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LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

Dated as of \_\_\_\_\_ 1, 2016

between

CITY AND COUNTY OF SAN FRANCISCO

and

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relating to

CITY AND COUNTY OF SAN FRANCISCO  
TAX-EXEMPT LEASE REVENUE  
COMMERCIAL PAPER CERTIFICATES OF PARTICIPATION, SERIES \_

and

CITY AND COUNTY OF SAN FRANCISCO  
TAXABLE LEASE REVENUE  
COMMERCIAL PAPER CERTIFICATES OF PARTICIPATION, SERIES \_-T

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## LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT, dated as of \_\_\_\_\_ 1, 2016, between the CITY AND COUNTY OF SAN FRANCISCO (the “City”) and \_\_\_\_\_ (together with its successors and assigns, the “Bank”).

WHEREAS, pursuant to a Trust Agreement, dated as of \_\_\_\_\_ 1, 2016, by and between the City and U.S. Bank National Association, as trustee (the “Trustee”) as it is from time to time amended or supplemented in accordance with the terms and provisions thereof (the “Trust Agreement”), the City may from time to time cause the execution and delivery of its Tax-Exempt Lease Revenue Commercial Paper Certificates of Participation, Series \_ and Taxable Lease Revenue Certificates of Participation, Series \_-T (the “Certificates” and each, a “Certificate”) in an aggregate amount not to exceed \$ \_\_\_\_\_ at any time;

WHEREAS, the Trust Agreement provides, as a condition precedent to the execution and delivery of the Certificates, for delivery to the Delivery and Paying Agent (as defined in the Trust Agreement) of a letter of credit with respect to the Certificates; and

WHEREAS, the Bank has agreed to issue its irrevocable direct-pay letter of credit pursuant to this Agreement;

NOW THEREFORE, in consideration of the premises and in order to induce the Bank to issue the Letter of Credit, the parties hereto agree as follows:

### ARTICLE I

#### DEFINITIONS

*Section 1.1. Certain Defined Terms.* The following terms, as used herein, have the following meanings:

“*Additional Rental*” shall have the meaning set forth in the Sublease.

“*Advance*” means any Principal Advance or Default Advance.

“*Advance Rate*” means, for any day, a rate per annum equal to (i) for the period from and including the date the related Principal Advance was made to but not including the earlier to occur of (x) the thirty-first (31st) day immediately succeeding the date the Related Principal Advance was made and (y) the related Term Loan Conversion Date, the Base Rate from time to time in effect; (ii) for the period from and including the thirty-first (31st) day immediately succeeding the date the related Principal Advance was made to but not including the related Term Loan Conversion Date, the sum of the Base Rate from time to time in effect *plus* one percent (1.00%); and (iii) from and after the Term Loan Conversion Date, the sum of the Base Rate from time to time in effect *plus* \_\_\_\_ percent (\_\_\_\_%); *provided, however*, that upon the occurrence and during

the continuance of any Event of Default hereunder, the Advance Rate shall equal the Default Rate; *provided further* that in no event shall the Advance Rate be less than the highest rate then borne by any outstanding Certificate.

“*Agreement*” means this Letter of Credit and Reimbursement Agreement as the same may from time to time be amended, supplemented or otherwise modified in accordance with its terms.

“*Alternate Credit Facility*” shall have the meaning set forth in the Trust Agreement.

“*Authorized Representative*” shall have the meaning set forth in the Trust Agreement.

“*Bank*” has the meaning set forth in the introductory paragraph hereof.

“*Bank Agreement*” means any credit agreement, bond purchase agreement, liquidity agreement, direct purchase agreement or other agreement or instrument (or any amendment, supplement or modification thereto) entered into by the City with any Person, directly or indirectly, or otherwise consented to by the City, under which any Person or Persons undertakes to purchase debt, make loans, extend credit or liquidity to the City in connection with any Lease Obligation Debt.

“*Base Rate*” shall mean, for any day, the highest of (i) the sum of the Prime Rate in effect on such day plus one percent (\_\_\_\_%) per annum, (ii) the sum of the Federal Funds Rate, *plus* two percent (\_\_\_\_%) per annum and (iii) six percent (\_\_\_\_%) per annum.

“*Base Rental*” shall mean the amounts payable of “Base Rental” as set forth in the Sublease.

“*Base Rental Period*” shall have the meaning set forth in the Trust Agreement.

“*Business Day*” means any day other than (i) a Saturday or Sunday or a day on which banking institutions are authorized or required by law or executive order to be closed in the State of California, the State of New York or the Commonwealth of Massachusetts for commercial banking purposes; (ii) a day on which the New York Stock Exchange is authorized or required by law or executive order to be closed; and (iii) a day upon on which banking institutions are authorized or required by law or executive order to be closed in the cities and states in which demands for payment may be presented under the Letter of Credit.

“*CAFR*” has the meaning set forth in Section 5.1(a)(i) hereof.

“*Certificateholder*,” “*Holder of Certificates*” or “*Holder*” or any similar term, when used with reference to a Certificate or Certificates, means any person who shall be the bearer of any Outstanding Certificates not registered, or the registered owner of any Outstanding Certificate which shall at the time be registered other than to bearer as provided in the Trust Agreement.

“*Certificate*” and “*Certificates*” each has the meaning assigned in the first recital of this Agreement.

“*Charter*” means The Charter of the City and County of San Francisco adopted November 7, 1995, and effective as of July 1, 1996, as amended and supplemented to date.

“*City*” means the City and County of San Francisco, California and its successors and assigns.

“*Components*” shall have the meaning set forth in the Sublease.

“*Contingent Obligation*” means, as to any Person, any obligation of such Person guaranteeing or intended to guarantee any indebtedness, leases, dividends, or other obligations (“*primary obligations*”) of any other Person (the “*primary obligor*”) in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (x) for the purchase or payment of any such primary obligation, or (y) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities, or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; *provided, however*, that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

“*Credit Event*” means either one of the following: the making of any Principal Advance; or the conversion of a Principal Advance to a Term Loan.

“*Date of Issuance*” means \_\_\_\_\_, 2016, subject to the satisfaction of the conditions precedent set forth in Section 3.1 hereof.

“*Dealer*” means, with respect to the Certificates, any Dealer appointed by the City pursuant to a Dealer Agreement, or any successors or assigns permitted under such Dealer Agreement or any other dealer for the Certificates appointed by the City pursuant to the Trust Agreement. The Dealers as of the Date of Issuance are \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_.

“*Dealer Agreement*” means (i) each Commercial Paper Dealer Agreement, dated as of \_\_\_\_\_ 1, 2016, between the City and the applicable Dealer, providing for the acceptance by such Dealer of the duties and obligations imposed thereby and imposing certain other duties and obligations as the same shall have been amended, supplemented or otherwise modified as permitted thereby and (ii) any other similar agreement by and between the City and any other dealer for the Certificates appointed by the City pursuant to the Trust Agreement.

“*Debt*” shall mean, with respect to any Person, (a) all indebtedness of such Person for borrowed money; (b) all obligations of such Person as lessee under capital leases; (c) all obligations of such Person to pay the deferred purchase price of property or services; (d) certificates of participation evidencing an undivided ownership interest in payments made by such Person as lessee under capital leases, as purchaser under an installment sale agreement or otherwise as an obligor in connection therewith; (e) all Guarantees by such Person of Debt of another Person; (f) the face amount of any letter of credit issued for the account of such Person and, without duplication, all drawings made and reimbursement obligations arising thereunder; (g) all Debt of a second Person secured by any lien on any property owned by such first Person, whether or not such Debt has been assumed; (h) all obligations of such Person to pay a specified purchase price for goods or services whether or not delivered or accepted, including but not limited to, take-or-pay or similar obligations; (i) all Contingent Obligations of such Person and (j) all obligations of such Person due and payable under Swap Contracts; *provided, however*, that Debt shall not include trade payables arising in the ordinary course of business; and *provided, further, however* that with respect to the City, Debt shall exclude conduit, enterprise and other Debt that have no claim on the General Fund of the City.

“*Default*” means an event which with the giving of notice or passage of time, or both, shall constitute an Event of Default.

“*Default Advance*” has the meaning assigned that term in Section 2.6.

“*Default Rate*” means, on any particular date, a rate of interest per annum equal to the sum of the Base Rate in effect on such date, *plus* \_\_\_\_\_ percent (\_\_\_\_%) per annum.

“*Delivery and Paying Agent Agreement*” means the Delivery and Paying Agent Agreement, dated as of \_\_\_\_\_ 1, 2016, by and between the City and U.S. Bank National Association, as Delivery and Paying Agent for the Certificates, providing for the acceptance by such Delivery and Paying Agent of the duties and obligations imposed thereby and imposing certain other duties and obligations, as the same shall have been amended, supplemented or otherwise modified as permitted thereby.

“*Delivery and Paying Agent*” means the Delivery and Paying Agent appointed with respect to the Certificates pursuant to Article V of the Trust Agreement, and having the duties, responsibilities and rights provided for therein, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant thereto.

“*Dodd-Frank Act*” means the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as enacted by the United States Congress, and signed into law on July 21, 2010, and all statutes, rules, guidelines or directives promulgated thereunder.

“*Environmental Regulation*” means any federal, state, or local statute, law, rule, regulation, ordinance, code, policy, or rule of common law now or hereafter in effect and in each case as amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree, or judgment, relating to health, safety, or the environment or to Hazardous Materials, including without limitation the Comprehensive Environmental

Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et seq.; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801 et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901 et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251 et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. § 2601 et seq.; the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.; the Safe Drinking Water Act, as amended, 42 U.S.C. § 3608 et. seq.; the California Superfund Statute, Cal. Health & Safety C. § 25300 et seq.; legislation promulgated pursuant to the California Safe Drinking Water and Toxic Enforcement Act of 1986 (“*Proposition 65*”), Cal. Health & Safety C. § 25249.5 et seq.; Environmental Protection Agency regulations pertaining to asbestos, including 40 C.F.R. Part 61, Subpart M; and Occupational Safety and Health Administration regulations pertaining to asbestos, including 29 C.F.R. § 1910.1001 and 1926.58.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute thereto.

“*Event of Default*” has the meaning assigned that term in Section 6.1.

“*Excess Interest Fee*” has the meaning assigned that term in Section 2.15.

“*Federal Funds Rate*” shall mean for any day, the overnight rate of interest per annum quoted by the Bank for the overnight sale to other major banks and financial institutions of federal funds on such day (or, if such day is not a Business Day, the next preceding Business Day). Each determination of the Federal Funds Rate by the Bank shall be deemed conclusive and binding on the City absent manifest error.

“*Fee Agreement*” means that certain Fee Agreement dated \_\_\_\_\_, 2016, between the City and the Bank, as the same may be supplemented and amended.

“*Final Drawing Notice*” has the meaning assigned that term in the Letter of Credit.

“*Fiscal Year*” shall mean the twelve-month period commencing on July 1 of each year; *provided, however*, that the City may, from time to time, agree on a different twelve-month period as the Fiscal Year.

“*Fitch*” means Fitch, Inc., and its successors and assigns.

“*GAAP*” shall mean generally accepted accounting principles in the United States of America from time to time as set forth in (a) the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants, and (b) statements and pronouncements of the Governmental Accounting Standards Board, as modified by the opinions, statements and pronouncements of any similar accounting body of comparable standing having authority over accounting by governmental entities.

“*General Fund*” has the meaning of the term “General Fund” as used in the Charter.

“*Guarantee*” by any Person shall mean any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise), (ii) entered into for the purpose of assuring in any other manner the obligee of such Debt of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (iii) with respect to any letter of credit issued for the account of such other Person or as to which such other Person is otherwise liable for reimbursement of drawings, *provided* that the term *Guarantee* shall not include (i) endorsements for collection or deposit in the ordinary course of business, or (ii) performance or completion guarantees. The term “*Guarantee*” used as a verb has a corresponding meaning.

“*Hazardous Materials*” means (a) any petroleum or petroleum products, radioactive materials, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, transformers or other equipment that contains dielectric fluid containing polychlorinated biphenyls, and radon gas; (b) any chemicals, materials, or substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials” extremely hazardous wastes, “restricted wastes,” “toxic substances,” “toxic pollutants,” “contaminants,” “special wastes,” or “pollutants,” or words of similar import, under any applicable Environmental Regulation; and (c) any other chemical, material, or substance, exposure to which is prohibited, limited, or regulated by any governmental authority.

“*Lease Obligation Debt*” means any Debt of the City, the payment of which is payable from and/or secured by lease revenue rental payments payable from the general fund of the City.

“*Letter of Credit*” means an irrevocable direct-pay letter of credit issued by the Bank in substantially the form of Exhibit A hereto.

“*Letter of Credit Termination Date*” has the meaning assigned to that term in the Letter of Credit.

“*Letter of Credit Fee Rate*” has the meaning assigned to that term in the Fee Agreement.

“*Material City Debt*” shall mean any Debt of the City which is outstanding in a principal amount of \$25,000,000 or more.

“*Maximum Base Rental*” shall mean the amounts specified in the Sublease as Maximum Base Rental.

“*Maximum Rate*” means the lesser of (i) twelve percent (12%) per annum and (ii) the maximum rate of interest allowed by applicable law.

“*Minimum Required Rental Payment*” shall have the meaning set forth in the Sublease.

“*Moody’s*” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term “*Moody’s*” shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

“*No-Delivery Notice*” has the meaning assigned that term in Section 3.3.

“*Notice of Extension*” shall mean a notice from the Bank to the Delivery and Paying Agent in the form of Annex E to the Letter of Credit.

“*Obligations*” means the Reimbursement Obligations (which includes amounts owing to the Bank as evidenced by the Revolving Bank Certificate), the fees set forth in the Fee Agreement and all other obligations of the City to the Bank arising under or in relation to this Agreement and the Fee Agreement.

“*Offering Memorandum*” shall mean the Offering Memorandum with respect to the Certificates, prepared in connection with the Certificates and any supplements or amendments thereto, and the documents, if any, incorporated therein by reference.

“*Original Stated Amount*” means \$\_\_\_\_\_.

“*Outstanding,*” when used in reference to Certificates means, as of a particular date, all Certificates authenticated and delivered pursuant to the Trust Agreement except: (i) any Certificate cancelled at or before such date, (ii) any Certificate deemed to have been paid in accordance with the Trust Agreement and (iii) any Certificate in lieu of or in substitution for which another Certificate shall have been authenticated and delivered pursuant to the Trust Agreement.

“*Participant Bank*” means any institution to which the Bank has granted a participation in or assigned, sold, or otherwise transferred the whole or any part of the Bank’s rights or obligations (or both) under this Agreement or any other Related Document.

“*Payment Certificate*” has the meaning assigned to that term in the Letter of Credit.

“*Payment Office*” has the meaning set forth in Section 7.2 hereof.

“*Permitted Encumbrances*” shall have the meaning set forth in the Trust Agreement.

“*Person*” means any natural person, firm, partnership, association, corporation, joint exercise of powers authority or public body.

“*Pledged Property*” shall have the meaning set forth in the Trust Agreement.

“*Prime Rate*” means the rate of interest announced by the Bank from time to time as its prime commercial rate or equivalent, as in effect on such day for United States dollar loans, with any change in the Prime Rate resulting from a change in said prime commercial rate to be effective

as of the date of the relevant change in said prime commercial rate, it being understood that such rate may not be the Bank's best or lowest rate.

*"Principal Advance"* has the meaning assigned that term in Section 2.5 hereof.

*"Property"* shall have the meaning set forth in the Sublease.

*"Quarterly Payment Date"* means the first day of each February, May, August and November.

*"Rating Agency"* means Moody's, Fitch or S&P.

*"Reduction Fee"* has the meaning set forth in the Fee Agreement.

*"Reimbursement Obligations"* means any and all obligations of the City to reimburse the Bank for any amount drawn under the Letter of Credit and all obligations to repay the Bank for all Principal Advances, Default Advances and Term Loans, including in each instance all interest accrued thereon.

*"Related Documents"* means this Agreement, the Fee Agreement, the Trust Agreement, the Letter of Credit, the Certificates, the Revolving Bank Certificate, the Delivery and Paying Agent Agreement, the Offering Memorandum, the Site Lease, the Sublease and the Dealer Agreements.

*"Request for Extension"* shall mean a notice from the City to the Bank in the form of Exhibit C attached hereto.

*"Revolving Bank Certificate"* means the revolving bank certificate, in the form of Exhibit B attached hereto, executed and delivered to the Bank pursuant to Section 2.11 hereof, and as from time to time amended or supplemented in accordance therewith, to evidence the indebtedness of the City due and owing to the Bank under this Agreement with respect to amounts drawn on the Letter of Credit.

*"Risk-Based Capital Guidelines"* means (i) the risk-based capital guidelines in effect in the United States on the Date of Issuance, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States including transition rules, and any amendments to such regulations adopted prior to the Date of Issuance.

*"S&P"* means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services Business LLC, a corporation organized and existing under the laws of the State of New York, its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

*"Site Lease"* means the Site Lease, dated as of \_\_\_\_\_ 1, 2016, by and between the City and the Trustee, as from time to time amended or supplemented in accordance therewith.

“*State*” means the State of California.

“*Stated Amount*” has the meaning assigned that term in the Letter of Credit.

“*Stated Expiration Date*” means \_\_\_\_\_, 20\_\_\_\_, 20\_\_\_\_, as such date may be extended from time to time in accordance with the Letter of Credit.

“*Sublease*” means the Sublease dated as of \_\_\_\_\_ 1, 2016, by and between the City and the Trustee, as from time to time amended or supplemented in accordance therewith.

