

File No. 130627

Committee Item No. 10

Board Item No. 42

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: 07/10/2013

Board of Supervisors Meeting

Date: July 16, 2013

Cmte Board

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Resolution
<input type="checkbox"/>	<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	<input type="checkbox"/>	Legislative Digest
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Budget and Legislative Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Legislative Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Youth Commission Report
<input type="checkbox"/>	<input type="checkbox"/>	Introduction Form
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Department/Agency Cover Letter and/or Report
<input type="checkbox"/>	<input type="checkbox"/>	MOU
<input type="checkbox"/>	<input type="checkbox"/>	Grant Information Form
<input type="checkbox"/>	<input type="checkbox"/>	Grant Budget
<input type="checkbox"/>	<input type="checkbox"/>	Subcontract Budget
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Contract/Agreement
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Form 126 – Ethics Commission
<input type="checkbox"/>	<input type="checkbox"/>	Award Letter
<input type="checkbox"/>	<input type="checkbox"/>	Application
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OTHER

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Completed by: Victor Young

Date July 5, 2013

Completed by: Victor Young

Date 7/11/13

1 [Agreements - Tax Exempt and Taxable Lease Revenue Commercial Paper Certificates of
2 Participation - Not to Exceed \$100,000,000]

3
4 **Resolution authorizing the execution and delivery from time to time of Tax-Exempt**
5 **(Series 3 and Series 4) and Taxable Lease Revenue Commercial Paper Certificates of**
6 **Participation (Series 3-T and Series 4-T), in a aggregate principal amount not to exceed**
7 **\$100,000,000, to provide interim financing for certain City capital projects; and**
8 **approving and authorizing execution of a trust agreement, a site lease, a sublease, a**
9 **letter of credit, and reimbursement agreement, a fee agreement and certain other**
10 **financing documents, and authorizing other related actions.**

11 WHEREAS, Pursuant to Section 9.113(e) of the Charter the Board of Supervisors is
12 has the power to borrow money through the issuance of commercial paper; and

13 WHEREAS, On March 17, 2009 the Board of Supervisors adopted Resolution 85-09,
14 and on April 6, 2010 the Board of Supervisors adopted Resolution 135-06 (the "Program
15 Resolutions") to establish a general fund backed commercial paper program (the "Program")
16 with an authorization of not to exceed \$150,000,000 in aggregate principal amount of tax-
17 exempt or taxable Commercial Paper Certificates, a portion of the proceeds of which will be
18 applied toward the interim financing of the acquisition, construction and rehabilitation of capital
19 improvements within or owned by the City, and the financing of vehicles and equipment
20 (herein the "Capital Projects"); and

21 WHEREAS, For the purposes of increasing the authorization of the Program to
22 \$250,000,000 from \$150,000,000, the City has determined to cause to be executed and
23 delivered, under and pursuant to the provisions of the Trust Agreement and the Delivery and
24 Paying Agent Agreement (as such terms are hereinafter defined), its Tax-Exempt Lease
25

1 Paying Agent Agreement (as such terms are hereinafter defined), its Tax-Exempt Lease
2 Revenue Commercial Paper Certificates of Participation, Series 3 and Series 4, and its
3 Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 3-T and 4-T
4 (collectively, the "Commercial Paper Certificates") in the aggregate principal amount not to
5 exceed \$100,000,000, which will be sufficient, among other things (i) to pay costs of the
6 Capital Projects; (ii) to fund capitalized interest with respect to the Commercial Paper
7 Certificates; (iii) to fund Capitalized Fees and Expenses (as defined in the Trust Agreement);
8 and (iv) to pay costs incurred in connection with the sale and delivery of the Commercial
9 Paper Certificates; and

10 WHEREAS, The City has also determined to provide authorization to the Mayor to
11 utilize the Program to provide emergency funding to protect the lives, property or welfare of
12 the City in the event of an emergency declared under Section 3.100 (14) of the Charter; and

13 WHEREAS, Pursuant to a Site Lease (the "Site Lease"), the City, as lessor, will lease
14 the property described therein, including the improvements located thereon (collectively, the
15 "Property") to the Trustee, as lessee, and, in return therefor, U.S. Bank National Association,
16 as trustee (the "Trustee") will apply, or caused to be applied, a portion of the proceeds of the
17 Commercial Paper Certificates to the acquisition, construction and rehabilitation of the
18 Capital Projects; and

