Status.

As of June 30, 2025, the FPRS' investment assets were allocated as follows:

TABLE A-23
CITY OF PASADENA
FIRE AND POLICE RETIREMENT SYSTEM
PORTFOLIO INFORMATION
as of June 30, 2025

Description of Assets	Market Value	Percentage of Portfolio
Cash and cash equivalents	$ 783,758	0.7%
Short-term investments	2,090,680	1.9
Accrued income	233,052	0.2
Government and agencies	21,375,566	19.5
Fixed income mutual funds	10,396,443	9.5
Domestic corporate obligations	8,822,125	8.1
International corporate obligations	200,322	0.2
Real estate	8,681,387	7.9
Partnerships/joint ventures	5,230,828	4.8
Alternatives – hedge fund	7,266,947	6.6
Domestic corporate stocks	27,327,947	25.0
International corporate stocks	17,016,880	15.6
Net pending trades	-3,741,007	-3.4%

Source: City of Pasadena, Department of Finance.
[Note: Cash only includes investment cash at USB; total does not equal FNP of $107,075,040 due to missing non-investment assets and liabilities.]

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-24
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	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 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-25
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 2024 Actuarial Valuation (which is the most recent actuarial valuation available and is set forth in the 2024 CalPERS Report), CalPERS reported an unfunded liability, as of June 30, 2024, of $350.3 million for the City's miscellaneous employees as compared to an underfunding of $378.2 million the previous year and an unfunded liability of $240.9 million for safety employees as compared to $251.0 million the previous year. Based upon this report, the City reported that its CalPERS obligation had a funded ratio of 75.6% based upon the market value of plan assets with respect to the City's miscellaneous employees and a funded ratio of 72.9% 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, 2024 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 2024-25 was $5,785,000. The covered employees made the total required 7.5% contributions of $433,0000.

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, 2025, 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-26
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*		Annual Covered Payroll	(Overfunded) Unfunded AAL as a % of Covered Payroll
				AVA	Market Value		
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
2024	1,435,887	1,085,601	350,285	75.6	75.6	135,696	258.1

(*) 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-27
CITY OF PASADENA
RETIREMENT PLAN TREND INFORMATION
($ in thousands)

CALPERS - SAFETY EMPLOYEES

Valuation Date (June 30)	Actuarial Accrued Liability (AAL) – Entry Age	Actuarial Asset Value	(Overfunded) Unfunded AAL	Funded Ratio		Annual Covered Payroll	(Overfunded) Unfunded AAL as a % of Covered Payroll
				AVA	Market Value		
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
2024	903,794	658,918	244,876	72.9	72.9	55,021	445.1

(*) Beginning with the June 30, 2013 actuarial valuation, the actuarial value of assets equals the market value of assets pursuant to CalPERS' Direct Rate Smoothing Policy.
Source: CalPERS actuarial valuations on the reporting date for each fiscal period.

TABLE A-28
CITY OF PASADENA
RETIREMENT PLAN TREND INFORMATION
($ in thousands)

FPRS[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
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
2024	119,513	99,755	19,759	83.5	-	N/A
2025	112,852	104,373	8,479	92.5	-	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, 2024.

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, 2025, the City recognized OPEB expense of $4,940,364. At the end of the Fiscal Year, the City had net OPEB liability of $72,597,103 and reported OPEB related deferred inflows of resources of $29,751,795 and outflows of resources of $7,045,054. 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, 2025, the Water Enterprise Fund's net OPEB liability was $4,186,708, and the Light and Power Fund's net OPEB liability was $8,596.064.

In fiscal year 2024-25, 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, 2025, the actuary has projected a required "Actuarially Determined Contribution" for fiscal year 2024-25 of $3,647,690 and for fiscal year 2025-26 of $3,806,299. 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 5.20% discount rate and an expected return on assets of 5.00%. 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 2025. For fiscal year 2025-26, the actuary has projected that the City will make benefit payments of $3,806,299. From July 1, 2024, through June 30, 2025, the City's total OPEB liability, including the portions attributable to enterprise funds, decreased from $80,512,898 to $75,301,357.

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 2024-25 revised capital improvement program budget contained approximately $13.7 million for stormwater expenditures which includes one competitive grant for $12.7 million. The actual total expenditures in fiscal year 2024-25 was $608,983. The remaining budget rolled over into fiscal year 2025-26. The work on these projects continued into fiscal year 2025-26.