“*Swap Contract*” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “*Master Agreement*”), including any such obligations or liabilities under any Master Agreement.

“*Taxes*” has the meaning assigned that term in Section 2.9(b).

“*Term Loan*” has the meaning assigned that term in Section 2.6.

“*Term Loan Conversion Date*” in respect of any Principal Advance, means the earlier of (i) the 180th day after the date that such Principal Advance is made and (ii) the Letter of Credit Termination Date.

“*Termination Fee*” has the meaning assigned that term in the Fee Agreement.

“*Trust Agreement*” means the Trust Agreement dated as of \_\_\_\_\_ 1, 2016, by and between the City and the Trustee, as from time to time amended or supplemented in accordance therewith.

“*Trustee*” shall mean \_\_\_\_\_, and its successor or successors, and any other person which may at any time be substituted in its place pursuant to the Trust Agreement.

*Section 1.2. Computation of Time Periods.* In this Agreement, in the computation of a period of time from a specified date to a later specified date, unless otherwise specified herein, the

word “from” means “from and including” and the words “till” and “until” each mean “to but excluding.” All references to time shall mean New York City time, whether or not so expressed.

*Section 1.3. Accounting Terms.* All accounting terms not specifically defined herein shall be construed in accordance with generally accepted United States accounting principles consistently applied.

*Section 1.4. Terms Defined in Trust Agreement.* Any capitalized term not defined herein shall have the meaning ascribed to such term in the Trust Agreement.

*Section 1.5. Construction.* The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof and (d) all references herein to Articles, Sections and Exhibits shall be construed to refer to Articles and Sections of, and Exhibits to, this Agreement.

## **ARTICLE II**

### **AMOUNT AND TERMS OF THE LETTER OF CREDIT**

*Section 2.1. The Letter of Credit.* The Bank agrees, on the terms and conditions hereinafter set forth, to issue the Letter of Credit to the Delivery and Paying Agent in the Original Stated Amount and expiring by its terms not later than the Stated Expiration Date.

*Section 2.2. Issuance of the Letter of Credit.* The Bank will issue the Letter of Credit to the Delivery and Paying Agent on the Date of Issuance, upon the fulfillment of the applicable conditions precedent set forth in Section 3.1.

*Section 2.3. Fees.* The City agrees to perform its obligations provided for in the Fee Agreement, including, without limitation, the payment of any and all fees provided for therein. The terms and provisions of the Fee Agreement are incorporated herein by reference. All references herein to amounts due hereunder or under this Agreement shall be deemed to include all amounts and obligation due under the Fee Agreement.

*Section 2.4. Payment of Amounts Drawn on Letter of Credit.* (a) The City will pay or cause to be paid to the Bank an amount equal to that amount drawn on the Bank under the Letter of Credit pursuant to any Payment Certificate with respect to the payment of accrued interest on

maturing Certificates or, subject to the provisions of Section 2.5 hereof, any Payment Certificate with respect to the payment of principal of maturing Certificates, on the same Business Day such drawing is honored.

(b) Any amount drawn under the Letter of Credit pursuant to a Payment Certificate that is not repaid to the Bank when due as provided in clause (a) of Section 2.4, shall bear interest at the Default Rate until paid in full, payable on demand. Principal Advances, Default Advances and Term Loans shall be repaid to the Bank as provided in Sections 2.5 and 2.6 hereof.

(c) Any amount drawn under the Letter of Credit shall be noted by the Bank as principal due and owing on the grid attached to the Revolving Bank Certificate pursuant to Section 2.11; *provided* that neither the failure of the Bank to notate such amount nor any error in any such notation shall affect the obligations of the City hereunder or under the Revolving Bank Certificate.

*Section 2.5. Principal Advances.* If the Bank shall make any payment under the Letter of Credit pursuant to a Payment Certificate with respect to the payment of principal of maturing Certificates and the conditions precedent set forth in Section 3.2 shall have been fulfilled, and the City (at its option) does not reimburse or cause to be reimbursed the Bank in connection therewith on the same Business Day, then such payment shall constitute a principal advance made by the Bank to the City on the date and in the amount of such payment (each such advance being a “*Principal Advance*” and, collectively, the “*Principal Advances*”). The City shall pay or cause to be paid interest on the unpaid amount of each Principal Advance from the date that such Principal Advance is made by the Bank until such amount is repaid in full. Such interest shall be payable monthly in arrears (based on the actual days elapsed since the date of such Principal Advance, divided by 360), on the first Business Day of each calendar month during the term of each Principal Advance and, with respect to any such amount repaid, on the date any such amount is repaid, at a rate per annum equal to the applicable Advance Rate.

*Section 2.6. Conversion of Principal Advances to Term Loans; Term Loans; Default Advances.* (a) Subject to the satisfaction of the conditions set forth in Section 3.2 hereof, any amount of a Principal Advance (but not a Default Advance) remaining unpaid by the City to the Bank under Section 2.5 on the Term Loan Conversion Date shall be converted to a term loan (each, a “*Term Loan*” and, collectively, the “*Term Loans*”). The City shall repay the principal amount of each Term Loan in installments as to principal, commencing on the first Quarterly Payment Date following the Term Loan Conversion Date, and on each Quarterly Payment Date thereafter, with the final installment in an amount equal to the then outstanding principal amount due and payable on the date which is the fifth anniversary of the date the related Payment Certificate was honored. The principal amount of each Term Loan shall be amortized over such five-year period in equal quarterly installments of principal; *provided, however*, that the unpaid amount of each Term Loan shall be paid by the City in each year only to the extent of the then fair rental value with respect to the Components subject to the Sublease for such Base Rental Period, and to the extent not so repaid, such Term Loan shall be paid during each subsequent Base Rental Period, to the extent owed, to the extent of the then fair rental value with respect to the Components subject to the Sublease for each such subsequent Base Rental Period, and such Term Loan shall continue to be an obligation of the City pursuant to the Sublease. The City may prepay or cause to be prepaid the outstanding amount of any Term Loan in whole or in part with accrued interest to the

date of such prepayment on the amount prepaid. The amount of the Letter of Credit and the amounts available to be drawn thereunder by the Delivery and Paying Agent by any Payment Certificate shall not be increased with respect to the conversion of a Principal Advance to a Term Loan.

(b) Each Term Loan shall bear interest at the applicable Advance Rate, payable monthly in arrears (based on a year of 360-days and the actual number of days elapsed) on the first Business Day of each calendar month during the term of such Term Loan and on the date on which the final installment of principal of the Term Loan is payable.

(c) If (i) the Bank shall make any payment under the Letter of Credit pursuant to a Payment Certificate with respect to the payment of principal of maturing Certificates and the conditions set forth in Section 3.2 shall not have been fulfilled, and the City fails to reimburse or cause to be reimbursed the Bank in connection therewith, (ii) the Bank shall have made a Principal Advance to the City and the conditions set forth in Section 3.2 shall have not been fulfilled on the Term Loan Conversion Date, or (iii) an Event of Default shall have occurred while any Principal Advance or Term Loan remains outstanding, such payment, Principal Advance or Term Loan, as applicable, shall then constitute or become a default advance (and not a Principal Advance) made by the Bank to the City on the date and in the amount of such payment under the Letter of Credit or on such other date (each such default advance being a “*Default Advance*” and, collectively, the “*Default Advances*”). The City hereby agrees to pay or cause to be paid to the Bank (i) interest at the Default Rate on any amount of the Default Advance remaining unpaid by the City to the Bank from the date of such Default Advance until payment in full, payable monthly in arrears on the first Business Day of each calendar month, for the immediately preceding calendar month, and (ii) the unpaid amount of each Default Advance payable on each Quarterly Payment Date in an amount equal to the then fair rental value with respect to the Components subject to the Sublease for such quarterly period; *provided, however*, that the unpaid amount of each Default Advance shall be paid or caused to be paid by the City in each year only to the extent of the then fair rental value with respect to the Components subject to the Sublease for such Base Rental Period, and to the extent not so repaid, such Default Advance shall be paid during each subsequent Base Rental Period, to the extent owed, to the extent of the then fair rental value with respect to the Components subject to the Sublease for each such subsequent Base Rental Period, and such Default Advance shall continue to be an obligation of the City pursuant to the Sublease.

*Section 2.7. Prepayment of Principal Advances or Term Loans; Reinstatement of Letter of Credit Amounts.* (a) The City may prepay or cause to be prepaid the amount of any Principal Advance or Term Loan outstanding in whole or in part with accrued interest to the date of such repayment on the amount prepaid. Any prepayment in part under this Section 2.7(a) shall be applied by the Bank against each such Principal Advance or Term Loan, as the case may be, in the order in which each such Principal Advance or Term Loan, as the case may be, was made.

(b) Any prepayment made under Section 2.7(a) shall be applied by the Bank as a reimbursement of the related drawing (and as a prepayment of the Principal Advance or Term Loan, as the case may be, resulting from such drawing) and, in the case of a prepayment of a Principal Advance, the City irrevocably authorizes the Bank to reinstate the amount available to be drawn under the Letter of Credit by the amount of such prepayment; *provided, however*, that

the Delivery and Paying Agent shall not deliver any Certificates (the aggregate principal and interest of which is payable from the amount of the Letter of Credit so reinstated) for sale or otherwise until the Letter of Credit has been reinstated pursuant to the terms of this Agreement and the Letter of Credit. The amount of the Letter of Credit and the amounts available to be drawn thereunder by the Delivery and Paying Agent by any Payment Certificate shall not be increased with respect to repayments of Term Loans or Default Advances, unless otherwise agreed to by the Bank.

(c) In the event that the Delivery and Paying Agent delivers any Certificates while any Principal Advance or Term Loan or any portion of any Principal Advance or any Term Loan remains unpaid, the City shall apply the proceeds of any such Certificates to the prepayment of such outstanding Principal Advance or Term Loan, as the case may be. Any prepayment in part under this Section 2.7(c) shall be applied against each such Principal Advance or Term Loan in the order in which each such Principal Advance or Term Loan, as the case may be, was made.

*Section 2.8. Increased Costs; Capital Adequacy.* (a) In the event of the adoption after the Date of Issuance of any law, rule or regulation (domestic or foreign), or any change after the Date of Issuance in any law, rule or regulation, or the interpretation or application thereof by any court, governmental authority, central bank or comparable authority charged with the enforcement or administration or interpretation thereof, or the compliance with any guidelines or request from any governmental authority, central bank or comparable authority (whether or not having the force of law):

(i) subjects the Bank or any Participant Bank to any tax, deduction or withholding with respect to this Agreement, the Fee Agreement, the Letter of Credit or the Revolving Bank Certificate (other than any tax based upon the overall net income of the Bank or such Participant Bank), or

(ii) imposes, modifies or deems applicable any reserve, liquidity ratio, special deposit, insurance premium (including any assessment or other cost imposed by the Federal Deposit Insurance Corporation or any successor thereto) or similar requirement against credits (including letters of credit) or commitments to extend credit extended by, or assets (funded or contingent) held by, or deposits with or for the account of, or loans by, or other acquisitions of funds or bonds by, the Bank or any Participant Bank, or

(iii) imposes upon the Bank or any Participant Bank any other condition or expense with respect to this Agreement, the commitment or obligations of the Bank or such Participant Bank hereunder, the Fee Agreement, the Letter of Credit or the Revolving Bank Certificate,

and the result of any of the foregoing is to increase the cost to the Bank or such Participant Bank, reduce the income receivable by the Bank or the Participant Bank, impose any expense upon the Bank or such Participant Bank or reduce the amount of any payment receivable by the Bank or such Participant Bank, with respect to this Agreement, the Fee Agreement, the Letter of Credit or the Revolving Bank Certificate, as reasonably determined and allocated by the Bank or such Participant Bank, by an amount which the Bank or such Participant Bank deems to be material,

the Bank shall notify the City thereof by delivery of a certificate of an officer of the Bank or such Participant Bank of the nature described in the next sentence, and the City shall pay or cause to be paid to the Bank promptly, and in any event within thirty (30) days after receipt of such notice, that amount which shall compensate the Bank or such Participant Bank (on an after tax basis, grossing up to cover any taxes payable by the Bank or such Participant Bank on such amount) for such increase in cost, reduction in income, additional expense or reduced amount. A certificate setting forth such increase in cost, reduction in income or additional expense or reduced amount (including such detail as the City may reasonably request), and the manner of calculating the same as determined by the Bank or such Participant Bank, shall be submitted by the Bank to the City and, absent manifest error, shall be conclusive as to the amount thereof; *provided however*, the City shall not be obligated to pay such costs incurred before 180 days prior to the notification thereof, except where (i) the Bank or Participant Bank, as applicable, had no actual knowledge of the action resulting in such increased costs, increased capital or reduction in the rate of return, as applicable, as of the date which is 180 days prior to the notification thereof or (ii) such increased costs, increased capital or reduction in the rate of return apply to the Bank or Participant Bank retroactively to a date prior to the date which is 180 days prior to the notification thereof. In making the determinations contemplated by the above referenced certificate, the Bank or such Participant Bank may make such reasonable estimates, assumptions, allocations and the like that the Bank or such Participant Bank in good faith determines to be appropriate.

(b) If the Bank or any Participant Bank shall have determined that the adoption after the Date of Issuance of any law, rule, regulation or guideline (whether or not having the force of law) regarding liquidity as well as capital adequacy, or any change in any applicable law, rule, regulation or guideline, as the case may be, or any change in the enforcement or interpretation or administration thereof by any court or any administrative or governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank or any Participant Bank (or any lending office thereof) with any request or directive regarding liquidity as well as capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on capital of the Bank or such Participant Bank as a consequence of its rights or obligations hereunder, the Fee Agreement, under the Letter of Credit or with respect to the Revolving Bank Certificate to a level below that which the Bank or such Participant Bank could have achieved but for such adoption, change or compliance (taking into consideration the policies of the Bank or such Participant Bank with respect to liquidity and capital adequacy) by an amount deemed by the Bank to be material, the Bank shall notify the City thereof by delivery of a certificate of an officer of the Bank of the nature described in the next sentence, and the City shall pay or cause to be paid to the Bank promptly, and in any event within thirty (30) days after receipt of such notice, that amount which shall compensate the Bank or such Participant Bank (on an after tax basis, grossing up to cover any taxes payable by the Bank or such Participant Bank on such amount) for such reduction in rate of return on capital; *provided however*, the City shall not be obligated to pay such additional compensation for a period up to 180 days prior to the notification thereof, except where (i) the Bank or Participant Bank, as applicable, had no actual knowledge of the action resulting in such increased costs, increased capital or reduction in the rate of return, as applicable, as of the date which is 180 days prior to the notification thereof or (ii) such increased costs, increased capital or reduction in the rate of return apply to the Bank or Participant Bank retroactively to a date prior to the date which is 180 days prior to the notification thereof. A certificate setting forth such

reduction in rate of return on capital (including such detail as the City may reasonably request), and the manner of calculating the same as determined by the Bank or such Participant Bank, shall be submitted by the Bank to the City and, absent manifest error, shall be conclusive as to the amount thereof. In making the determinations contemplated by the above referenced certificate, the Bank or such Participant Bank may make such reasonable estimates, assumptions, allocations and the like that the Bank or such Participant Bank in good faith determines to be appropriate.

(c) The Bank shall notify the City of any such impending or announced change in law, regulation or interpretation referred to in subsection (a) or (b) of this Section 2.8 promptly upon receipt by it of actual notice of such change; *provided, however*, that any delay or failure to so notify the City shall not in any manner relieve the City of their obligations under this Section 2.8.

(d) Notwithstanding anything to the contrary in this Section 2.8, in the event the Bank grants any participation to any Participant Bank pursuant to Section 7.7(b) hereof, the City shall not have any obligation to pay amounts pursuant to this Section 2.8 in an amount greater than that which it would have been required to pay if the Bank had not granted such participation.

(e) The obligations and liabilities under this Section 2.8 shall survive the termination of this Agreement and the Sublease and the obligations of the City hereunder and thereunder and the payment in full of all Base Rental and Additional Rental.

(f) A change in law, rule, regulation or guideline (whether or not having the force of law) shall include, without limitation, (i) any change in the Risk-Based Capital Guidelines or (ii) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) or in the interpretation, promulgation, implementation or administration thereof which affects the amount of capital required or expected to be maintained by the Bank or any Participant Bank or any corporation controlling the Bank or any Participant Bank. Notwithstanding the foregoing, for purposes of this Agreement, all requests, rules, ruling, guidelines, regulations or directives in connection with the Dodd-Frank Act shall be deemed to be a change in law for the purposes of this Section regardless of the date enacted, adopted or issued and all requests, rules, rulings, guidelines, regulations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or the United States financial regulatory authorities or foreign regulatory authorities shall be deemed to be a change in law for the purposes of this Section regardless of the date enacted, adopted, issued, promulgated or implemented.