19 WHEREAS, Pursuant to a Sublease (the "Sublease"), the Trustee will lease-back the
20 Property to the City, and the City, pursuant to the Sublease, will pay to the Trustee base rental
21 lease payments (the "Base Rental Payments") for the use and occupancy of the Property,
22 which Base Rental Payments will be used to (i) reimburse the Bank (as hereinafter defined) or
23 other credit support provider for payments made by the Bank under a Credit Facility (as
24 hereinafter defined) with respect to the Commercial Paper Certificates or (ii) if necessary,
25 make payments on the Commercial Paper Certificates; and

1 WHEREAS, The payment of principal of and interest on the Commercial Paper
2 Certificates will be supported by an irrevocable direct pay letter of credit (the "Credit Facility")
3 issued by State Street Bank and Trust Company or another financial institution or institutions
4 selected by the Controller (the "Bank") pursuant to the terms of a letter of credit and
5 reimbursement agreement (the "Reimbursement Agreement") between the City, and the
6 Bank, including the terms of a Fee Agreement related thereto; and

7 WHEREAS, The Commercial Paper Certificates will be placed initially by one or more
8 banks (each, a "Dealer") to be selected pursuant to the terms of a request for qualifications
9 issued by the Director of Public Finance; and

10 WHEREAS, This Board has duly considered such transactions and wishes at this time
11 to approve said transactions in the public interests of the City; now, therefore, be it,

12 RESOLVED, By the Board of Supervisors of the City and County of San Francisco as
13 follows:

14 Section 1. Delivery of Certificates; Approval of Trust Agreement; Approval of Issuing
15 and Paying Agent Agreement. The Board hereby authorizes an increase in the authorization
16 of the Program to \$250,000,000 in aggregate principal amount of Commercial Paper
17 Certificates to be outstanding from time to time, and the execution and delivery of the
18 Commercial Paper Certificates from time to time in an aggregate total principal amount of not
19 to exceed \$100,000,000 hereunder for the purpose of providing moneys which will be
20 sufficient, among other things (i) to pay costs of the Capital Projects; (ii) to provide funding for
21 emergencies declared by the Mayor under Section 3.100 (14) of the Charter to protect the
22 lives, property or welfare of the City; (iii) to fund capitalized interest with respect to the
23 Certificates (as defined in the Trust Agreement); (iv) to fund Capitalized Fees and Expenses
24 (as defined in the Trust Agreement); and (v) to pay costs incurred in connection with the sale
25 and delivery of the Commercial Paper Certificates; provided, however, that the interest rate on

1 any Commercial Paper Certificate shall not exceed the maximum rate permitted by law, and
2 the Commercial Paper Certificates shall mature not later than 270 days from the date of
3 issuance although each certificate may be marketed for a subsequent period(s) also not to
4 exceed 270 days. The Commercial Paper Certificates shall be executed and delivered
5 pursuant to a Trust Agreement (the "Trust Agreement") between the City and the Trustee, and
6 the Delivery and Paying Agent Agreement (the "Delivery and Paying Agent Agreement")
7 between the City and the Trustee, acting as delivery and paying agent. This Board hereby
8 approves the Trust Agreement and the Delivery and Paying Agent Agreement in the forms on
9 file with the Clerk of the Board, together with such additions thereto and changes therein as
10 the Controller (the "Controller") shall deem necessary, desirable or appropriate upon
11 consultation with the City Attorney, the execution of which by the City shall be conclusive
12 evidence of the approval of any such additions and changes. The Controller and the Director
13 of the Office of Public Finance (each, a "Designated Officer"), each acting alone, are hereby
14 authorized to execute the final form of the Trust Agreement and the final form of the Delivery
15 and Paying Agent Agreement for and in the name and on behalf of the City. This Board
16 hereby authorizes the performance by the City of its obligations under the Trust Agreement
17 and the Delivery and Paying Agent Agreement.