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-29
CITY OF PASADENA
GENERAL FUND COMPARATIVE BALANCE SHEETS
Fiscal Years 2022-23 through 2024-25
($ in thousands)

	As of June 30,		
Assets	**2023**	**2024**	**2025**
Cash and investments	$ 81,217	$76,984	66,983
Accounts receivable	31,471	37,919	40,349
Lease receivable	375	205	-
Notes receivable	18,350	18,350	7,868
Due from other funds	45,834	38,321	36,226
Due from component units	1,965	1,641	1,599
Due from other government	6	-	-
Prepaids and other assets	181	719	610
Restricted cash and investment	12,194	13,204	14,274
Advances to other funds	-	-	-
Advances to component units	-	2,500	2,282
Allowance uncollectible for note receivable	(4,845)	(4,845)	(4,845)
Allowance for uncollectible advances to Successor Agency	-	-	-
Total assets	$187,378	$182,498	$165,346
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	$ 16,786	$ 17,651	$ 19,421
Deposits	3,300	3,567	3,948
Due to component units	-	-	-
Due to other governments	-	6	5
Unearned revenue	2,014	2,073	2,716
Advances from other funds	-	-	-
Total liabilities	$ 22,100	$ 23,297	26,090
Deferred inflow of resources:			
Unavailable revenues	313	133	2,654
Lease related	354	19	-
Total deferred inflow of resources	667	322	2,654
Fund Balances:			
Nonspendable	14,316	14,224	5,915
Restricted	12,596	13,206	14,274
Committed	71,985	67,892	69,941
Assigned	57,407	59,102	21,331
Unassigned	8,307	4,455	25,141
Total Fund balances	$164,611	$158,879	136,602
Total liabilities and fund balances	$187,378	$182,498	$165,346

Source: City of Pasadena, Department of Finance.

TABLE A-30
CITY OF PASADENA
GENERAL FUND COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Fiscal Years 2022-23 through 2024-25
($ in thousands)

	Fiscal Year Ended June 30,		
	2023	2024	2025
Revenues:			
Taxes	$234,258	$240,222	$246,913
Licenses and permits	3,731	3,787	4,792
Intergovernmental revenues	71,161	31,788	30,620
Charges for services	35,822	47,865	46,850
Fines and forfeits	5,372	6,334	5,455
Investment earnings	2,127	2,993	3,471
Net change in fair value of investment	(640)	3,468	2,898
Rental income	-	-	-
Lease revenues	1,349	1,022	189
Interest- leases (as lessor)	2	1	-
Miscellaneous revenue	3,226	3,386	4,481
Contributions	33	28	28
Total revenues	$356,441	$340,894	$345,697
Expenditures:			
Current:			
General government	$58,369	$72,653	$90,103
Public Safety	156,122	171,656	185,803
Transportation	24,290	25,461	30,292
Culture and leisure	33,419	37,110	39,575
Community development	8,683	11,161	12,011
Capital outlay	2,556	14,758	4,793
Debt services:			
Principal	-	-	20
Interest	3	-	4
Lease payments	644	976	927
Subscription payments	447	1,324	1,536
Interest-leases and subscriptions	33	106	128
Total expenditures	$284,566	$335,205	365,192
Excess (deficiency) of revenues over (under) expenditures	$ 71,875	$ 5,689	$(19,495)
Other financing sources (uses):			
Proceeds from financed purchases arrangements	-	46	10
Proceeds from sale of capital assets	-	-	2,120
Insurance recoveries	-	-	1,029
Issuance of long-term debt	-	-	-
Leases issued	506	67	103
Subscriptions issued	617	2,191	730
Transfer to component unit	(67)	-	-
Transfers in	20,667	20,140	30,272
Transfers out	(35,203)	(33,887)	(37,046)
Total other financing sources (uses)	$ (13,480)	$ (11,443)	$(2,782)
Extraordinary gain (loss)	-	-	-
Net Change in fund balances	58,395	(5,754)	(22,277)
Fund balances, beginning, as previously reported	106,216	164,611	158,879
Restatement for correction of an error	-	22	-
Fund balances at end of year	$164,611	$158,879	$136,602

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 $847,422,017. 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, 2025 was 2.17 years. Of the investments on that date, approximately 25.70% had maturities of thirty days or less.

The assets of the portfolio as of December 31, 2025, are shown in the following table:

TABLE A-31
CITY OF PASADENA
POOLED INVESTMENT PORTFOLIO
as of December 31, 2025

	Market Value	Percentage of Total[1]
Money Market – Collateralized	$ 1,283	0.00%
Certificates of Deposit	5,000,000	.60
Municipal Bonds	62,262,173	7.45
Corporate Bonds	148,031,030	17.71
Negotiable CD's	5,000,000	0.59
Federal Agencies	372,125,927	44.51
US Treasury Securities	44,751,365	5.35
Supranationals	10,003,700	1.20
Money Market-CAMP	117,757,572	14.08
Money Market Fund-US Bank	3,449,073	.41
LAIF	69,903,555	8.36
Cash in Bank	2,790,574	0.33
Total	$841,076,253	100.00%
Accrued Interest Receivable	6,345,764	
Grand Total	$847,422,017	

(1) At market value. The Weighted Average Maturity of the above portfolio is 2.46 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 2025-26 on June 9, 2025.

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 Governor is also required by statute to submit a "May Revision" to the Governor's Budget. The Legislature typically waits for the May Revision before making final budget decisions. 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. 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, along with the May Revision, may be found at the State Department of Finance website, www.ebudget.ca.gov. An analysis of the budget is posted by the nonpartisan 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.