*Section 2.9. Payments and Computations.* (a) The City shall make or cause to be made each payment hereunder and under the Fee Agreement (i) representing reimbursement pursuant to Section 2.4 hereof to the Bank of the amount drawn on the Bank pursuant to a Payment Certificate made under the Letter of Credit not later than 4:00 p.m., and (ii) not later than 1:00 p.m. for all other payments, on the day when due, in lawful money of the United States of America to the account of the Bank at its Payment Office in immediately available funds; *provided, however*, that whenever any payment hereunder or under the Fee Agreement shall be due on a day that is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day, and any interest payable thereon shall be payable for such extended time; and *provided, further*

that the City shall be permitted to make any payment pursuant to Section 1.2 of the Fee Agreement in next day funds if such payment is made (i) on the Business Day immediately preceding the date on which such payment would otherwise have been due and (ii) in an amount equal to the amount that would have been required to have been paid had the payment not been made in next day funds in reliance upon this proviso. Payment received by the Bank after the applicable time set forth in this Section 2.9 shall be considered to have been made on the next succeeding Business Day. Computations of the Base Rate, the Prime Rate, the Federal Funds Rate, the Advance Rate and the Default Rate hereunder or under the Fee Agreement shall be made by the Bank on the basis of a year of 360 days for the actual number of days elapsed.

(b) All such payments will be made without counterclaim, setoff, condition or defense, free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein (but excluding any tax imposed on the overall net income of the Bank or such Participant Bank pursuant to the laws of the jurisdiction (or any political subdivision or taxing authority thereof or therein) in which the principal office of the Bank or such Participant Bank is located) and all interest, penalties or similar liabilities with respect thereto (collectively, "*Taxes*"); *provided, however*, that the City shall have no liability with respect to any Taxes which are imposed on the Bank or any Participant Bank pursuant to the laws of the jurisdiction (or any political subdivision or taxing authority thereof or therein) in which the principal office of the Bank or such Participant Bank is located unless (i) the Bank or such Participant Bank is entitled to the benefits of an income tax treaty with the United States that provides for an exemption from United States withholding tax on interest and other amounts payable to the Bank or such Participant Bank, as the case may be, pursuant to the terms of this Agreement, the Revolving Bank Certificate and any other Related Document, or (ii) all interest and other amounts payable to the Bank or such Participant Bank pursuant to the terms of this Agreement, the Revolving Bank Certificate or any other Related Documents will be effectively connected with the conduct by the Bank or such Participant Bank of a trade or business within the United States. If any Taxes are so levied or imposed, the City agrees to pay or cause to be paid to the Bank on demand the full amount of such Taxes and such additional amounts as may be necessary so that every payment of all amounts due hereunder, under the Revolving Bank Certificate or under any Related Document, after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein, in the Revolving Bank Certificate or in such Related Document. The City will deliver to the Bank within forty-five (45) days after the date the payment of any Taxes is due pursuant to applicable law certified copies of tax receipts evidencing such payment by the City. To the extent permitted by law, the City will indemnify and hold harmless the Bank or such Participant Bank and reimburse the Bank upon written request, for the amount of any Taxes so levied or imposed and paid by the Bank or such Participant Bank. The obligations and liabilities under this Section 2.9(b) shall survive the termination of this Agreement and the Sublease and the obligations of the City hereunder and thereunder and the payment in full of all Base Rentals and Additional Rentals.

(c) Unless otherwise provided herein, amounts not paid when due shall bear interest at the Default Rate and shall be payable upon demand.

*Section 2.10. Extension of Stated Expiration Date.* On the Date of Issuance, the Stated Expiration Date shall be \_\_\_\_\_, 20\_\_; *provided* that such date shall be subject to extension at any time following the then scheduled Stated Expiration Date, as set forth below and in the Letter of Credit. On any date which is not less than one hundred eighty (180) days prior to the Stated Expiration Date, the City may request in writing that the Bank extend the Stated Expiration Date for an additional term of such period as the parties may agree by delivery to the Bank of a Request for Extension. Within forty-five (45) days of the date of any such Request for Extension, the Bank will notify the City in writing of the decision by the Bank in its absolute discretion whether to extend for such additional period, the Stated Expiration Date for purposes of this Agreement and the Letter of Credit, including in such notice the extended Stated Expiration Date and the conditions of such consent (including conditions relating to legal documentation and the consent of the Delivery and Paying Agent). If the Bank does so agree to extend, the Bank shall deliver an executed Notice of Extension to the Delivery and Paying Agent. If the Bank elects not to extend or fails to send such written notice of such election to extend within such 60-day period, the Bank shall not provide a Notice of Extension to the Trustee, and the Bank shall be deemed to have denied the City's request to extend. The failure of the Bank to give such Notice of Extension shall be deemed a denial of the City's request for extension.

*Section 2.11. Evidence of Obligation; Revolving Bank Certificate.* The Bank shall maintain in accordance with its usual practice an account or accounts evidencing the obligations resulting from each drawing under the Letter of Credit and from each Advance and Term Loan made from time to time hereunder and the amounts of principal and interest payable and paid from time to time hereunder. In any legal action or proceeding in respect of this Agreement, the entries made in such accounts shall be prima facie evidence of the existence and amounts of the obligations of the City therein evidenced.

To evidence the obligations of the City due and owing to the Bank under this Agreement with respect to amounts drawn under the Letter of Credit, the City will cause the execution and delivery of the Revolving Bank Certificate, in the form of Exhibit B attached hereto, to the Bank on the Date of Issuance. The Bank shall note on the grid attached to the Revolving Bank Certificate principal amounts owing to the Bank, and the maturity schedule 17therefore pursuant to Sections 2.5 and 2.6 respecting outstanding Advances and Term Loans converted from Principal Advances with interest until payment in full pursuant to the terms of the Revolving Bank Certificate. The obligations of the City under this Agreement are payable solely from the Pledged Property.

*Section 2.12. Obligations Absolute.* The obligations of the City under this Agreement shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms thereof, under all circumstances whatsoever, including without limitation the following circumstances:

- (a) any lack of validity or enforceability of any of the Related Documents;
- (b) any amendment to, waiver of or consent to departure from any provision of, this Agreement or any of the Related Documents;

(c) the existence of any claim, set-off, defense or other right which the City may have at any time against the Trustee, the Delivery and Paying Agent, a Dealer or the Bank (other than the defense of the payment to the Bank in accordance with the terms of this Agreement), any beneficiary or any transferee of the Letter of Credit (or any person or entity for whom any such beneficiary or any such transferee may be acting), or any other Person, whether in connection with this Agreement, any Related Document or any unrelated transaction;

(d) any demand, statement or any other document presented under the Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;

(e) any non-application or misapplication by the Delivery and Paying Agent of the proceeds of any drawing under the Letter of Credit;

(f) payment by the Bank under the Letter of Credit to the person entitled thereto against presentation of a Payment Certificate which does not comply strictly with the terms of the Letter of Credit; or

(g) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

Nothing contained in this Section 2.12 shall operate to prevent the City from bringing a cause of action against the Bank for any liability it may incur as a result of its gross negligence or willful misconduct as provided in Section 7.5 hereof.

Notwithstanding the foregoing, the obligations of the City under this Agreement are a special obligation of the City payable solely from the Pledged Property.

*Section 2.13. Termination.* Notwithstanding any provision of this Agreement, the Fee Agreement or the Letter of Credit to the contrary, the City shall not terminate, replace or permanently reduce the Letter of Credit prior to the Stated Expiration Date except upon (i) the payment to the Bank of the Termination Fee or Reduction Fee, if any, set forth in the Fee Agreement, (ii) the payment to the Bank of all fees, expenses and other amounts payable hereunder, (iii) the payment to the Bank of all principal and accrued interest owing on the Revolving Bank Certificate and (iv) providing the Bank notice of its intention to do so at least sixty (60) days prior to the date of such termination or replacement; *provided* that all payments to the Bank referred to in clauses (i), (ii) and (iii) above shall be made with immediately available funds.

*Section 2.14. Pledge by the City.* To provide security to the Bank for the payment by the City of the Obligations and any and all amounts now or hereafter owing to the Bank under this Agreement and the Revolving Bank Certificate, the City hereby pledges to the Bank the Pledged Property. The pledge of the Pledged Property made by the City hereunder is valid, binding and perfected from the time when it is made and the Pledged Property so pledged shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the

lien of such pledge shall be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the City irrespective of whether such parties have notice thereof. No instrument by which such pledges are created nor any financing statement need be recorded or filed. Such lien shall be on a parity with the lien in favor of the Bank and the Delivery and Paying Agent and the Trustee on the Pledged Property under the Trust Agreement. The obligations of the City under this Agreement are a special obligation of the City payable solely from the Pledged Property.

*Section 2.15. Maximum Interest Rate; Payment of Fee.* If the rate of interest payable hereunder shall exceed the Maximum Rate for any period for which interest is payable, then (i) interest at the Maximum Rate shall be due and payable with respect to such interest period and (ii) interest at the rate equal to the difference between (A) the rate of interest calculated in accordance with the terms hereof and (B) the Maximum Rate (the “*Excess Interest*”), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed such Maximum Rate, at which time the City shall pay or cause to be paid to the Bank, with respect to amounts then payable to the Bank that are required to accrue interest hereunder, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Bank to equal such Maximum Rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder until all deferred Excess Interest is fully paid to the Bank. Upon the termination of this Agreement, in consideration for any limitation of the rate of interest which may otherwise be payable hereunder, the City shall pay or cause to be paid to the Bank a fee equal to the amount of all unpaid deferred Excess Interest (the “*Excess Interest Fee*”); *provided* that the Excess Interest Fee shall be payable as and to the extent that the then fair rental value with respect to the Components subject to the Sublease for such Base Rental Period exceeds the sum of all other Reimbursement Obligations remaining unpaid hereunder and the amount of interest accruing on the Certificates during such Base Rental Period. In accordance with Section 5922 of the California Government Code, the City hereby represents and warrants that the obligations of the City under the Revolving Bank Certificate and all other Reimbursement Obligations hereunder are not subject to any limitation as to maximum interest rate.

*Section 2.16. Adjustment of Base Rental.* (a) To the extent any Reimbursement Obligation or accrued interest thereon has not been paid as and when due or any deferred Excess Interest remains unpaid, following the Letter of Credit Termination Date and for so long thereafter as any Reimbursement Obligations remain unpaid, the City shall increase the amount of the Base Rental payable under the Sublease for the Property to the greater of (i) the Maximum Base Rental for the Property or (ii) the maximum fair rental value of the Property determined in accordance with subsection (b) below.

(b) To the extent any Reimbursement Obligation or accrued interest thereon has not been paid as and when due or any deferred Excess Interest remains unpaid, following the Letter of Credit Termination Date and for so long thereafter as any Reimbursement Obligations remain unpaid, unless the Sublease has terminated in accordance with its terms, the City agrees, at the Bank’s sole written request, from time to time (but not more than once in any twelve month period), to determine or cause to be determined, the fair rental value for one or more Components. Upon consultation with special counsel and the Bank, such determination shall be by a Class C appraisal conducted by an employee of the City and shall be at the sole expense of the City. In

addition, the City agrees to extend the term of (i) the Site Lease in accordance with Section 4 thereof and (ii) the Sublease in accordance with Section 2.2 thereof, if, on the stated expiration thereof, any amounts remain owing to the Bank hereunder or under any of the other Related Documents.

### ARTICLE III

#### CONDITIONS OF ISSUANCE

*Section 3.1. Conditions Precedent to the Issuance of the Letter of Credit.* The obligation of the Bank to issue the Letter of Credit is subject to the fulfillment of the following conditions precedent on or before the Date of Issuance in form and substance and in a manner satisfactory to the Bank:

(a) The Bank shall have received:

(i) Certified copies of the resolutions of the City approving this Agreement, the other Related Documents and the other matters contemplated hereby and thereby, and all other documents, including records of proceedings of the City, instruments, governmental approvals, third party approvals and opinions as the Bank and its counsel may reasonably request evidencing any other necessary action.

(ii) A certificate of the City stating the names and true signatures of the officers of the City authorized to sign this Agreement, the Fee Agreement and the other documents to be delivered by the City hereunder.

(iii) Executed or certified copies, as applicable, of each of the Related Documents in form and substance satisfactory to the Bank.

(iv) A letter addressed to the Bank from Jones Hall, Special Counsel, entitling the Bank to rely on such firm's approving opinion addressed to the City.

(v) An opinion of Jones Hall, Special Counsel, in form and substance satisfactory to the Bank and its counsel, addressed to the Bank, to the effect that (A) this Agreement and the Fee Agreement has been duly authorized, executed and delivered by the City and constitute a legal, valid and binding agreements of the City enforceable against the City in accordance with their respective terms (except that (i) the enforcement of the Agreement and the Fee Agreement may be limited by bankruptcy and other similar laws relating to creditors' rights, (ii) certain equitable remedies may be unavailable and (iii) the indemnification provision may be limited by securities laws and public policy), (B) the Revolving Bank Certificate has been duly executed and delivered pursuant to the Trust Agreement in evidence of Advances, Default Advances and Term Loans made by the Bank hereunder and constitutes a legal, valid and binding agreement of the City enforceable against the City in accordance with its terms (except that (i) the enforcement thereof may be

limited by bankruptcy and other similar laws relating to creditors' rights, (ii) certain equitable remedies may be unavailable and (iii) the indemnification provision may be limited by securities laws and public policy), (C) the Letter of Credit satisfies the terms and conditions of the Trust Agreement, (D) the Bank is entitled to the benefits of the Trust Agreement on a parity with all holders of the Certificates, (E) the City has the authority and power to execute this Agreement, and (F) that the terms of the Trust Agreement and this Agreement create a valid pledge of and lien of the Pledged Property to secure the Revolving Bank Certificate and the amounts owed to the Bank hereunder and under the Fee Agreement.

(vi) Evidence that the rating assigned to the Certificates by S&P is "[A-1+]" and by Moody's is "[P-1]".

(vii) The Revolving Bank Certificate, duly executed and delivered to the Bank.

(viii) A certificate of the City setting forth the annual fair rental value of each Component.

(ix) Certificate(s) of the City stating that (A) on the Date of Issuance, no Default or Event of Default has occurred and is continuing, or would result from the issuance of the Letter of Credit, and that (B) on the Date of Issuance and after giving effect to the issuance of the Letter of Credit, all representations and warranties of the City contained herein or otherwise made in writing in connection herewith shall be true and correct with the same force and effect as though such representations and warranties had been made on and as of such time.

(x) An opinion of the City Attorney of the City as counsel to the City, in form and substance satisfactory to the Bank and its counsel, and addressed to the Bank.

(xi) Audited financial statements for the City for the two most recently available fiscal years and the most recent operating budget summaries for the City's General Fund for the current fiscal year.

(xii) Evidence that the City has appropriated amounts sufficient to pay the Base Rental due, or anticipated to be due, in the Fiscal Year ending June 30, 2014 with respect to the Components.

(xiii) Reserved.

(xiv) Evidence of the City's current hazard and rental interruption insurance for the Components for a period of at least two (2) years, assuming an interest rate of at least 12% and such insurance shall be satisfactory to the Bank. The Bank shall also have received a certificate from the City's Risk Manager stating that the City's current policies of insurance and any self-insurance maintained by

the City comply with the provisions of Section 4.3 of the Sublease. Any such commercial insurance policies shall name the Bank as loss payee and additional insured and shall be issued by insurers rated “A” or better by Best’s or approved by the Bank.

(xv) A copy of the investment policy of the City.

(xvi) Certificates of the Trustee and the Delivery and Paying Agent evidencing the signatures and offices of officers of each executing the Related Documents and with respect to the Delivery and Paying Agent, authorized to draw on the Letter of Credit, and with respect to such other matters as the Bank may reasonably request, and an opinion of counsel to each of the Delivery and Paying Agent and the Trustee, in form and substance satisfactory to the Bank and its counsel, and addressed to the Bank.

(xvii) Written evidence satisfactory to the Bank that (A) a separate CUSIP number has been obtained and reserved from Standard and Poor’s CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. for the Revolving Bank Certificate (such CUSIP number shall also be made available on the Bloomberg Municipal Bond Description Screen or otherwise provided electronically to the Bank pursuant to a third party provider of such information) and (B) the Revolving Bank Certificate (and its related CUSIP number) shall have been assigned one rating of at least “Baa3” by Moody’s, “BBB-” by Fitch or “BBB-” by S&P.

(xviii) Such other documents, certificates, opinions, approvals and filings with respect to the Related Documents and this Agreement as the Bank may reasonably request.

(b) All other legal matters pertaining to the execution and delivery of the Letter of Credit, this Agreement, the Related Documents and the execution and delivery of the first installment of the Certificates shall be reasonably satisfactory to the Bank and its counsel.

(c) The City shall have made payment to the Bank of all amounts due on the Date of Issuance hereunder and under the Fee Agreement.

*Section 3.2. Conditions Precedent to Each Credit Event.* As a condition precedent to the occurrence of each Credit Event hereunder, the following conditions shall be satisfied on the date of such Credit Event:

(a) no Default or Event of Default shall have occurred and be continuing; and

(b) the representations and warranties made by the City in Article 4 hereof (other than in Section 4.1(g)) shall be true and correct on and as of such date, as if made on and as of such date.

On the occurrence of each Credit Event, the City shall be deemed to have represented and warranted that the foregoing conditions precedent have been satisfied.