18 Section 2. Approval of Financing Documents. This Board hereby approves the form of
19 the Sublease and the form of the Site Lease, in each case in the form on file with the Clerk of
20 the Board, together with such additions thereto and changes therein as the Controller shall
21 deem necessary, desirable or appropriate upon consultation with the City Attorney, the
22 execution of which by the City shall be conclusive evidence of the approval of any such
23 additions and changes. The properties that may be leased under the Sublease and the Site
24 Lease include, but are not limited to, one or more of the following properties of the City:
25 Firehouse 9, located at 2245 Jerrold Avenue (Lots 4 & 6, Block 5286A); Firehouse 10, located

1 at 655 Presidio Avenue (Lot 1, Block 1032); Central Shops, located at 1758 Jerrold Street (Lot
2 9, Block 5262); Health Services Administration Building, located at 166-170 Otis Street (Lots 8
3 & 81, Block 3513); Alemany, located at 100 Alemany Street (Lot 3, Block 5731, Lots 2 & 3,
4 Block 5734, Lots 1 & 2, Block 5733A). The Designated Officers, each acting alone, are hereby
5 authorized to execute the final form of the Sublease and the final form of the Site Lease for
6 and in the name of and on behalf of the City. This Board hereby authorizes the performance
7 by the City of its obligations under the Sublease and the Site Lease.

8 Section 3. Approval of Reimbursement Agreement and Fee Agreement. This Board
9 hereby approves the form of the Reimbursement Agreement and the form of the fee
10 agreement related thereto (the Fee Agreement), in the forms on file with the Clerk of the
11 Board, together with such additions thereto and changes therein as the Controller shall deem
12 necessary, desirable or appropriate upon consultation with the City Attorney, the execution of
13 which by the City shall be conclusive evidence of the approval of any such additions and
14 changes. The Designated Officers, each acting alone, are hereby authorized to execute the
15 final form of the Reimbursement Agreement and Fee Agreement, with the Bank, for and in the
16 name of and on behalf of the City. This Board hereby authorizes the performance by the City
17 of its obligations under the Reimbursement Agreement and the Fee Agreement.

18 Notwithstanding anything herein to the contrary, the term of the Credit Facility shall not be less
19 than one year, the interest on any unreimbursed draws on the Credit Facility shall not exceed
20 12%, and the fees paid for any Credit Facility shall not exceed 2.1% per year of the
21 commitment available under the Credit Facility and the Reimbursement Agreement.

22 Section 4. Dealer Agreement. This Board hereby authorizes and directs the
23 Designated Officers to negotiate a Dealer Agreement with one or more Dealers on such terms
24 on such terms as the Controller and the Director of the Office of Public Finance shall deem
25 necessary, advisable or appropriate upon consultation with the City Attorney.

1 Section 5. Offering Memorandum. This Board hereby approves the form of the
2 Offering Memorandum to be used with respect to the sale from time to time of the Commercial
3 Paper Certificates, on file with the Clerk of the Board, together with such additions thereto and
4 changes therein as the Controller shall deem necessary, desirable or appropriate upon
5 consultation with the City Attorney, the execution of which by the City shall be conclusive
6 evidence of the approval of any such additions and changes to the Offering Memorandum.

7 Section 6. Extension of Credit Facility. The Board hereby delegates the authority to
8 the Designated Officers, each acting alone, to execute and deliver one or more extensions to
9 the Credit Facility or the commitment available under the Credit Facility and the
10 Reimbursement Agreement for any duration of time that they deem necessary, advisable or
11 prudent, provided that no such extension shall (i) increase the principal amount of Commercial
12 Paper Certificates authorized hereunder, or (ii) require an annual fee in excess of 2.1% per
13 year of the commitment available under the Reimbursement Agreement without the approval
14 of this Board. In connection with obtaining such extension, the Designated Officers shall be
15 authorized to execute such amendments or modifications as are necessary or advisable to
16 obtain such extensions, provided that such amendments or modifications reflect customary
17 provisions in letter of credit and reimbursement agreements being executed at the time the
18 extension is obtained.

19 Section 7. Source of Repayment. Notwithstanding anything herein to the contrary, if
20 the ultimate source of repayment of the Commercial Paper Certificates delivered for Capital
21 Projects are bonds, notes, other indebtedness or certificates of participations (the
22 "Indebtedness") that are payable from or secured by funds or monies other than the General
23 Fund of the City, then in such event, prior to drawing on the proceeds of Commercial Paper
24 Certificates to fund such Project, all approvals required for the issuance of said Indebtedness
25 shall have been obtained, including any prior approval by this Board of Supervisors. This

1 paragraph 7 shall not apply to drawings under the program for emergencies declared by the
2 Mayor under Section 3.100 (14) of the City Charter.