2026-27 Proposed Governor's Budget. On January 9, 2026, Governor Newsom released the proposed Fiscal Year 2026-27 State Budget (the "Governor's Proposed 2026-27 Budget"). The Governor's Proposed 2026-27 Budget totals include expenditures totaling approximately $348.9 billion, including $248.3 billion of general fund spending. The Governor's Proposed 2026-27 Budget forecast reflects General Fund revenues and transfers in fiscal year 2026-27 that are higher by approximately $17 billion than projected at the 2025 Budget Act—an increase driven by higher cash receipts, higher stock market levels, and an improved economic outlook. At the same time, however, constitutional funding requirements, the need for an adequate discretionary budget reserve, and higher program costs are additional commitments that exceed the level of increased revenues, resulting in a modest projected budget deficit of $2.9 billion for fiscal year 2026-27. As a result, in solving to balance the budget, the Governor's Proposed 2026-27 Budget does not include new significant spending proposals. The Governor's Proposed 2026-27 Budget projects that fiscal year 2026-27 will close with total available general fund reserves of $23.0 billion.

The Governor's Proposed 2026-27 Budget's projected $2.9 billion deficit in the 2026-27 fiscal year is lower than a November 2025 projection by the LAO, which estimated an $18 billion deficit, for two offsetting reasons. The revenue estimate in the Governor's Proposed 2026-27 Budget is considerably higher than the LAO's revenue estimate because it does not reflect the LAO's view that there is a strong risk of a stock market downturn. However, these higher revenue estimates are offset by higher spending under Governor's Proposed 2026-27 Budget.

While the Governor's Proposed 2026-27 Budget is balanced in the 2026-27 fiscal year, it projects a deficit of roughly $22 billion in the 2027-28 fiscal year and shortfalls in the two years following. The LAO's report on the Governor's Proposed 2026-27 Budget similarly expects the state to face multiyear deficits, with estimates ranging from $20 billion to $35 billion annually. The LAO report notes that such deficits have persisted even as the state's economy and revenues have grown, underscoring that the problem may be structural rather than cyclical. Any projected operating deficit for a particular fiscal year will need to be addressed in the related budget per the legal requirement that a balanced budget be adopted.

City policy makers review and estimate the impact of both the Governor's Proposed 2026-27 Budget and the May Revision prior to the City adopting its own budget.

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

CONSTITUTIONAL AND STATUTORY LIMITS ON TAXES, REVENUES AND APPROPRIATIONS

Article XIII A of the State Constitution

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

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

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

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

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

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

Article XIII B of the State Constitution – Gann Limit

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

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

Section 7900, *et seq.* of the State Government Code defines certain terms used in Article XIII B and sets forth the methods for determining the appropriations limits for local jurisdictions. The City is well below its appropriation limit for fiscal year 2024-25. The City's appropriations limit for fiscal year 2024-25 is $401 million, with approximately $199 million of the City's appropriations being subject to this limit. The City cannot predict whether, when and how the appropriations limit might impact the City's finances in the future.

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

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

Article XIII C of the State Constitution ("Article XIII C") requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City require a majority vote, and taxes for specific purposes, even if deposited in the general fund, require a two-thirds vote. The voter approval requirements of Article XIII C reduce the City's flexibility to deal with fiscal problems by raising revenue through new or extended or increased taxes and no assurance can be given that the City will be able to raise taxes in the future to meet increased expenditure requirements.

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

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

However, California courts have held that property-related fees that are used by a city for general fund purposes and that are not compensation to the city for the costs of providing the related service are an impermissible tax under Article XIII D. Under Section 1408 of the City Charter, last approved by the voters in 1993, the City annually transfers up to 6% of the gross revenue of the water enterprise fund to the General Fund.

In addition to the provisions described above, Article XIII C extends the people's initiative power to the reduction or repeal of local taxes, assessments, and fees and charges imposed prior to its effective date (November 1996). Consequently, the voters of the City could, by future initiative, repeal, reduce or prohibit the future imposition or increase of any local tax, assessment, fee or charge. The California Supreme Court held in *Bighorn-Desert View Water Agency v. Verjil,* 39 Cal. 4th 205 (2006) that, under Article XIII C local voters by 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 $18.0 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.

APPENDIX B

CITY OF PASADENA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2025

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX D

PROPOSED FORM OF OPINION OF SPECIAL COUNSEL

APPENDIX E

BOOK-ENTRY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "2026A Certificates"). The 2026A Certificates 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 2026A Certificates, 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 2026A Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026A Certificates on DTC's records. The ownership interest of each actual purchaser of each 2026A Certificate ("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 2026A Certificates 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 2026A Certificates, except in the event that use of the book-entry system for the 2026A Certificates is discontinued.

To facilitate subsequent transfers, all 2026A Certificates 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 2026A Certificates 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 2026A Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2026A Certificates 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 2026A Certificates 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 2026A Certificates 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 2026A Certificates 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 2026A Certificates 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 Trustee, 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 Trustee 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 Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2026A Certificates at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificates for the 2026A Certificates 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 2026A Certificates 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 2026A Certificates 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 2026A Certificates or any error or delay relating thereto.

Neither the City nor the Trustee 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 2026A Certificates; (iii) any notice that is permitted or required to be given to Holders under the Trust 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 2026A Certificates; (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