*Section 3.3. No-Delivery Notice; Final Drawing Notice.* The Bank may deliver a notice to the Delivery and Paying Agent in the form of Annex F to the Letter of Credit (a “*No-Delivery Notice*”) at any time that the Bank shall have determined that the conditions precedent to the occurrence of a Credit Event set forth in Section 3.2 have not been satisfied. Also the Bank may deliver a notice, in accordance with Section 6.2 hereof, to the Delivery and Payment Agent in the form of Annex G to the Letter of Credit (the “*Final Drawing Notice*”) at any time an Event of Default shall have occurred and be continuing. Upon receipt of a No-Delivery Notice or a Final Drawing Notice, the Delivery and Paying Agent shall cease authenticating Certificates, as provided in Section 3.01 of the Trust Agreement, unless and until such No-Delivery Notice or Final Drawing Notice is rescinded. Any such No-Delivery Notice received after 10:00 a.m., on any day on which Certificates are being issued, shall be deemed to have been received on the next following Business Day. The Bank shall not incur any liability as a result of the Bank’s giving of any No-Delivery Notice or Final Drawing Notice which, in its good faith judgment, the Bank determines to be in accordance with this Section 3.3. Notwithstanding anything in this Section 3.3 which may be to the contrary, a No-Delivery Notice or Final Drawing Notice shall not affect the obligation of the Bank to honor demands for payment under the Letter of Credit with respect to Certificates authenticated prior to the receipt by the Delivery and Paying Agent of such No-Delivery Notice or Final Drawing Notice, and the Delivery and Paying Agent shall continue to have the right to draw under the Letter of Credit to pay the principal of and accrued interest on maturing Certificates authenticated prior to the receipt by the Delivery and Paying Agent of such No-Delivery Notice or Final Drawing Notice. A No-Delivery Notice or the Final Drawing Notice may be given by facsimile or electronic mail transmission, confirmed in writing within 24 hours, but the failure to so confirm such No-Delivery Notice or the Final Drawing Notice in writing shall not render such No-Delivery Notice or the Final Drawing Notice ineffective. The Bank will furnish a copy of any No-Delivery Notice or the Final Drawing Notice to the City and the Dealer promptly following delivery thereof to the Delivery and Paying Agent, but the failure to furnish any such copy shall not render ineffective such No-Delivery Notice or the Final Drawing Notice.

*Section 3.4. Conditions Precedent to the Issuance of Certificates.* The City hereby agrees that it shall not permit the issuance of any Certificates prior to the date on which the Bank receives evidence of title insurance on the Components insuring the Trustee and naming the Bank an additional insured, in an amount not less than the Original Stated Amount, subject only to such exceptions as shall be acceptable to the Bank, with such endorsements and affirmative coverages as may be reasonably required by the Bank, including such endorsements as may be reasonably required by the Bank, and otherwise in form and substance satisfactory to the Bank and its counsel and issued by an insurance company acceptable to the Bank and its counsel and authorized to issue such insurance in the State of California.

#### ARTICLE IV

#### REPRESENTATIONS AND WARRANTIES

*Section 4.1. City Representations and Warranties.* The City represents and warrants that, as of the date on which this Agreement is executed and as of the date of each draw honored by the Bank under the Letter of Credit and on each Term Loan Conversion Date:

(a) *Existence.* The City is validly existing as a charter city and county duly organized and created and validly existing under the laws and Constitution of the State, with full right and power to own its properties and to carry on its affairs as now being conducted and to cause the execution and delivery of the Certificates, to pledge the security and to execute, deliver and perform its obligations under this Agreement and each Related Document to which it is a party.

(b) *Authorization; Contravention.* The execution, delivery and performance by the City of this Agreement, the Revolving Bank Certificate and the other Related Documents to which it is a party are within the City's powers, have been duly authorized by all necessary action, require no further consent or action by or in respect of, or filing with, any governmental body, agency, official or other Person and do not violate or contravene, or constitute a default under, any provision of applicable law, charter, ordinance or regulation or of any material agreement, judgment, injunction, order, writ, determination, award, decree or instrument binding upon the City or by which the City or its properties may be bound or affected, or result in the creation or imposition of any lien or encumbrance on any asset of the City (other than pursuant to such enumerated documents). The City is not a party to, or otherwise subject to, any provision contained in any instrument evidencing indebtedness of the City, any agreement relating thereto, or any other contract or agreement (including its charter) that limits the amount of, or otherwise imposes restrictions on, the incurring of obligations of the City that would materially and adversely affect the ability of the City to perform its obligations hereunder or under any other Related Documents to which it is a party.

(c) *Binding Effect.* Assuming due execution by the other parties thereto, this Agreement and the other Related Documents to which the City is a party each constitutes a valid, binding and enforceable agreement of the City, subject to applicable laws affecting creditors' rights generally and general principles of equity regardless of whether such enforceability is considered in a proceeding at law or in equity.

(d) *No Default.* The City is not, in any material respect, in breach of or default under its organizational documents, or any applicable law or administrative regulation of the State or of the United States, relating, in each case, to the transactions contemplated hereby or by the other Related Documents, or any applicable judgment, decree, loan agreement, note, resolution, ordinance or other material agreement to which it is a party or is otherwise subject. Late delivery of financial statements or other reporting documentation shall not be deemed material for purposes of this Section.

(e) *Litigation.* Except as disclosed in writing to the Bank prior to the Date of Issuance, there is no action, suit or proceeding pending with service of process having been accomplished against, or to the knowledge of the City, threatened against or affecting, the City before any court or arbitrator or any governmental body, agency or official seeking to

restrain or enjoin the sale, execution or delivery of the Certificates or in any way contesting or affecting the validity of the Certificates or in which there is a reasonable possibility of an adverse decision which could have a material adverse effect on (i) the ability of the City to perform its obligations hereunder or under the Related Documents to which it is a party or (ii) the enforceability or validity of the Trust Agreement or any of the other Related Documents.

(f) *No Sovereign Immunity.* The City does not enjoy any rights of immunity on the grounds of sovereign immunity in respect of its obligations hereunder or under any Related Document to which it is a party or by which it is bound.

(g) *Incorporation of Representations and Warranties by Reference.* The City hereby makes to the Bank the same representations and warranties made by the City as are set forth in the Related Documents (other than this Agreement) to which it is a party, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety. No amendment to such representations and warranties or defined terms made pursuant to the Related Documents (other than this Agreement) to which it is a party shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the consent of the Bank.

(h) *No Proposed Legal Changes.* There is no amendment, or, to the knowledge of the City, no proposed amendment certified for placement on a statewide ballot, to the Constitution of the State of California or any published administrative interpretation of the Constitution of the State of California or any State of California law, or any legislation that has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which is to materially adversely affect (i) the execution and delivery of this Agreement or the other Related Documents to which the City is a party, or (ii) the performance by the City of its obligations under this Agreement or the other Related Documents to which the City is a party.

(i) *Offering Memorandum.* The information contained in the Offering Memorandum under the caption "THE CITY AND COUNTY OF SAN FRANCISCO," as of the Date of Issuance, and as of the date of each execution and delivery of Certificates under the Trust Agreement, does not contain any untrue statement of any material fact.

(j) *Title to Property; Sublease.* The City has good and marketable fee simple title to all of the Components, subject only to Permitted Encumbrances. The Sublease is in full force and effect. The City, as lessee under the Sublease, is in peaceable possession of the Property. No waiver, indulgence or postponement of any of the City's obligations under the Sublease has been granted by the Trustee. There exists no event of default or event, occurrence, condition or act that, with the giving of notice, the lapse of time or the happening of any further event or condition, would become a default under the Sublease.

(k) *Disclosure.* Except as disclosed in writing to the Bank prior to the Date of Issuance, there is no fact known to the City, as of the date this representation is made, that would have a material adverse effect on (i) the ability of the City to perform its obligations hereunder or under the other Related Documents to which it is a party or (ii) the enforceability or validity of any of the Related Documents.

(l) *Financial Information.* The consolidated statement of financial position of the City as of June 30, 2015, as well as each CAFR of the City as of any more recent date, delivered to the Bank pursuant to this Agreement (the “*Submitted Financial Statements*”), were prepared in accordance with GAAP consistently applied throughout the periods involved and fairly present the financial condition of the City as at such date and the results of the operations of the City for the period ended on such date, all in accordance with GAAP consistently applied, and since the date of such financial information, there has been no change in the business, financial condition, results of operations, or prospects of the City which would materially and adversely affect the ability of the City to perform its obligations hereunder or under any other Related Documents to which it is a party which has not been disclosed by the City to the Bank.

(m) *Legal Matters.* The City is in material compliance with all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction over the City, non-compliance with which would materially and adversely affect the ability of the City to perform its obligations hereunder or under any other Related Documents to which it is a party.

(n) *Environmental Matters.* In the ordinary course of its business, the City conducts an ongoing review of Environmental Regulations on the business, operations and properties of the City, in the course of which it identifies and evaluates associated liabilities and costs (including, without limitation, any capital or operating expenditures required for clean-up or closure of properties presently or previously owned or operated, any capital or operating expenditures required to achieve or maintain compliance with environmental protection standards imposed by law or as a condition of any license, permit or contract, any related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted thereat and any actual or potential liabilities to third parties, including employees, and any related costs and expenses). On the basis of such review the City has reasonably concluded that Environmental Regulations are unlikely to have a material adverse effect on the Property or the ability of the City to pay any Base Rental or Additional Rental or any of its obligations hereunder or under any other Related Document.

(o) *Regulations T, U and X.* The City is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation T, U or X issued by the Board of Governors of the Federal Reserve System); and no proceeds of any Certificates will be or have been used to extend credit to others for the purpose of purchasing or carrying any margin stock.

(p) *ERISA*. Other than as disclosed in writing to the Bank prior to the Date of Issuance, the City does not maintain or contribute to, and has not maintained or contributed to, any Plan that is subject to Title IV of ERISA and does not have any under funded pension liabilities the effect of which could reasonably be expected to result in a material adverse effect on the City's ability to satisfy its obligations under this Agreement or the other Related Documents.

(q) *No Tax or Fee*. Neither the execution or delivery of this Agreement or the advance of any amounts pursuant to this Agreement will give rise to any tax or fee imposed by any local or state agency or governmental body.

(r) *Usury*. The terms of this Agreement and the Related Documents regarding calculation and payment of interest and fees do not violate any applicable usury laws.

(s) *Essentiality*. The Property is an essential asset of the City necessary to serve the needs of the residents of the City. The City believes that at all times while any rental payments or any obligation of the County under the Related Documents remains unpaid, the Property will remain an essential asset of the County.

(t) *Fair Rental Value*. The total Maximum Base Rental for the Property does not exceed the fair rental value of the Property. In making such determination of fair rental value, consideration has been given to the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the City and the general public.

## ARTICLE V

### COVENANTS

*Section 5.1. Covenants*. The City agrees that so long as the Letter of Credit remains outstanding or any amount payable hereunder remains unpaid:

(a) *Information*. The City will prepare or cause to be prepared and deliver to the Bank the following:

(i) as promptly as available, and in any event no later than 270 days after the end of each fiscal year of the City, the complete Comprehensive Annual Financial Report ("*CAFR*") of the City, certified as to the fairness of presentation and conformity with GAAP consistently applied, by a recognized firm of independent certified public accountants;

(ii) concurrently with the delivery of the financial statements delivered to the Bank pursuant to (a)(i) above, a certificate from an Authorized Representative certifying that such Authorized Representative has no knowledge of any event which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both, that has occurred and is continuing and a certificate from an Authorized Representative of

the City certifying that such Authorized Representative has no knowledge of any event which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both, that has occurred and is continuing;

(iii) within ninety (90) days of adoption of the most recently adopted annual operating budget of the City with respect to the City's General Fund, evidence that such annual operating budget with respect to the City's General Fund includes therein as a separate line item all Minimum Required Rental Payments and Additional Payments due during such period, if not otherwise paid from capitalized interest funded by proceeds of the Certificates; and

(iv) such other information respecting the affairs, conditions and/or operations, financial or otherwise, of the City or the Property, as the Bank may from time to time reasonably request.

All factual information hereinafter delivered by City in writing to the Bank will be, to the knowledge of the authorized person delivering such information after reasonable inquiry, accurate and complete in all material respects on the date as of which such information is certified.

(b) *No Amendment Without Consent of the Bank.* Without the prior written consent of the Bank, the City will not agree or consent to any amendment, supplement, waiver or modification of any provision of any Related Document to which the City is a party that affects the rights, interests, security or remedies of the Bank hereunder.

(c) *Incorporation of Covenants by Reference.* The City agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in the Related Documents to which it is a party, which provisions, as well as related defined terms contained herein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety. To the extent that any such incorporated provision permits any Person to waive compliance with or consent to such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to any Person, for purposes of this Agreement, such provision shall be complied with only if it is waived or consented to by the Bank and such document, opinion or other instrument shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Bank.

(d) *Outstanding Certificates Plus Interest Thereon Not to Exceed Stated Amount; No-Delivery after Receipt of No-Delivery Notice.*

(i) The City will instruct the Delivery and Paying Agent not to authenticate or deliver any Certificate if, immediately after the authentication and delivery of, and receipt of payment for, such Certificate, the sum of (A) the face value of all discount Certificates and (B) the principal amount of all outstanding non-discount Certificates plus all interest to accrue on such non-discount Certificates to the maturity date thereof, would exceed the Stated Amount.

(ii) The City shall not instruct the Delivery and Paying Agent to authenticate or deliver any Certificate if the Delivery and Paying Agent has received (A) a Final Drawing Notice or (B) a No-Delivery Notice, unless and until such Final Drawing Notice or No-Delivery Notice is rescinded.

(e) *Defaults.* The City will promptly (and in any event within five Business Days) notify the Bank of the occurrence of any Default or Event of Default specifying the details of such Default or Event of Default or event of default and the action that the City proposes to take with respect thereto.

(f) *Books, Records.* The City will permit, during normal business hours and from time to time, upon reasonable prior notice, the Bank or any of its agents or representatives to examine and make copies of and abstracts from the records and books of account of the City (except records and books of accounts the examination of which by the Bank is prohibited by law), and to discuss the affairs, finances and accounts of the City with any representative or any other appropriate officer of the City or the City's independent public accountants. Without limiting the foregoing, upon reasonable prior notice the City shall permit the Bank to visit and inspect any of the Property during regular business hours as often as the Bank may reasonably request.

(g) *Other Obligations.* The City will comply with and observe all other obligations and requirements set forth in the Trust Agreement and each other Related Document to which it is a party (including without limitation all provisions therein for the benefit of the Bank) in all material respects and in all laws, statutes and regulations binding upon it, noncompliance with which would materially adversely affect the City's ability to perform its obligations under the Certificates, this Agreement or any of the Related Documents.

(h) *Litigation; Material Change.* The City shall promptly notify the Bank of (i) the existence and status of any litigation which individually or in the aggregate could, in the event of an unfavorable outcome, or (ii) the occurrence of any other event or change which could have a material adverse effect on (A) the ability of the City to perform its obligations hereunder or under the other Related Documents or (B) the enforceability or validity of the Trust Agreement or any of the other Related Documents.

(i) *Obligations under Related Documents.* The City shall take all actions as may be reasonably requested by the Bank to enforce the obligations under the Related Documents of each of the other parties thereto.

(j) *Dealer(s); Trustee; Delivery and Paying Agent.* The City will not, without the prior written consent of the Bank (which consent shall not be unreasonably withheld or delayed), appoint or permit the appointment of a successor Dealer or Delivery and Paying Agent. The City shall at all times maintain one or more Dealers and a Trustee and a Delivery and Paying Agent under the Trust Agreement. The City shall at all times cause each Dealer and the Delivery and Paying Agent to market, issue, and deliver, as applicable, Certificates up to the Maximum Rate. If any Reimbursement Obligation remains

outstanding and any Dealer fails to sell the Certificates for sixty (60) consecutive days, then the City shall, at the written request of the Bank, cause the applicable Dealer to be replaced with a Dealer reasonably satisfactory to the Bank. Any dealer agreement with a successor Dealer shall provide that (a) such Dealer may resign upon at least 60-days' prior written notice to the City, Delivery and Paying Agent and the Bank and (b) such Dealer shall use its best efforts to sell the Certificates up to the Maximum Rate.

(k) *Limitation on Voluntary Liens.* (i) The City shall not create a pledge, lien or charge on any part of the Property or the Pledged Property, other than the lien in favor of holders of the Certificates and the Bank. (ii) The City covenants to keep the Components and all parts thereof free from judgments, and materialmen's and mechanics' liens, claims, demands, encumbrances, liabilities and other liens of whatever nature or character, which, in each case, might hamper the City in utilizing the Components; and promptly, upon request of the Bank, to take such action from time to time as may be reasonably necessary or proper to remedy or cure any cloud upon or defect in the title to the Components or any part thereof, whether now existing or hereafter developing, to prosecute all actions, suits, or other proceedings as may be reasonably appropriate for such purpose.

(l) *City to Maintain Existence.* The City agrees that it will maintain its existence as a charter city and county under the laws and Constitution of the State of California.

(m) *Further Assurances.* The City will execute, acknowledge where appropriate, and deliver from time to time promptly at the request of the Bank all such instruments and documents as in the opinion of the Bank are reasonably necessary or desirable to carry out the intent and purposes of this Agreement.

(n) *No Impairment.* The City will not take any action, or cause or permit the Trustee or the Delivery and Paying Agent to take any action, under the Trust Agreement, the Sublease or any other Related Document inconsistent with the rights and remedies of the Bank under this Agreement.

(o) *Additional Obligations.* The City will not issue or authorize the issuance of any obligations payable from Base Rental or Additional Rental due under the Sublease other than the Certificates and the Revolving Bank Certificate.

(p) *References to the Bank.* The City will not refer to the Bank in any official statement, offering memorandum, or private placement memorandum or make any changes in reference to the Bank in any revision of the Offering Memorandum without the Bank's prior written consent thereto, which consent shall not be unreasonably withheld or delayed.