3 Section 8. Official Actions. The Controller, the Director of the Office of Public Finance,
4 the Clerk of the Board and any and all other officers of the City are hereby authorized, for and
5 in the name of and on behalf of the City, to do any and all things and take any and all actions,
6 including execution and delivery of any and all documents, assignments, certificates,
7 requisitions, agreements, notices, consents, instruments of conveyance, warrants and
8 documents, which they, or any of them, may deem necessary or advisable in order to
9 consummate the lawful issuance and sale of the Commercial Paper Certificates and the
10 consummation of the transactions as described herein, including without limitation, such
11 documents, assignments, certificates and agreements as may be required by the Trust
12 Agreement, the Delivery and Paying Agent Agreement, the Sublease, the Site Lease, the
13 Dealer Agreement, the Reimbursement Agreement or the Fee Agreement. Any authority
14 delegated under this resolution to a specified official may also be exercised by either the
15 Controller or by the specified official's authorized designee.

16
17 APPROVED AS TO FORM:
18 DENNIS J. HERRERA, City Attorney

19
20 By: _____

21 MARK D. BLAKE
22 Deputy City Attorney

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24
25
Supervisor Farrell
BOARD OF SUPERVISORS

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Item 10
File 13-0627

Department(s):
Controller's Office of Public Finance

EXECUTIVE SUMMARY

Legislative Objective

- The proposed resolution would authorize the execution and delivery (issuance) of commercial paper certificates, in an aggregate principal amount not to exceed \$100,000,000 to provide interim financing for Board of Supervisors-approved City capital projects and approve and authorize execution of the form of the site lease, site sublease, reimbursement agreement, fee agreement, and offering memorandum. In addition, the proposed resolution would authorize the Controller and the Director of the Office of Public Finance to negotiate a dealer agreement for the \$100,000,000 in commercial paper.

Key Points

- Increasing the Commercial Paper Program by \$100,000,000 allows the Office of Public Finance to yield the lowest overall borrowing cost to the City by delaying issuances of long-term financing in favor of commercial paper, which typically has lower interest rates and is therefore less costly to the City.
- The reimbursement agreement and associated letter of credit have requirements consistent with the original approval of the City's Commercial Paper Program: the term may not be for less than one year, the interest on any unreimbursed borrowed amounts may not exceed 12 percent annually, and the fees paid for the letter of credit may not exceed 2.0 percent annually. The Office of Public Finance selected State Street Bank and Trust Company (State Street Bank) to provide a not-to-exceed \$100,000,000 letter of credit via a competitive process.
- The selection of commercial paper dealer(s) would be done through a competitive process and a dealer agreement would have a term of at least one year with a cost not to exceed 0.125 percent annually of the weighted average of the principal amount of commercial paper notes outstanding each quarter.
- The Department of Real Estate has determined that real property assets serving as security in the lease structure for the City's Commercial Paper Program expansion have a value of \$307,800,000, or 123.1 percent of the total requested borrowing capacity of \$250,000,000.

Fiscal Impact

- The estimated total one-time costs of authorizing the execution of delivery of the \$100,000,000 in commercial paper are \$449,750 and ongoing annual fees are \$619,800, resulting in a total estimated cost of \$1,069,550 in the first year and \$619,800 in subsequent years.
- If an additional \$160,000,000 in commercial paper were utilized to finance City-approved projects over the next two years, which is the amount currently planned, the City would achieve an estimated minimum of \$9,866,672 in savings.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT/BACKGROUND**Mandate Statement**

According to Charter Section 9.113(e), the Board of Supervisors has the authority to borrow money by the issuance of tax anticipation notes, temporary notes, commercial paper, or other short-term debt instruments.

Background

Commercial paper is an alternative form of short-term interim financing for capital projects that permits the City to pay project costs on an ongoing basis. Commercial paper notes are issued and short-term debt is incurred only when needed to pay project costs as they are incurred, supported by a letter of credit issued by a bank. Commercial paper has a fixed maturity date from one to 270 days (approximately nine months), compared with a fixed maturity of 20 to 30 years for long-term debt, such as General Obligation bonds. Commercial paper may be issued in anticipation of the issuance of previously authorized, but not yet issued, long term debt or for the delivery of ongoing capital projects.

The use of commercial paper can reduce overall borrowing costs associated with the issuance of long term debt because commercial paper interest rates are typically lower than long term interest rates.

The City's Commercial Paper Program uses City property as security for the commercial paper under an asset transfer structure. Under such an asset transfer procedure, the City leases property to a trustee in consideration for the proceeds of any commercial paper issued, and the trustee subsequently subleases the same property back to the City in consideration for rent payments equal to the debt service due on the commercial paper.