(q) *Title Insurance.* Title insurance shall be provided and maintained in the manner and in form and substance as set forth in the Sublease; *provided* that notwithstanding anything contained in the Sublease or any other Related Document to the contrary, any policy of title insurance shall be subject only to such exceptions as shall be acceptable to the Bank, with such endorsements and affirmative coverages as may be

reasonably required by the Bank, including endorsements regarding zoning and access to public roads, and otherwise in form and substance satisfactory to the Bank and its counsel and issued by an insurance company acceptable to the Bank and its counsel and authorized to issue such insurance in the State.

(r) *Maintenance of Insurance.* Insurance shall be provided and maintained in the manner and in form and substance as set forth in the Sublease.

(s) *Covenants and Legal Duties.* Subject to Section 3.1(g) of the Sublease, the City agrees to include all Minimum Required Rental Payments and Additional Rental due under the Sublease in each Fiscal Year in its annual budget and to make the necessary annual appropriations for all such Minimum Required Rental Payments and Additional Rental, and for all Minimum Supplemental Rental Payments, if any, subject to Section 3.5 of the Sublease. The covenants on the part of the City herein contained and in the Sublease shall be deemed to be and shall be construed to be duties imposed by law, and 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 such covenants and agreements.

(t) *Use of Letter of Credit Proceeds.* The City shall cause the Delivery and Paying Agent to use the proceeds of drawings made under the Letter of Credit solely to pay the principal of and interest on maturing Certificates.

(u) *Ratings.* The City shall give written notice to the Bank as soon as practicable of the increase, decrease, withdrawal or suspension of any rating maintained by Moody's, Fitch or S&P, to the extent such Rating Agency is then maintaining a rating on Lease Obligation Debt, in respect of the City's unenhanced Lease Obligation Debt, unless such rating is terminated due to the payment in full of such certificates of participation; *provided* that the requirement to provide such notice shall be satisfied if such information is publicly available on the Electronic Municipal Market Access system maintained by the Municipal Securities Rulemaking Board. The City shall cause to be maintained at all times long-term unenhanced ratings on its Lease Obligation Debt from at least two (2) of Moody's, Fitch and S&P.

(v) *Voluntary Rent Abatement.* Except as required by law and the terms of the Sublease, the City shall not seek or assert a claim for abatement of rental payments under the Sublease.

(w) *Immunity.* To the fullest extent permitted by law, the City agrees not to assert the defense of immunity (on the grounds of sovereignty or otherwise) in any proceeding by the Bank to enforce any of the obligations of the City under this Agreement or any other Related Document.

(x) *Alternate Letter of Credit.* The City agrees to use its best efforts to obtain an Alternate Credit Facility for the Letter of Credit in the event that (i) the Bank decides not to extend the Stated Expiration Date (such replacement to occur on the then current

Stated Expiration Date) or (ii) the Letter of Credit shall otherwise terminate in accordance with its terms.

(y) *ERISA*. The City will comply in all material respects with Title IV of ERISA, if, when and to the extent applicable.

(z) *Swap Agreements*. (i) The City will use its best efforts to enter into all future Swap Contracts with a claim on the General Fund of the City with counterparties rated “AA-” (or its equivalent) or better by at least one Fitch, S&P or Moody’s. (ii) In no event shall any swap counterparty with respect to any such Swap Contract with a claim on the General Fund of the City be rated lower than “\_\_” (or its equivalent) by any one of Fitch, S&P or Moody’s, without the prior written consent of the Bank, at the time of entering into such Swap Contract.

(aa) *Future Credit Facilities*. In the event that the City shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement, which such Bank Agreement provides such Person with additional or more restrictive covenants, additional or more restrictive events of default, shorter amortization periods with respect to term outs and/or rights or remedies than are provided to the Bank in this Agreement or a maximum rate with respect to the obligations under the related Bank Agreement in excess of 12% per annum (collectively, the “Additional Rights”), such Additional Rights shall automatically be deemed to be incorporated into this Agreement and the Bank shall have the benefits of such Additional Rights. Upon the request of the Bank, the City shall promptly, enter into an amendment to this Agreement to include such Additional Rights, provided that the Bank shall maintain the benefit of such Additional Rights even if the City fails to provide such amendment. Notwithstanding the foregoing, no Additional Rights (except for those relating to shorter amortization periods with respect to term outs or a maximum rate as described further below) shall be incorporated by reference into this Agreement, and the City shall have no obligation to enter into an amendment to include any such Additional Rights, if the related Bank Agreement is entered into by the City after the four (4) month anniversary of the Date of Issuance; except that any Additional Rights relating to shorter amortization periods with respect to term outs or a maximum rate with respect to the obligations under the related Bank Agreement in excess of 12% per annum shall be incorporated herein by reference pursuant to this Section 5.1(aa), and the City shall enter into an amendment hereto to include such Additional Rights, no matter when such Bank Agreement is entered into. If the City shall amend the related Bank Agreement such that it no longer provides for such Additional Rights, then, without the consent of the Bank this Agreement shall be deemed to automatically no longer contain the related Additional Rights and the Bank shall no longer have the benefits of any such Additional Rights.

(bb) *Fair Rental Value*. In the event the aggregate fair rental value of all of the Components is less than the aggregate principal of and interest on all Term Loans outstanding in any calendar year, the City will use its best efforts to either (i) take all steps necessary to seek an appropriation from the City’s general fund in an amount equal to such difference between the aggregate principal of and interest on all Term Loans outstanding and such fair rental value and use such appropriation to prepay the Term Loans or (ii)

obtain an Alternate Credit Facility to replace the Letter of Credit or to otherwise refinance the Certificates.

## ARTICLE VI

### EVENTS OF DEFAULT

*Section 6.1. Events of Default.* The occurrence of any of the following events shall be an “*Event of Default*” hereunder:

(a) The City shall fail to pay (i) any Reimbursement Obligation or interest thereon as and when due hereunder, subject to the proviso in Section 2.6(c) hereof, (ii) any fee set forth in Section 1.1, 1.2, 1.3, 1.4, 1.5 or 1.6 of the Fee Agreement as and when due hereunder or thereunder and the continuance of such failure for a period of three (3) Business Days, or (iii) any other Obligation (other than Obligations specified in clause (i) or (ii) of this Section 6.1(a)) as and when due hereunder and the continuance of such failure for a period of thirty (30) days after written notice thereof;

(b) (i) The City shall default in the performance of any of the covenants set forth in Section 5.1(b), (d), (g), (j), (k)(i), (l), (n), (o), (q), (r), (s), (t), (v), (w) or (z)(ii) hereof or (ii) Certificates shall be executed and delivered prior to satisfaction of the condition precedent set forth in Section 3.4 hereof;

(c) The City shall default in the performance of any other term, covenant or agreement set forth herein and such failure shall continue for a period of thirty (30) days after the earlier to occur of (i) written notice thereof shall have been given to the City by the Bank or (ii) the tenth (10th) day after the Controller of the City shall have actual knowledge of such default;

(d) Any representation, warranty, certification or statement made by the City (or incorporated by reference) in this Agreement or by the City in any other Related Document or in any certificate, financial statement or other document delivered pursuant to this Agreement or any other Related Document shall prove to have been incorrect in any material respect when made or deemed made;

(e) The City shall (A) fail to make any payment on any Material City Debt (other than the Certificates) or any interest or premium thereon when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Material City Debt; or (B) fail to perform or observe any term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any Material City Debt when required to be performed or observed, and such failure shall not be waived and shall continue after the later of (1) five Business Days after notice of such failure or (2) the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure to perform or observe is to accelerate the maturity of such Material City Debt; or (C) any Material City Debt shall

be declared to be due and payable or be required to be prepaid (other than by a regularly scheduled required prepayment or an optional prepayment), prior to the stated maturity thereof; *provided, however*, that in the case of clause (A) or (B) any such failure shall not be considered an Event of Default hereunder if the same is being contested in good faith and by appropriate proceedings and such contest shall operate to stay the acceleration of the maturity of such Material City Debt;

(f) The City or the Trustee shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of its or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall declare a moratorium, or shall take any action to authorize any of the foregoing; or any Governmental Authority of appropriate jurisdiction shall declare a moratorium with respect to any of the debt of the City;

(g) A case or other proceeding shall be commenced against the City or the Trustee seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case shall remain undismissed and unstayed for a period of sixty (60) days; or an order for relief shall be entered against the City or the Trustee under the federal bankruptcy laws as now or hereafter in effect, or any writ, judgment, warrant of attachment, execution or similar process shall be issued or levied against a substantial part of the property, assets or business of the City or the Trustee, and such proceedings or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be stayed, released, appealed, vacated or fully bonded, within the time permitted by law after commencement, filing or levy, as the case may be;

(h) Any provision of this Agreement or any Related Document shall cease for any reason whatsoever to be a valid and binding agreement of the City or the Trustee, or the City or the Trustee shall contest the validity or enforceability thereof;

(i) Any pledge or security interest created hereunder or under the Trust Agreement to secure any amounts due under this Agreement shall fail to be valid or fully enforceable;

(j) An event of default shall occur under any of the Related Documents (other than this Agreement) or the City shall fail to make any payment under the Sublease when and as due;

(k) (i) Any long-term unenhanced rating assigned by Moody's, Fitch or S&P (to the extent such Rating Agency is then maintaining a rating on Lease Obligation Debt) to any Lease Obligation Debt shall be withdrawn, suspended or otherwise unavailable for credit related reasons or (ii) the lowest of the two highest long-term unenhanced ratings assigned by Moody's, Fitch or S&P (to the extent such Rating Agency is then maintaining a rating on Lease Obligation Debt) on any Lease Obligation Debt shall be reduced below "Baa3" (or its equivalent), "BBB-" (or its equivalent) or "BBB-" (or its equivalent), respectively; provided, however, that, notwithstanding the foregoing, to the extent that there are two or less long-term unenhanced ratings assigned to the Lease Obligation Debt, it shall constitute an Event of Default hereunder in the event that any long-term unenhanced ratings assigned by Moody's, Fitch or S&P (to the extent such Rating Agency is then maintaining a rating on Lease Obligation Debt) on any Lease Obligation Debt of the City shall be reduced below "Baa3" (or its equivalent), "BBB-" (or its equivalent) or "BBB-" (or its equivalent), respectively (for purposes of Section 6.01(k)(ii) hereof, Lease Obligation Debt shall mean, (x) in the case of Moody's, if Moody's assigns different long-term unenhanced ratings to Lease Obligation Debt, such Lease Obligation Debt with the highest long-term unenhanced rating assigned by Moody's, (y) in the case of S&P, if S&P assigns different long-term unenhanced ratings to Lease Obligation Debt, such Lease Obligation Debt with the highest long-term unenhanced rating assigned by S&P, and (z) in the case of Fitch, if Fitch assigns different long-term unenhanced ratings to Lease Obligation Debt, such Lease Obligation Debt with the highest long-term unenhanced rating assigned by Fitch;

(l) One or more final, nonappealable judgments or orders for the payment of money in the aggregate amount of \$25,000,000 or more shall be rendered against the City and such judgment or order shall continue unsatisfied and unstayed for a period of sixty (60) days; or

(m) Any *Event of Default* (or term of like meaning or effect) shall have occurred under any Bank Agreement related to any commercial paper certificates of participation issued by or on behalf of the City.

*Section 6.2. Upon an Event of Default.* If any Event of Default shall have occurred and be continuing, the Bank may by notice to the City and the Delivery and Paying Agent, (i) issue a No-Delivery Notice, (ii) issue the Final Drawing Notice (the effect of which shall be to cause the Letter of Credit Termination Date to occur on the fifteenth (15<sup>th</sup>) calendar day after the date of receipt thereof by the Delivery and Paying Agent), (iii) declare the Revolving Bank Certificate, in whole or in part, all or some Reimbursement Obligations, as well as any other Obligation, and all interest thereon to be a Default Advance hereunder due and payable in the manner set forth in Section 2.6 hereof, or (iv) take any other action permitted by equity or law. Notwithstanding anything to the contrary contained in the preceding sentence, upon the occurrence or existence of an Event of Default of the type described in Section 6.1(f) or (g) above, the remedies described in clauses (ii) and (iii) above shall occur immediately and automatically without notice or further action on the part of the Bank or any other person. Anything in Article 2 hereof the contrary notwithstanding, from and after the occurrence an Event of Default, all Obligations shall bear interest at the Default Rate. Upon any action by the Bank as contemplated in the foregoing

clauses (i) and (ii), the Stated Amount shall be permanently reduced upon, and by the amount of, each drawing under the Letter of Credit following the occurrence of an Event of Default. Notwithstanding the foregoing, the occurrence of an Event of Default shall not affect the Bank's obligation under the Letter of Credit with respect to Certificates that are outstanding at the time of the occurrence of such Event of Default, and the Delivery and Paying Agent shall continue to have the right to draw under the Letter of Credit to pay the principal of and accrued interest on maturing Certificates that are outstanding at the time of the occurrence of such Event of Default.

Nothing contained in Section 6.2 shall result in, or be construed to require, an acceleration of Base Rental under the Sublease and nothing contained in this Section 6.2 is intended to abrogate abatement of Base Rental made in accordance with the terms of the Sublease. Nothing contained in Section 6.2 shall abrogate the obligation of the Bank to honor properly presented and conforming Drawings under the Letter of Credit prior to the termination of the Letter of Credit in accordance with its terms.

## ARTICLE VII

### MISCELLANEOUS

*Section 7.1. Amendments and Waivers.* No amendment, change, discharge or waiver of any provision of this Agreement, nor consent to any departure by the City therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

No notice to or demand on the City in any case shall entitle the City to any other or further notice or demand in the same, similar or other circumstances.

*Section 7.2. Notices.* All notices and other communications provided for hereunder shall be in writing (including facsimiles) and mailed or faxed or delivered:

If to the City:

City and County of San Francisco  
City Hall, 1 Dr. Carlton B. Goodlett Place  
Room 316  
San Francisco, California 94102  
Attention: City Controller

If to the Bank with respect to draws on the Letter of Credit:

With a copy to:

If to the Bank for payment of obligations  
hereunder or under the Fee Agreement:

Wire instructions with respect to Facility or  
Other Fees:

Wire instructions to Letter of Credit  
reimbursement of drawings:

If to the Delivery and Paying Agent:

If to the Trustee:

or, as to each party, at such other address as shall be designated by such party in a written notice to the other party. All such notices and communications shall, when mailed or faxed, be effective when deposited in the mails or faxed, respectively, addressed as aforesaid, except that notice to the Bank pursuant to the provisions of Article II shall not be effective until received by the Bank.

*Section 7.3. No Waiver; Remedies.* No failure on the part of the Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. No notice to or demand on the City in any case shall entitle the City to any other or further notice or demand in similar or other circumstances or constitute a waiver of the right of the Bank to any other or further action in any circumstances without notice or demand. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

*Section 7.4. Indemnification.* (a) The City, to the extent permitted by law, hereby indemnify and hold the Bank, and its directors, officers, employees and agents (the "*Indemnified Parties*") harmless from and against any and all claims, damages, losses, liabilities, costs or expenses which such Indemnified Parties may incur or which may be claimed against such Indemnified Parties by any person, as well as to the extent set forth in Section 5.1(w) hereof or by reason of or in connection with (i) the offering, sale, remarketing or resale of the Certificates (including, without limitation, by reason of any untrue statement or alleged untrue statement of any material fact contained or incorporated by reference in the Related Documents or in any supplement or amendment to the Offering Memorandum or any similar disclosure document (other than in connection with a description of the Bank), or the omission or alleged omission to state therein a material fact necessary to make such statements, in the light of the circumstances in which they are or were made, not misleading (other than in connection with a description of the Bank)); (ii) the validity, sufficiency, enforceability or genuineness of any Related Document; (iii) the issuance of the Letter of Credit or the use of any proceeds of the Letter of Credit; (iv) the execution, delivery and performance of this Agreement, or the making or the failure to honor a properly presented and conforming drawing under the Letter of Credit; or (v) any Property; *provided, however,* that the City shall not be required to indemnify an Indemnified Party pursuant to this Section 7.4 for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of the Bank.

(b) To the extent not prohibited by applicable law, the City agrees to indemnify and hold the Bank harmless (on a net after-tax basis) from any present or future claim or liability for stamp,

transfer, documentary, excise or other similar tax and any penalties or interest with respect thereto, which may be assessed, levied or collected by any jurisdiction in connection with the execution, delivery and performance of, or any payment made under, this Agreement, the Certificates and the other Related Documents, or any amendment thereto.

*Section 7.5. Liability of the Bank.* Neither the Bank nor any of its officers, directors, employees or agents shall be liable or responsible for (i) the use which may be made of the proceeds of any Certificates or any drawings under the Letter of Credit, (ii) the validity, sufficiency or genuineness of documents, or of any endorsement(s) thereon (other than the validity as against the Bank of any agreement to which the Bank is a party), even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged, (iii) the lack of validity or enforceability of this Agreement, the Certificates, any other Related Document or any other agreement or instrument relating thereto (other than the validity or enforceability as against the Bank of any agreement to which the Bank is a party), (iv) payment by the Bank against presentation of documents that do not comply strictly with the terms of the Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit, (v) errors, omissions, interruptions or delays in transmission or delivery of any messages, by telex, mail, cable, telegraph, facsimile or otherwise, whether or not they have been in cipher, including any drawings under the Letter of Credit, (vi) errors in interpretation of technical terms, (vii) any consequences arising from causes beyond the control of the Bank, including, without limitation, any acts of governmental entities, or (viii) any other circumstances whatsoever in making or failing to make payment under the Letter of Credit; *provided*, that the City shall have claims against the Bank, and the Bank shall be liable to the City to the extent of any direct, as opposed to consequential, special, punitive, exemplary or indirect damages suffered by the City which the City proves were caused by (i) the Bank's willful misconduct or gross negligence in determining whether any drawing presented under the Letter of Credit complied with the terms thereof, or (ii) the Bank's willful failure to honor a properly presented and conforming drawing required to be honored by it under the Letter of Credit. In furtherance and not in limitation of the foregoing, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information (other than actual knowledge to the contrary) to the contrary.

*Section 7.6. Expenses; Documentary Taxes.* The City shall pay or cause to be paid (a) fees and document production costs and disbursements of \_\_\_\_\_, special counsel for the Bank, in connection with the preparation of this Agreement and the Letter of Credit, (b) all reasonable out-of-pocket travel and other expenses incurred by the Bank in connection with this Agreement and the Letter of Credit, (c) all reasonable out-of-pocket expenses of the Bank, including fees and disbursements of counsel, in connection with any waiver or consent hereunder or any amendment hereof or any Default or alleged Default or Event of Default hereunder, and (d) all out-of-pocket expenses incurred by the Bank, including fees and disbursements of counsel, in connection with any Event of Default or any investigation or enforcement proceedings with respect to this Agreement or any Related Document. The City shall reimburse the Bank for any transfer taxes, documentary taxes, assessments or charges made by any governmental authority by reason of the execution a delivery of this Agreement or any Related Document or the acquisition or disposition by the Bank of the Revolving Bank Certificate pursuant to this Agreement.

*Section 7.7. Binding Effect.* (a) This Agreement shall become effective when it shall have been executed by the City and the Bank and thereafter shall be binding upon and inure to the benefit of the City and the Bank and their respective successors and assigns, except that the City shall not have the right to assign its rights or obligations hereunder or any interest herein without the prior written consent of the Bank.

(b) The Bank shall have the right to grant participations from time to time (to be evidenced by one or more participation agreements or certificates of participation) in this Agreement, the Revolving Bank Certificate and the Letter of Credit to one or more Participant Banks, *provided* that the grant of any such participation shall not terminate or otherwise affect any obligation of the Bank hereunder. Each Participant Bank purchasing such a participation shall in the discretion of the Bank have all rights of the Bank hereunder to the extent of the participation purchased, including, without limitation, the benefits of Sections 2.8, 7.4 and 7.6 hereof. In connection with the granting of participations, the Bank may disclose to any proposed participant any information that the City discloses pursuant to this Agreement. The Bank shall give notice to the City of any Participant Bank that is granted a participation pursuant to this Section 7.7(b).

(c) Any assignment by the Bank of its rights hereunder or any interests herein shall satisfy the conditions precedent to the acceptance of an Alternate Credit Facility under the Trust Agreement. Notwithstanding any other provision of this Agreement, the Bank may assign and pledge all or any portion of the obligations owing to it hereunder or under the other Related Documents to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, *provided* that any payment in respect of such assigned obligations made by the City to the Bank in accordance with the terms of this Agreement shall satisfy the City's obligations hereunder in respect of such assigned obligation to the extent of such payment. No such assignment shall release the Bank from its obligations hereunder.

(d) Notwithstanding any participation granted by the Bank pursuant hereto, the City shall continue to deal solely and exclusively with the Bank in connection with the respective rights and obligations of the City and the Bank hereunder and under the other Related Documents, the grant of such participation interest shall not limit the obligations of the Bank hereunder and the Bank will continue to serve as the only contact for the City for all matters relating to this Agreement

*Section 7.8. Severability.* Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

*Section 7.9. Governing Law; Jurisdiction; Waiver of Jury Trial.* (a) This Agreement shall be governed by, and construed in accordance with, the internal laws of the State; *provided, however,* that obligations of the Bank hereunder shall be governed by, and constructed in accordance with the laws of the State of New York without giving effect to conflicts of laws provisions (other than New York General Obligation Laws 5-1401 and 5-1402).

(b) Each of the parties hereto hereby submits to the exclusive jurisdiction of any federal or state court of competent jurisdiction in the State or in the State of New York for the purpose of any suit, action or other proceeding arising out of or relating to this Agreement; service of process may be accomplished by registered mail, return receipt requested to each of the parties at the address listed for notice in Section 7.2 hereof.

(c) To the extent permitted by law, each of the City and the Bank irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or relating to legal claims based on the City's or the Bank's performance of its obligations under this Agreement or any other Related Document. If and to the extent that the foregoing waiver of the right to a jury trial is unenforceable for any reason in such forum, the City and the Bank hereby consent to the adjudication of any and all claims pursuant to judicial reference as provided in California Code of Civil Procedure Section 638, and the judicial referee shall be empowered to hear and determine any and all issues in such reference whether fact or law. The City and the Bank represent that each has reviewed this waiver and consent and each knowingly and voluntarily waives its jury trial rights and consents to judicial reference following the opportunity to consult with legal counsel of its choice on such matters. In the event of litigation, a copy of this Agreement may be filed as a written consent to a trial by the court or to judicial reference under California Code of Civil Procedure Section 638 as provided herein.

(d) The waivers made pursuant to this Section 7.9 shall be irrevocable and unmodifiable, whether in writing or orally, and shall be applicable to any subsequent amendments, renewals, supplements or modifications of this Agreement.

*Section 7.10. Headings.* Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

*Section 7.11. Counterparts.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

*Section 7.12. Integration.* This Agreement is intended to be the final agreement between the parties hereto relating to the subject matter hereof and this Agreement and any agreement, document or instrument attached hereto or referred to herein shall supersede all oral negotiations and prior writings with respect to the subject matter hereof.

*Section 7.13. Patriot Act; Government Regulations.* (a) The Bank hereby notifies the City that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "*Patriot Act*"), the Bank is required to obtain, verify and record information that includes the name and address of the City and other information that will allow the Bank to identify the City in accordance with the Patriot Act.

(b) The City shall ensure that (a) no person who controls the City is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control ("*OFAC*"), the Department of the Treasury or included in

any Executive Orders, that prohibits or limits the Bank from making any advance or extension of credit to the City or from otherwise conducting business with the City, and (b) the Certificates proceeds shall not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto. Further, the City shall comply with all applicable Bank Secrecy Act (“BSA”) laws and regulations, as amended. The City agrees to provide documentary and other evidence of City’s identity as may be requested by the Bank at any time to enable the Bank to verify the City’s identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the Patriot Act.

*Section 7.14. City Requirements.* The Bank hereby agrees to the City’s requirements, as provided in Exhibit D attached hereto and incorporated hereby by this reference.

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IN WITNESS WHEREOF, the parties hereto have caused this Letter of Credit and Reimbursement Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

CITY AND COUNTY OF SAN FRANCISCO

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

APPROVED AS TO FORM:  
CITY ATTORNEY

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

---

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

EXHIBIT A

[FORM OF IRREVOCABLE DIRECT-PAY LETTER OF CREDIT]

IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. \_\_\_\_\_

\_\_\_\_\_, 2016

\_\_\_\_\_,  
as Delivery and Paying Agent

\_\_\_\_\_,  
Attention: Corporate Trust Department

Ladies and Gentlemen:

We hereby establish, at the request and for the account of the City and County of San Francisco (the "City"), in your favor, as delivery and paying agent (the "Delivery and Paying Agent") with respect to the City and County of San Francisco Tax-Exempt Lease Revenue Certificates of Participation, Series \_ and the City and County of San Francisco Taxable Lease Revenue Commercial Paper Certificates of Participation, Series \_-T (the "Certificates"), executed and delivered pursuant to the Trust Agreement dated as of \_\_\_\_\_ 1, 2016 (as amended, supplemented and otherwise modified from time to time, the "Trust Agreement"), by and between the City and \_\_\_\_\_, as trustee (the "Trustee") pursuant to which the Certificates are being executed and delivered, our Irrevocable Direct-Pay Letter of Credit \_\_\_\_\_ (this "Letter of Credit") in the maximum available amount of \_\_\_\_\_ (\$ \_\_\_\_\_) (as such amount may be reduced and reinstated pursuant to the terms hereof, the "Stated Amount"), of which an amount initially equal to \$ \_\_\_\_\_ (as such amount may be reduced or reinstated from time to time in accordance with the terms hereof, the "Principal Component") may be drawn upon from time to time with respect to payment of the unpaid principal amount of Certificates on their stated maturity dates, and an amount initially equal to \$ \_\_\_\_\_ (as such amount may be reduced or reinstated from time to time in accordance with terms hereof, the "Interest Component") may be drawn upon with respect to payment of the interest accrued and unpaid on the Certificates on their stated maturity date, but in no event more than the 270 days' interest accrued and unpaid on the outstanding Certificates immediately preceding any drawing made with respect to the Certificates at an assumed interest rate of 12% based on a year of 360 days, effective on the date hereof and expiring at \_\_\_\_ p.m. (New York time), at our office in Boston, Massachusetts on \_\_\_\_\_, 20\_\_, unless extended by us in our sole discretion by delivery of a certificate in the form of Annex E ("Notice of Extension of Stated Expiration Date") attached hereto (the "Stated Expiration Date") or terminated earlier as hereafter provided; *provided, however*, that if such date is not a Business Day, the Stated Expiration Date shall be the next preceding Business Day. The Stated Amount is subject to reductions and reinstatements as provided herein. All drawings under this Letter of Credit will be paid with our own immediately available funds and will not be paid directly or indirectly from funds or collateral on deposit with or for the account of, or pledged with

or for the account of, us by the City. This Letter of Credit is being issued pursuant to that certain Letter of Credit and Reimbursement Agreement dated as of \_\_\_\_\_ 1, 2016 (as the same may at any time be amended or modified in effect, the "*Reimbursement Agreement*"), between the City and the Bank.

We hereby irrevocably authorize you to draw on us in an aggregate amount not to exceed the Stated Amount of this Letter of Credit set forth above and in accordance with the terms and conditions and subject to the reductions and reinstatements in amount as hereinafter set forth, in one or more Drawings (as hereinafter defined) (subject to the provisions contained in the second following paragraph), payable as set forth herein on a Business Day by presentation of your written and completed certificate signed by you in the form of (i) Annex A-1 ("*Certificate for Drawing in Connection with Payment of Principal and Interest*") (with respect to the payment at maturity of the principal of and interest to maturity on Certificates issued in accordance with the Trust Agreement), or (ii) Annex A-2 ("*Certificate for Drawing in Connection with Payment of Principal and Interest after Final Drawing Notice*") (with respect to the payment at maturity of the principal of and interest to maturity on Certificates issued in accordance with the Trust Agreement and that otherwise mature on or after the date that you receive notice from us in the form of Annex G hereto (the "*Final Drawing Notice*")), attached hereto (any such certificate being a "*Drawing*"), in each case in an aggregate amount not exceeding the Stated Amount of this Letter of Credit. "*Business Day*" means any day other than (i) a Saturday or Sunday or a day on which banking institutions are authorized or required by law or executive order to be closed in the State of California, the State of \_\_\_\_\_ or the State of New York for commercial banking purposes; (ii) a day on which the New York Stock Exchange is authorized or required by law or executive order to be closed; and (iii) a day upon which commercial banks are authorized or required by law or executive order to be closed in the cities and states in which demands for payment may be presented under this Letter of Credit.

Upon our honoring any Drawing, the Stated Amount and the amount available to be drawn hereunder by you pursuant to any subsequent Drawing shall be automatically decreased by an amount equal to the amount of such Drawing. In connection therewith, the Stated Amount and the amounts from time to time available to be drawn by you hereunder by any Drawing (except in the case of a Drawing resulting from delivery of the Final Drawing Notice) shall be increased when and to the extent, but only when and to the extent (i) of transfer by you to us on the date such Drawing is honored of proceeds of new Certificates issued on such date or other funds furnished by or on behalf of the City to us for such purpose, in either case in an aggregate amount equal to the amount of such Drawing, or upon written notice from us to you that we have been reimbursed by or on behalf of the City for any amount drawn hereunder by any Drawing and (ii) you have not received from us a No-Delivery Notice in the form attached hereto as Annex F or a Final Draw Notice in the form attached hereto as Annex G; *provided, however*, that in no event shall the Interest Component be reinstated to an amount in excess of 270 days' interest (computed at the rate of 12% per annum and on the basis of a 360 day year) on the then applicable Principal Component.

At our opening of business on the date specified in each certificate in the form of Annex H (a "*Reduction Certificate*") delivered to the Bank which shall be a date which is at least five (5) Business Days following our receipt of the related Reduction Certificate attached hereto

appropriately completed and signed by your duly authorized officer, the Principal Component and the Interest Component shall be permanently reduced to the amounts set forth therein.

Each Drawing shall be dated the date of its presentation, and shall be presented by facsimile (at facsimile number (\_\_\_\_) \_\_\_\_-\_\_\_\_, Attention: \_\_\_\_\_: Letter of Credit No. \_\_\_\_\_ (or such other number or address as we may specify to you in writing), without further need of documentation, including the original of this Letter of Credit, it being understood that each Drawing so submitted is to be the sole operative instrument of drawing. Each Drawing shall be immediately confirmed by telephone (telephone number: (\_\_\_\_) \_\_\_\_-\_\_\_\_), notifying us of such Drawing; *provided*, that, the failure to confirm such Drawing by telephone shall not affect the validity or effectiveness of the Drawing. If we receive any Drawing at such office, in strict conformity with the terms and conditions of this Letter of Credit, not later than \_\_\_\_ a.m. (New York time), on a Business Day prior to the termination hereof, we will honor the same by 3:00 p.m. (New York time), on the same day in accordance with your payment instructions. If we receive any Drawing at such office, all in strict conformity with the terms and conditions of the Letter of Credit, after \_\_\_\_ a.m. (New York time) on a Business Day prior to the termination hereof, we will honor the same by 3:00 p.m. (New York time), on the next succeeding Business Day in accordance with your payment instructions.

Payment under this Letter of Credit shall be made by the Bank by wire transfer of immediately available funds to the Delivery and Paying Agent in accordance with the instructions specified by the Delivery and Paying Agent in the related Drawing. Such account may be changed only by presentation to the Bank of a letter in form satisfactory to the Bank specifying a different account with the Delivery and Paying Agent and executed by the Delivery and Paying Agent.

This Letter of Credit shall expire at \_\_\_\_ p.m. (New York time) on the date (the earliest of such date to occur referred to herein as the "*Letter of Credit Termination Date*") which is the earliest of (i) the Stated Expiration Date, (ii) the later of the date on which we receive written notice from you in the form of Annex C attached hereto that an Alternate Credit Facility has been substituted for this Letter of Credit in accordance with the Trust Agreement or the effective date of any such Alternate Credit Facility, (iii) the date on which we receive written notice from you in the form of Annex D attached hereto that there are no longer any Certificates Outstanding within the meaning of the Trust Agreement and that you elect to terminate the Letter of Credit or (iv) the earlier of (a) the fifteenth (15<sup>th</sup>) calendar day after the date on which you receive the Final Drawing Notice, and (b) the date on which the Drawing resulting from the delivery of the Final Drawing Notice is honored hereunder.

This Letter of Credit is transferable in its entirety to any transferee whom you have certified to us has succeeded you as Delivery and Paying Agent under the Trust Agreement, and may be successively transferred in its entirety. Transfer of the available balance under this Letter of Credit to such transferee shall be effected by the presentation to us of this Letter of Credit and any amendments thereto accompanied by a Transfer Request in the form of Annex B attached hereto signed by the transferor and the transferee together with the original Letter of Credit. Transfers to designated foreign nationals and /or specially designated nationals are not permitted as being contrary to the U.S. Treasury Department or Foreign Assets Control Regulations. Upon the Effective Date, as set forth in such Transfer, the transferee instead of the transferor shall, without

necessity of further action, be entitled to all the benefits of and rights under this Letter of Credit in the transferor's place.

This Letter of Credit sets forth in full our undertaking but not any of our rights (whether under applicable law or otherwise), and such undertaking but not any of our rights (whether under applicable law or otherwise) shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Certificates), except only the Drawing referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such Drawings.

If a Drawing does not conform to the terms and conditions of the Letter of Credit, we will use our best efforts to notify the Delivery and Paying Agent thereof within the time set forth above for honor of such demand for payment, such notice to be confirmed in writing to the Delivery and Paying Agent within one Business Day, and we shall return all documents to you.

Communications with respect to this Letter of Credit shall be addressed to us at \_\_\_\_\_, Attention: \_\_\_\_\_, specifically referring to the number of this Letter of Credit, or as otherwise provided in writing by us.

Except as expressly stated herein, this Letter of Credit is governed by, and construed in accordance with, the terms of the International Standby Practices 1998, International Chamber of Commerce Publication No. 590 (the "*ISP98*"). As to matters not governed by *ISP98*, this Letter of Credit shall be governed by and construed in accordance with the laws of the State of New York, including without limitation the Uniform Commercial Code as in effect in the State of New York, without regard to conflict of laws.

All payments made by us hereunder shall be made from our funds and not with the funds of any other person.

Very truly yours,

\_\_\_\_\_

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

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

ANNEX A-1

[FORM OF CERTIFICATE FOR DRAWING]

CERTIFICATE FOR DRAWING IN CONNECTION  
WITH THE PAYMENT OF PRINCIPAL AND INTEREST

IRREVOCABLE DIRECT-PAY LETTER OF CREDIT No. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_, \_\_\_\_\_  
Facsimile Number: (\_\_\_\_) \_\_\_\_ - \_\_\_\_

The undersigned, a duly authorized officer of the undersigned Delivery and Paying Agent (the "*Delivery and Paying Agent*"), hereby certifies to \_\_\_\_\_ (the "*Bank*"), with reference to Irrevocable Direct-Pay Letter of Credit No. \_\_\_\_\_ (the "*Letter of Credit*," the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Delivery and Paying Agent, as follows:

1. The undersigned is the Delivery and Paying Agent under the Delivery and Paying Agent Agreement and the Trust Agreement and is acting as the agent for the holders of the Certificates.