On March 17, 2009, the Board of Supervisors approved the creation of the City's Commercial Paper Program, which allows for a maximum amount of outstanding commercial paper of \$150,000,000¹ (Resolution No. 85-09) as well as forms of the Trust Agreement, the Site Lease and Site Sublease, and the Delivery and Paying Agent Agreement. In addition, the Board of Supervisors authorized the Director of Public Finance to determine the form of the reimbursement agreement² and dealer agreement³, subject to subsequent approval by the Board of Supervisors, with the following requirements:

- The term of any letter of credit may not be for less than one year;

¹ This excludes other Departments with separate commercial paper programs, such as the Airport and the San Francisco Public Utilities Commission.

² A reimbursement agreement is an agreement between the City and a bank which (a) provides a letter of credit supporting the City's commercial paper, which is necessary to sell the City's commercial paper, such that if the City is unable to make required payments to Commercial Paper investors, the bank shall make such payments on behalf of the City, and (b) sets forth the terms under which the City reimburses the bank for those payments made by the bank to the City's commercial paper investors on behalf of the City

³ A dealer agreement sets forth the terms for the commercial paper dealer, who is responsible for the marketing and selling of the commercial paper on behalf of the City.

- The interest rate may not exceed 12 percent annually and the amortization may not be less than three years;
- The cost of the letter of credit may not exceed 2 percent annually.

On April 6, 2010, the Board of Supervisors approved the form of the reimbursement agreement and dealer agreement as well as the execution and delivery of one or more dealer agreements (Resolution No. 136-10).

The City currently has two letters of credit totaling \$100,000,000, with \$50,000,000 provided by J. P. Morgan Chase and \$50,000,000 provided by US Bank. As noted above, according to Ms. Nadia Sesay, Director of the Office of Public Finance, the City currently has the option to increase the Commercial Paper Program by an additional \$50,000,000, or to a total of \$150,000,000. Ms. Sesay advises that the City currently has a remaining capacity of approximately \$55,277,000 out of the total \$100,000,000 existing City Commercial Paper Program to support the City's capital program needs, such that the option to increase the Commercial Paper Program by an additional \$50,000,000, would result in a total of \$105,277,000 in current borrowing capacity.

As shown in Table 1 below, the City-owned properties that serve as the security for the existing Commercial Paper Program have a combined value of \$111,100,000.

Table 1: Estimated Values and Locations of City-Owned Properties Securing the Existing Commercial Paper Program

Bureau of Engineering Office	1680 Mission St.	\$6,800,000
Corporate Yard	2325 Cesar Chavez St.	46,000,000
Fire College	2310 Folsom St.	7,500,000
Northern Police Station	1125 Fillmore St.	6,400,000
Police Academy	350 Amber St.	29,000,000
Public Health Central Office	101 Grove Street	15,400,000
Total		\$111,100,000

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the execution and delivery (issuance) of commercial paper certificates, in an aggregate principal amount not to exceed \$100,000,000 to provide interim financing for Board of Supervisors-approved City capital projects⁴ and approve and authorize execution of the form of the site lease, site sublease, reimbursement agreement, fee agreement, and offering memorandum. In addition, the proposed resolution would authorize the Controller and the Director of the Office of Public Finance to negotiate a dealer agreement for the \$100,000,000 in commercial paper.

⁴ The Board of Supervisors previously approved capital projects to be eligible to draw from the City's Commercial Paper Program. These projects are: (1) Department of Public Works-Capital Equipment Acquisitions, (2) The City's public housing project, HOPE SF, (3) Moscone Expansion Project, (4) War Memorial Veterans Building Seismic Retrofit, (5) Port projects, including development of the Pier 27 Cruise Terminal and infrastructure and mitigation requirements related to the 34th America's Cup.

Given that the City's Commercial Paper Program currently allows for a maximum amount of outstanding Commercial Paper of \$150,000,000, approval of the proposed resolution would increase this authorization by \$100,000,000 to result in a maximum outstanding commercial paper authorization of up to \$250,000,000 in the City's Commercial Paper Program.

According to Ms. Sesay, the need for the requested \$100,000,000 increase is a combination of factors, including (a) demand for the Commercial Paper Program, (b) current commercial paper pricing, and (c) commercial paper's ability to provide flexibility in meeting various City projects' funding needs. In addition, Ms. Sesay took into account the cost of administering the program, the timing of delivery of the various previously approved capital projects and the availability of City-owned properties to serve as security when deciding upon the subject \$100,000,000 expansion.