2. The undersigned is making a drawing under the Letter of Credit with respect to a payment of the principal of and accrued interest on maturing Certificates, which payment is due on \_\_\_\_\_.

3. The amount of the Drawing is equal to \$\_\_\_\_\_ (the Principal Component of such Drawing equal to \$\_\_\_\_\_ and the Interest Component of such Drawing equal to \$\_\_\_\_\_). Such amount was computed in compliance with the terms and conditions of the Certificates and the Trust Agreement. The amount of the Drawing being drawn in respect of the payment of principal of and accrued interest on maturing Certificates does not exceed the Stated Amount of the Letter of Credit.

4. Each such Certificate was authenticated and delivered by us (or a predecessor Delivery and Paying Agent) pursuant to authority under the Trust Agreement.

5. Upon receipt by the undersigned of the amount demanded hereby, (a) the undersigned will deposit the same directly into the Payment Account maintained by the Delivery and Paying Agent pursuant to the Trust Agreement and the Delivery and Paying Agent Agreement and shall apply the same directly to the payment when due of the principal amount of the Certificates and the interest amount owing on account of the Certificates pursuant to the Trust Agreement, (b) no portion of said amount shall be applied

by the undersigned for any other purpose, (c) no portion of said amount shall be commingled with other funds held by the undersigned, except for other funds drawn under the Letter of Credit, and (d) when such Certificates have been presented for payment and paid by us, we will cancel such matured Certificates.

6. Payment by the Bank pursuant to this drawing shall be made to [\_\_\_\_\_, ABA Number \_\_\_\_\_, Account Number \_\_\_\_\_, Attention \_\_\_\_\_.]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_, as  
Delivery and Paying Agent

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

ANNEX A-2

[FORM OF CERTIFICATE FOR DRAWING]

CERTIFICATE FOR DRAWING IN CONNECTION WITH THE  
PAYMENT OF PRINCIPAL AND INTEREST AFTER FINAL DRAWING NOTICE  
IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_, \_\_\_\_\_  
Facsimile Number: (\_\_\_\_) \_\_\_\_ - \_\_\_\_

The undersigned, a duly authorized officer of the undersigned Delivery and Paying Agent (the "*Delivery and Paying Agent*"), hereby certifies to \_\_\_\_\_ (the "*Bank*"), with reference to Irrevocable Direct-Pay Letter of Credit No. \_\_\_\_\_ (the "*Letter of Credit*," the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Delivery and Paying Agent, as follows:

1. The undersigned is the Delivery and Paying Agent under the Delivery and Paying Agent Agreement and the Trust Agreement and is acting as the agent for the holders of the Certificates.
2. The Delivery and Paying Agent has received the Final Drawing Notice.
3. The undersigned is presenting a Drawing under the Letter of Credit with respect to a payment of the principal of and accrued interest on Certificates issued in accordance with the Trust Agreement which mature on or after the date of the Final Drawing Notice.
4. The amount of the Drawing is equal to \$\_\_\_\_\_ (the Principal Component of such Drawing equal to \$\_\_\_\_\_ and the Interest Component of such Drawing equal to \$\_\_\_\_\_). Such amount was computed in compliance with the terms and conditions of the Certificates and the Trust Agreement. The amount of the Drawing being drawn in respect of the payment of principal of, accrued interest on, and interest payable to maturity of, the Certificates does not exceed the Stated Amount of the Letter of Credit. The amount requested for payment hereunder has not been and is not the subject of a prior or contemporaneous request for payment under the Letter of Credit.
5. The Certificates was authenticated and delivered by us (or a predecessor Delivery and Paying Agent) pursuant to authority under the Trust Agreement.

6. Upon receipt by the undersigned of the amount demanded hereby, (a) the undersigned will deposit the same directly into the Payment Account maintained by the Delivery and Paying Agent pursuant to the Trust Agreement and the Delivery and Paying Agent Agreement and apply the same directly to the payment when due of the principal amount of Certificates and the interest amount owing on account of the Certificates pursuant to the Trust Agreement, (b) no portion of said amount shall be applied by the undersigned for any other purpose, (c) no portion of said amount shall be commingled with other funds held by the undersigned, except for other funds drawn under the Letter of Credit, and (d) when such Certificates have been presented for payment and paid by us, we will cancel such matured Certificates.

7. This Certificate is being presented to the Bank on a date which is no later than the fifteenth (15<sup>th</sup>) calendar day after receipt by the Delivery and Paying Agent of the Final Drawing Notice.

8. Payment by the Bank pursuant to this drawing shall be made to [\_\_\_\_\_, ABA Number \_\_\_\_\_, Account Number \_\_\_\_\_, Attention \_\_\_\_\_.]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_, as Delivery and Paying Agent

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

ANNEX B

[FORM OF REQUEST FOR TRANSFER]

REQUEST FOR TRANSFER

IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. \_\_\_\_\_

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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Facsimile Number: (\_\_\_\_) \_\_\_\_-\_\_\_\_

Re: \_\_\_\_\_ Irrevocable Direct-Pay Letter of Credit  
No \_\_\_\_\_ dated \_\_\_\_\_, 2016

We, the undersigned "Transferor", hereby irrevocably transfer all of our rights to draw under the above referenced Letter of Credit ("Credit") in its entirety to:

NAME OF TRANSFEREE

\_\_\_\_\_  
(Print Name and complete address of the Transferee)

"Transferee"

ADDRESS OF TRANSFEREE

\_\_\_\_\_

CITY, STATE/COUNTRY ZIP

\_\_\_\_\_

In accordance with ISP98, Rule 6, regarding transfer of drawing rights, all rights of the undersigned Transferor in such Credit are transferred to the Transferee, who shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised directly to the Transferee without necessity of any consent of or notice to the undersigned Transferor.

The original Credit, including amendments to this date, is attached and the undersigned Transferor requests that you endorse an acknowledgment of this transfer on the reverse thereof. The

undersigned Transferor requests that you notify the Transferee of this Credit in such form and manner as you deem appropriate, and the terms and conditions of the Credit as transferred. The undersigned Transferor acknowledges that you incur no obligation hereunder and that the transfer shall not be effective until you have expressly consented to effect the transfer by notice to the Transferee.

If you agree to these instructions, please advise the Transferee of the terms and conditions of this transferred Credit and these instructions.

Payment of transfer fee of U.S. \$1,000 is for the account of the City, who agrees to pay you on demand any expense or cost you may incur in connection with the transfer. Receipt of such shall not constitute consent by you to effect the transfer.

Transferor represents and warrants to Transferring Bank that (i) our execution, delivery, and performance of this request to Transfer (a) are within our powers (b) have been duly authorized (c) constitute our legal, valid, binding and enforceable obligation (d) do not contravene any charter provision, by-law, resolution, contract, or other undertaking binding on or affecting us or any of our properties (e) do not require any notice, filing or other action to, with, or by any governmental authority (f) the enclosed Credit is original and complete, (g) there is no outstanding demand or request for payment or transfer under the Credit affecting the rights to be transferred, (h) the Transferee's name and address are correct and complete and the Transferee's use of the Credit as transferred and the transactions underlying the Credit and the requested Transfer do not violate any applicable United States or other law, rule or regulation.

The Effective Date shall be the date hereafter on which Transferring Bank effects the requested transfer by acknowledging this request and giving notice thereof to Transferee.

WE WAIVE ANY RIGHT TO TRIAL BY JURY THAT WE MAY HAVE IN ANY ACTION OR PROCEEDING RELATING TO OR ARISING OUT OF THIS TRANSFER.

(Signature Page Follows)

This Request is made subject to ISP98 and is subject to and shall be governed by the laws of the State of New York, without regard to principles of conflict of laws.

Sincerely yours,

\_\_\_\_\_  
(Print Name of Transferor)

\_\_\_\_\_  
(Transferor's Authorized Signature)

\_\_\_\_\_  
(Print Authorized Signers Name and Title)

\_\_\_\_\_  
(Telephone Number/Fax Number)

Acknowledged:

<b>SIGNATURE GUARANTEED</b>
Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement. We attest that the individual, company or entity has been identified by us in compliance with USA PATRIOT Act procedures of our bank.
_____ (Print Name of Bank)
_____ (Address of Bank)
_____ (City, State, Zip Code)
_____ (Print Name and Title of Authorized Signer)
_____ (Authorized Signature)
_____ (Telephone Number)
_____ (Date)

\_\_\_\_\_  
(Print Name of Transferee)

\_\_\_\_\_  
(Transferee's Authorized Signature)

\_\_\_\_\_  
(Print Authorized Signers Name and Title)

\_\_\_\_\_  
(Telephone Number/Fax Number)

SIGNATURE GUARANTEED

Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement. We attest that the individual, company or entity has been identified by us in compliance with USA PATRIOT Act procedures of our bank.

\_\_\_\_\_  
(Print Name of Bank)

\_\_\_\_\_  
(Address of Bank)

\_\_\_\_\_  
(City, State, Zip Code)

\_\_\_\_\_  
(Print Name and Title of Authorized Signer)

\_\_\_\_\_  
(Authorized Signature)

\_\_\_\_\_  
(Telephone Number)

\_\_\_\_\_  
(Date)

ANNEX C

**[FORM OF CERTIFICATE RE: ALTERNATE CREDIT FACILITY]**

CERTIFICATE RE: ALTERNATE CREDIT FACILITY

IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Facsimile Number: (\_\_\_\_) \_\_\_\_-\_\_\_\_

The undersigned, a duly authorized signatory of the undersigned Delivery and Paying Agent (the "*Delivery and Paying Agent*"), hereby certifies to \_\_\_\_\_ (the "*Bank*"), with reference to Irrevocable Direct-Pay Letter of Credit No. \_\_\_\_\_ (the "*Letter of Credit*," the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Delivery and Paying Agent, as follows:

1. The undersigned is the Delivery and Paying Agent under the Delivery and Paying Agent Agreement and the Trust Agreement for the holders of the Certificates.
2. The conditions precedent to the acceptance of an Alternate Credit Facility set forth in the Trust Agreement have been satisfied.
3. An Alternate Credit Facility in full and complete substitution for the Letter of Credit has been accepted by the Delivery and Paying Agent and is in effect.
4. There will be no further drawings requested from the Bank under the Letter of Credit.
5. Upon receipt by the Bank of this Certificate the Letter of Credit shall terminate with respect to all outstanding Certificates, and the Letter of Credit is returned to you herewith for cancellation.
6. No payment is demanded of you in connection with this notice.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate as of  
the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_, as  
Delivery and Paying Agent

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

ANNEX D

[FORM OF CERTIFICATE RE: NO OUTSTANDING COMMERCIAL PAPER CERTIFICATES]

CERTIFICATE RE: NO OUTSTANDING COMMERCIAL PAPER CERTIFICATES

IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Facsimile Number: (\_\_\_\_) \_\_\_\_-\_\_\_\_

The undersigned, a duly authorized signatory of the undersigned Delivery and Paying Agent (the "*Delivery and Paying Agent*"), hereby certifies to \_\_\_\_\_ (the "*Bank*"), with reference to Irrevocable Direct-Pay Letter of Credit No. \_\_\_\_\_ (the "*Letter of Credit*," the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Delivery and Paying Agent, as follows:

1. The undersigned is the Delivery and Paying Agent under the Delivery and Paying Agent Agreement and the Trust Agreement for the holders of the Certificates.
2. No Certificates (other than Certificates with respect to which an Alternate Credit Facility is in effect) remain outstanding under the Trust Agreement nor does the City intend to issue any additional Certificates under the Trust Agreement.
3. There will be no further Drawings requested from the Bank under the Letter of Credit, and we hereby elect to terminate the Letter of Credit and return such Letter of Credit to you herewith for cancellation.
4. No payment is demanded of you in connection with this notice.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate as of  
the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_, as  
Delivery and Paying Agent

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

ANNEX E

[FORM OF NOTICE OF EXTENSION OF STATED EXPIRATION DATE]

NOTICE OF EXTENSION OF STATED EXPIRATION DATE

IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. \_\_\_\_\_

\_\_\_\_\_,  
as Delivery and Paying Agent

\_\_\_\_\_, \_\_\_\_\_  
Attention: Corporate Trust Department

The undersigned, duly authorized signatory of \_\_\_\_\_ (the "Bank"), hereby certifies to \_\_\_\_\_ (the "Delivery and Paying Agent"), with reference to Irrevocable Direct-Pay Letter of Credit No. \_\_\_\_\_ (the "Letter of Credit," the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Delivery and Paying Agent, as follows:

1. We hereby notify you that, in accordance with the terms of the Letter of Credit and Reimbursement Agreement dated as of \_\_\_\_\_ 1, 2016 (the "Reimbursement Agreement"), as the same may at any time be amended or modified and in effect, between the City and County of San Francisco and the Bank, the Stated Expiration Date of the Letter of Credit has been extended to \_\_\_\_\_.
2. This letter should be attached to the Letter of Credit and made a part thereof.
3. The City's acknowledgment hereof shall be deemed to be the certification by the City that all of its representations and warranties contained in Article IV of the Reimbursement Agreement are true and correct as of the date hereof and that no Default or Event of Default has occurred and is continuing.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Notice as of the  
\_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_

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

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

cc: City and County of San Francisco

ANNEX F

[FORM OF NO-DELIVERY NOTICE]

NO-DELIVERY NOTICE

IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. \_\_\_\_\_

\_\_\_\_\_,  
as Delivery and Paying Agent

\_\_\_\_\_, \_\_\_\_\_  
Attention: Corporate Trust Department

The undersigned, duly authorized signatories of \_\_\_\_\_ (the "Bank"), hereby certify to \_\_\_\_\_ (the "Delivery and Paying Agent"), with reference to Irrevocable Direct-Pay Letter of Credit No. \_\_\_\_\_ (the "Letter of Credit," the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Delivery and Paying Agent, as follows:

1. We hereby notify you that, in accordance with the terms of the Letter of Credit and Reimbursement Agreement dated as of \_\_\_\_\_ 1, 2016 (as the same may at any time be amended or modified and in effect, the "Reimbursement Agreement"), between the City and County of San Francisco and the Bank, *[insert one of the following phrases]* [the conditions precedent to the occurrence of a Credit Event (as defined in the Reimbursement Agreement) set forth in Section 3.2 of the Reimbursement Agreement have not been satisfied] [an Event of Default (as defined in the Reimbursement Agreement) has occurred and is continuing].
2. Subject to the following sentence, you shall cease authenticating Certificates, as provided in Section 3.01 of the Trust Agreement, unless and until we rescind this No-Delivery Notice. If you receive this No-Delivery Notice after 9:00 a.m., Chicago time, on a Business Day you shall cease authenticating Certificates on the next Business Day.
3. This No-Delivery Notice shall not affect our obligation to honor demands for payment under the Letter of Credit with respect to Certificates authenticated prior to your receipt of this No-Delivery Notice (or, subject to paragraph 2 above, on the same Business Day that you receive this No-Delivery Notice), and you shall continue to have the right to draw under the Letter of Credit to pay the principal of and accrued interest on maturing Certificates authenticated prior to your receipt of this No-Delivery Notice (or, subject to paragraph 2 above, authenticated on the same Business Day that you receive this No-Delivery Notice).

IN WITNESS WHEREOF, the undersigned have executed and delivered this No-Delivery Notice as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_

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

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

ANNEX G

[FORM OF FINAL DRAWING NOTICE]

FINAL DRAWING NOTICE

IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. \_\_\_\_\_

\_\_\_\_\_,  
as Delivery and Paying Agent

\_\_\_\_\_, \_\_\_\_\_  
Attention: Corporate Trust Department

Reference is made to Irrevocable Direct-Pay Letter of Credit No. \_\_\_\_\_ (the "Letter of Credit"; the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in your favor as Delivery and Paying Agent.

Please be advised that:

(1) An Event of Default under and as defined in the Reimbursement Agreement has occurred and is continuing.

(2) The Bank hereby instructs the Delivery and Paying Agent, effective upon receipt of this Notice, to cease issuing Certificates.

(3) The Bank hereby notifies the Delivery and Paying Agent that (i) effective upon receipt of this Notice, the Stated Amount available to be drawn under the Letter of Credit will not be reinstated in accordance with the Letter of Credit, (ii) the Delivery and Paying Agent is instructed to present the final Drawing under the Letter of Credit to provide for the payment of Certificates issued in accordance with the Trust Agreement which is outstanding and is maturing or is hereafter to mature, and (iii) the Letter of Credit Termination Date will occur and the Letter of Credit will expire on the earlier of (a) the date which is the fifteenth (15<sup>th</sup>) calendar day after the date of receipt by the Delivery and Paying Agent of this notice, and (b) the date on which the Drawing resulting from the delivery of this Notice is honored by us.

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

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

Acknowledged as of \_\_\_\_\_, \_\_\_\_ by  
\_\_\_\_\_ as  
Delivery and Paying Agent

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

ANNEX H TO

[Form of Reduction Certificate]

Reduction Certificate

IRREVOCABLE DIRECT-PAY LETTER OF CREDIT NO. \_\_\_\_\_

[Date]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Facsimile Number: ( ) -

Re: Reduction of Amount of Letter of Credit

Ladies and Gentlemen:

\_\_\_\_\_ (the "Delivery and Paying Agent") hereby certifies to \_\_\_\_\_ (the "Bank") with reference to Irrevocable Direct-Pay Letter of Credit No. \_\_\_\_\_ (the "Letter of Credit"; any other defined terms used herein having their respective meanings set forth in the Letter of Credit) issued by the Bank in favor of the Delivery and Paying Agent that:

(1) The undersigned is the Delivery and Paying Agent under the Delivery and Paying Agent Agreement and Trust Agreement for the holders of the Certificates.

(2) The Delivery and Paying Agent hereby notifies you that on \_\_\_\_\_, 20\_\_ (which such date shall be at least five (5) Business Days following the date hereof) that the Stated Amount of the Letter of Credit shall be reduced to \$\_\_\_\_\_.

(3) On \_\_\_\_\_, 20\_\_ (which such date shall be at least five (5) Business Days following the date hereof), the Principal Component of the Letter of Credit shall be reduced to \$\_\_\_\_\_, which amount, as so reduced, is equal to or not less than the principal amount of all Certificates outstanding as of the date hereof.

(4) On \_\_\_\_\_, 20\_\_ (which such date shall be at least five (5) Business Days following the date hereof), the amount available to be drawn by the Delivery and Paying Agent under the Letter of Credit in respect of accrued and unpaid interest with respect to the Certificates shall be reduced to \$\_\_\_\_\_ (such amount being equal to interest on the Principal Component at an assumed interest rate of 12% for 270 days on the basis of a 360 day year). The amount of the Interest Component, as so reduced, is equal to or not less than the amount of any interest to be due on any Certificate outstanding as of the date hereof.

(5) If any Certificates are outstanding as of the date of this Certificate, the Agency has informed us that it will not issue additional Certificates unless after the issuance of such additional Certificates the aggregate principal amount of Certificates outstanding shall be no greater than the amount of the Principal Component, as so reduced, pursuant to this Certificate and the aggregate interest payable on such principal amount of Certificates outstanding shall be no greater than the amount of the Interest Component as reduced pursuant to this certificate.

(6) The undersigned represents that he/she is a duly authorized representative of the Delivery and Paying Agent.

IN WITNESS WHEREOF, the Delivery and Paying Agent has executed and delivered this certificate as of the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_.

\_\_\_\_\_,  
as Delivery and Paying Agent

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

**EXHIBIT B**

**[FORM OF REVOLVING BANK CERTIFICATE]  
REVOLVING BANK CERTIFICATE**

\$ \_\_\_\_\_

CITY AND COUNTY OF SAN FRANCISCO (the “*City*”), for value received, hereby promises to pay to \_\_\_\_\_ (the “*Bank*”), or registered assigns, at the principal office of the Bank in \_\_\_\_\_, \_\_\_\_\_, the sum of \_\_\_\_\_ U.S. DOLLARS (\$ \_\_\_\_\_) or, if less, the aggregate principal amount of all drawings paid by the Bank under the Letter of Credit and all Advances, Term Loans and Default Advances made by the Bank pursuant to the Reimbursement Agreement (as defined below). Capitalized terms not otherwise defined herein shall have the meaning set forth in the Reimbursement Agreement.

The unpaid principal amount hereof from time to time outstanding shall bear interest at the rate or rates and be payable as provided in and calculated in the manner set forth in the Reimbursement Agreement.

Payments of both principal and interest are to be made in lawful money of the United States of America.

Annexed hereto and made a part hereof is a grid (the “*Grid*”) on which shall be shown all drawings paid by the Bank and all Advances, Term Loans and Default Advances outstanding from time to time under the Reimbursement Agreement and the amounts of principal and interest payable and paid from time to time under the Reimbursement Agreement. The City hereby appoints the Bank as its agent to endorse the principal amounts owing to the Bank and the maturity schedule therefor pursuant to Section 2.5 and 2.6 of the Reimbursement Agreement respecting outstanding Advances. Term Loans and Default Advances with interest until payment in full pursuant to the terms of this Revolving Bank Certificate, and the date and the amount of each such drawing, Advance, Term Loan or Default Advances or principal or interest repayment made hereunder. In any legal action or proceeding in respect of this Revolving Bank Certificate, the entries made in such accounts shall be prima facie evidence of the existence and the amounts of the obligations of the City recorded therein.

This Revolving Bank Certificate evidences indebtedness incurred under, and is subject to the terms and provisions of, a Letter of Credit and Reimbursement Agreement dated as of \_\_\_\_\_ 1, 2016 as the same may at any time be amended or modified and in effect (the “*Reimbursement Agreement*”), between the City and County of San Francisco and the Bank, to which reference is hereby made for a statement of said terms and provisions, including those under which this Revolving Bank Certificate may be paid prior to its due date or its due date accelerated. The obligations of the City hereunder are payable solely from the Pledged Property in accordance with the terms of the Related Documents.

The City hereby agrees to pay or cause to be paid all expenses, including reasonable attorneys' fees and legal expenses, incurred by the holder of this Revolving Bank Certificate in endeavoring to collect any amounts payable hereunder which are not paid when due whether by acceleration or otherwise.

This Revolving Bank Certificate is made under the laws of the State of California, and for all purposes shall be governed by and construed in accordance with the laws of said State, without regard to principles of conflicts of law.

It is hereby certified that all conditions, acts and things required to exist, happen and be performed under the Reimbursement Agreement precedent to and in the issuance of this Revolving Bank Certificate, exist, have happened and have been performed, and that the issuance, authentication and delivery of this Revolving Bank Certificate have been duly authorized by resolution of the City duly adopted.

The City hereby waives presentment for payment, demand, protest, notice of protest, notice of dishonor and all other notices and demands whatsoever.

IN WITNESS WHEREOF, the City and County of San Francisco has caused this Revolving Bank Certificate to be duly executed in its name and on its behalf by a duly authorized officer as of this 26th day of February, 2014.

CITY AND COUNTY OF SAN FRANCISCO

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

**REVOLVING BANK CERTIFICATE GRID**

DRAWINGS, ADVANCES AND TERM LOANS  
AND PAYMENTS OF PRINCIPAL AND INTEREST

Date	Drawing, Advance or Term Loan	Amount of Drawing, Advance or Term Loan	Principal Amount of Advances or Term Loans Repaid	Amount of Interest on Advances or Term Loans Repaid	Aggregate Advance or Term Loan Balance	Notation Made By

Note: Additional pages of this Revolving Bank Certificate and Revolving Bank Certificate Grid may be attached to the Revolving Bank Certificate as may be necessary to record certain information regarding each drawing, Advance or Term Loan.

**EXHIBIT C**

**[FORM OF REQUEST FOR EXTENSION OF STATED EXPIRATION DATE]**

REQUEST FOR EXTENSION OF STATED EXPIRATION DATE

The undersigned, duly authorized signatories of the undersigned City and County of San Francisco (the "*City*"), hereby certify to \_\_\_\_\_ (the "*Bank*"), with reference to Irrevocable Direct-Pay Letter of Credit No. \_\_\_\_\_ (the "*Letter of Credit*," the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Delivery and Paying Agent, as follows:

Pursuant to Section 2.10 of the Letter of Credit and Reimbursement Agreement dated as of \_\_\_\_\_ 1, 2016 (the "*Reimbursement Agreement*", to which reference is made for the definition of capitalized terms not otherwise defined herein), between the City and the Bank, the City hereby requests an extension of the Stated Expiration Date to \_\_\_\_\_.

All representations and warranties contained in Article IV of the Reimbursement Agreement are true and correct and will be true and correct as of the date of this Certificate as if made on and as of the date hereof and no Event of Default has occurred and is continuing and no event has occurred and is continuing which is or with the passage of time or giving of notice or both would be an Event of Default on and as of the date hereof or will occur as a result of the extension of the Stated Expiration Date of the Letter of Credit.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Certificate as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

CITY AND COUNTY OF SAN FRANCISCO

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

## EXHIBIT D

### CITY REQUIREMENTS

#### 1. Nondiscrimination; Penalties.

(a) *Nondiscrimination.* In the performance of this Agreement, the Bank agrees not to discriminate against any employee, City employee working with the Bank, applicant for employment with the Bank, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

(b) *Subcontracts.* The Bank shall incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from the City) and shall require all subcontractors to comply with such provisions. The Bank's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

(c) *Nondiscrimination in Benefits.* The Bank, as of the date of this Agreement, does not and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by the City, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in §12B.2(b) of the San Francisco Administrative Code.

(d) *Condition to Contract.* As a condition to this Agreement, the Bank shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

(e) *Incorporation of Administrative Code Provisions by Reference.* The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. The Bank shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters, including but not limited to the remedies

provided in such Chapters. Without limiting the foregoing, the Bank understands that pursuant to §§12B.2(h) and 12C.3(g) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against the Bank and/or deducted from any payments due the Bank.

2. *MacBride Principles—Northern Ireland.* Pursuant to San Francisco Administrative Code §12F.5, the City urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this Agreement on behalf of the Bank acknowledges and agrees that he or she has read and understood this section.

3. *Tropical Hardwood and Virgin Redwood.* Pursuant to §804(b) of the San Francisco Environment Code, the City urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

4. *Drug-Free Workplace Policy.* The Bank acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. The Bank agrees that any violation of this prohibition by the Bank, its employees, agents or assigns will be deemed a material breach of this Agreement.

5. *Compliance with Americans with Disabilities Act.* The Bank acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. The Bank shall provide the services specified in this Trust Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. The Bank agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of the Bank, its employees, agents or assigns will constitute a material breach of this Agreement.

6. *Sunshine Ordinance.* In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between the City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

7. *Limitations on Contributions.* Through execution of this Agreement, the Bank acknowledges that it is familiar with Section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal

services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. The Bank acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. The Bank further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of the Bank's board of directors; the Bank's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in the Bank; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by the Bank. Additionally, the Bank acknowledges that the Bank must inform each of the persons described in the preceding sentence of the prohibitions contained in said Section 1.126. The Bank further agrees to provide to the City the names of each person, entity or committee described above.

8. *Requiring Minimum Compensation for Covered Employees.* The Bank agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at [www.sfgov.org/olse/mco](http://www.sfgov.org/olse/mco). A partial listing of some of the Bank's obligations under the MCO is set forth in this Section. The Bank is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12P. Consistent with the requirements of the MCO, the Bank agrees to all of the following:

(a) The MCO requires the Bank to pay the Bank's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and the Bank is obligated to keep informed of the then-current requirements. Any subcontract entered into by the Bank shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. It is the Bank's obligation to ensure that any subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any subcontractor under this Agreement fails to comply, the City may pursue any of the remedies set forth in this Section against the Bank. Nothing in this Section shall be deemed to grant the Bank the right to subcontract.

(b) The Bank shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO.

Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

(c) The Bank shall maintain employee and payroll records as required by the MCO. If the Bank fail to do so, it shall be presumed that the Bank paid no more than the minimum wage required under State law.

(d) The City, upon reasonable notice to the Bank, is authorized to inspect the Bank's job sites during normal business hours.

(e) The Bank's commitment to provide the minimum compensation required by the MCO is a material element of the City's consideration for this Agreement. The City in its sole discretion shall determine whether such a breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if the Bank fail to comply with these requirements. The Bank agree that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for the Bank's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

(f) The Bank understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including at its option the liquidated damages provided for therein), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, the Bank fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Bank fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

(g) The Bank represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

(h) If the Bank is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with the City for the fiscal year is less than \$25,000, but the Bank later enters into an agreement or agreements that cause the Bank to exceed that amount in a fiscal year, the Bank shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Bank and the City to exceed \$25,000 in the fiscal year.

9. *Requiring Health Benefits for Covered Employees.* The Bank agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided,

and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is available on the web at [www.sfgov.org/olse](http://www.sfgov.org/olse). Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, the Bank shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If the Bank chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(b) Notwithstanding the above, if the Bank is a small business as defined in Section 12Q.3(e) of the HCAO, it shall have no obligation to comply with part (a) above.

(c) The Bank's failure to comply with the HCAO shall constitute a material breach of this Agreement. The City shall notify the Bank if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Agreement for violating the HCAO, the Bank fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Bank fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue the remedies set forth in 12Q.5.1 and 12Q.5(f)(1-6). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

(d) Any Subcontract entered into by the Bank shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. The Bank shall notify City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. The Bank shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against the Bank based on the Subcontractor's failure to comply, provided that the City has first provided the Bank with notice and an opportunity to obtain a cure of the violation.

(e) The Bank shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying the City with regard to the Bank's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(f) The Bank represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(g) The Bank shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the Agreement.

(h) The Bank shall keep itself informed of the current requirements of the HCAO.

(i) The Bank shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(j) The Bank shall provide the City with access to records pertaining to compliance with HCAO after receiving a written request from the City to do so and being provided at least ten business days to respond.

(k) The Bank shall allow the City to inspect the Bank's job sites and have access to the Bank's employees in order to monitor and determine compliance with HCAO.

(l) The City may conduct random audits of the Bank to ascertain its compliance with HCAO. The Bank agrees to cooperate with the City when it conducts such audits.

(m) If the Bank is exempt from the HCAO when this Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but the Bank later enters into an agreement or agreements that cause either Bank's aggregate amount of all agreements with the City to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Bank and the City to be equal to or greater than \$75,000 in the fiscal year.

10. *Prohibition on Political Activity with City Funds.* In accordance with San Francisco Administrative Code Chapter 12.G, the Bank may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "*Political Activity*") in the performance of the services provided under this Agreement. The Bank agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event the Bank violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement, and (ii) prohibit the Bank from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider the Bank's use of profit as a violation of this section.

11. *Protection of Private Information.* The Bank has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information," and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. The Bank agrees that any failure of the Bank to comply with the requirements of Section 12M.2 of this Chapter shall be a

material breach of this Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate this Agreement, bring a false claim action against the Bank pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Bank.

12. *Graffiti Removal.* Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and its residents, and to prevent the further spread of graffiti.

The Bank shall remove all graffiti from any real property owned or leased by the Bank in the City and County of San Francisco within forty eight (48) hours of the earlier of the Bank's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require the Bank to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the (Red wine to first to find!) Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.). Any failure of the Bank to comply with this section of this Agreement shall constitute a breach of this Agreement.

13. *Airport Intellectual Property.* Pursuant to Resolution No. 01-0118, adopted by the City on April 18, 2001, the City affirmed that it will not tolerate the unauthorized use of its intellectual property, including the SFO logo, CADD designs, and copyrighted publications. All proposers, bidders, contractors, tenants, permittees, and others doing business with or at the Airport (including subcontractors and subtenants) may not use the Airport intellectual property, or any intellectual property confusingly similar to the Airport intellectual property, without the Airport Director's prior consent.

14. *Submitting False Claims; Monetary Penalties.* Pursuant to San Francisco Administrative Code §21.35, any Bank, subcontractor or consultant who submits a false claim shall be liable to the City for three times the amount of damages which the City sustains because of the false claim. The text of Section 21.35, along with the entire San Francisco Administrative Code is available on the web at

<http://www.municode.com/Library/clientCodePage.aspx?clientID=4201>. An underwriter, bank, subcontractor or consultant who submits a false claim shall also be liable to the City for the costs, including attorneys' fees, of a civil action brought to recover any of those penalties or damages, and may be liable to the City for a civil penalty of up to \$10,000 for each false claim. An underwriter, subcontractor or consultant will be deemed to have submitted a false claim to the City if the underwriter, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

15. *Conflict of Interest.* Through its execution of this Agreement, the Bank acknowledges that it is familiar with the provision of Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Agreement.

16. *Assignment.* The Bank is prohibited from assigning, delegating or transferring this Agreement or any part of it unless such assignment, delegation or transfer is first approved by City in writing. Neither party shall, on the basis of this Agreement, contract on behalf of or in the name of the other party. Any contract made in violation of this provision shall confer no rights on any party and shall be null and void.

17. *Food Service Waste Reduction Requirements.* The Bank agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, the Bank agrees that if either breaches this provision, the City will suffer actual damages that will be impractical or extremely difficult to determine; further, the Bank agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that the City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by the City because of the Bank's failure to comply with this provision.

18. *Proprietary or Confidential Information of City.* The Bank understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, the Bank may have access to private or confidential information which may be owned or controlled

by City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to the City. The Bank agrees that all information disclosed by City to the Bank shall be held in confidence and used only in the performance of this Agreement. The Bank shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

19. *Earned Income Credit (EIC) Forms.* Administrative Code Section 12O requires that employers provide their employees with IRS Form W-5 (The Earned Income Credit Advance Payment Certificate) and the IRS EIC Schedule, as set forth below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere that Federal Tax Forms can be found. The Bank shall provide EIC Forms to each Eligible Employee at each of the following times: (i) within thirty days following the date on which this Trust Agreement becomes effective (unless the Bank has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (ii) promptly after any Eligible Employee is hired by the Bank; and (iii) annually between January 1 and January 31 of each calendar year during the term of this Agreement. Failure to comply with any requirement contained in subparagraph (a) of this Section shall constitute a material breach by the Bank of the terms of this Agreement. If, within thirty days after the Bank receives written notice of such a breach, the Bank fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, the Bank fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the City may pursue any rights or remedies available under this Trust Agreement or under applicable law. Any Subcontract entered into by the Bank shall require the subcontractor to comply, as to the subcontractor's Eligible Employees, with each of the terms of this Section. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Section 12O of the San Francisco Administrative Code.