The Board of Supervisors has previously approved an aggregate amount of \$761,000,000 in long-term financing for various projects consistent with the City's Ten-Year Capital Plan. Increasing the Commercial Paper Program by \$100,000,000 allows the Office of Public Finance to yield the lowest overall borrowing cost to the City by delaying issuances of long-term financing in favor of Commercial Paper, which, as noted above, typically has lower interest rates and is therefore less costly to the City. In addition, the financial markets have significantly improved since the inception of the City's Commercial Paper Program, resulting in lower interest rates and borrowing costs.

The remaining \$50,000,000 currently available for use in the City's Commercial Paper Program, along with the proposed additional \$100,000,000, allows the City to meet the funding needs of the City's capital projects included in the Ten-Year Capital Plan.⁵

Reimbursement Agreement

Under the proposed resolution, the reimbursement agreement and associated letter of credit have requirements consistent with the original approval of the City's Commercial Paper Program: the term may not be for less than one year, the interest on any unreimbursed borrowed amounts may not exceed 12 percent annually, and the fees paid for the letter of credit may not exceed 2.0 percent annually.

According to Ms. Sesay, the Office of Public Finance selected State Street Bank and Trust Company (State Street Bank) to provide a not-to-exceed \$100,000,000 letter of credit via a competitive process. The City would be required to repay State Street Bank if amounts are drawn under the letter of credit in accordance with the reimbursement agreement. State Street Bank would be repaid from the remarketing of commercial paper or from the proceeds of long-term financing. If advances from State Street Bank were not immediately repaid, the interest rates for the commercial paper certificates could reach, but not exceed, 12 percent annually.

Ms. Sesay advises that the Office of Public Finance expects to enter into a reimbursement agreement with State Street Bank with the following provisions:

1. A term of approximately five years;

⁵ The Office of Public Finance coordinates the commercial paper use among the various capital projects.

2. A commitment fee of 0.5 percent of the full amount of the credit support provided under the reimbursement agreement, or approximately \$500,000 annually; and
3. Interest rate on unreimbursed borrowed amounts not exceeding 12 percent annually⁶ and currently anticipated to equal 0.25 percent.

The above provisions meet the requirements set by the original approval of the City's Commercial Paper Program and the proposed resolution.

Dealer Agreement⁷

Ms. Sesay advises that the Office of Public Finance currently anticipates the selection of commercial paper dealer(s) via a competitive process and to enter into a dealer agreement with a term of at least one year with a cost not to exceed 0.125 percent annually of the weighted average of the principal amount of commercial paper notes outstanding each quarter.

Leased Assets for Additional \$100,000,000 in City Commercial Paper Program

According to Ms. Sesay, the real property assets serving as security in the lease structure for the City's Commercial Paper Program expansion would have a value of approximately 125 percent of the total borrowing capacity of \$250,000,000 under the City's Commercial Paper Program, or \$312,500,000, of which \$111,100,000 has already been identified (See Table 1 above). The Office of Public Finance, in consultation with the Department of Real Estate, has identified City-owned real property assets to serve as security and support the expansion of the City's Commercial Paper Program. These City-owned real property assets, which are listed below in Table 2, have a preliminary total combined value of \$196,700,000. Mr. John Updike, Director of the Department Real Estate, advises that this total combined value is conservative and likely will increase upon further examination. However, based on the information Mr. Updike has provided to date, the total real property assets have a value of \$307,800,000 (\$111,100,000 plus \$196,700,000), or 123.1 percent of the total requested borrowing capacity of \$250,000,000.

⁶ If the interest on any bank bond exceeds 12 percent annually due to an increase in general market interest rates, the City would pay interest not exceeding 12 percent annually, with any interest in excess of 12 percent deferred until such a time that the interest rate falls below 12 percent with no interest accruing on any unpaid and deferred interest.

⁷ The current fee structure assumes that the City's General Fund-secured obligations credit rating remains at its current rating level of Aa3/AA-/AA- by Moody's Investors Service ("Moody's"), Standard & Poor's ("S&P"), and Fitch Ratings, respectively (collectively, the "Rating Agencies"). The commitment fee may be increased in increments of 0.10% for every notch rating downgrade by two rating agencies below Aa3/AA-/AA-. Should the City's general fund secured obligations credit rating fall below Baa3/BBB-/BBB-, the Reimbursement Agreement would terminate and amounts owing to the Banks would be immediately due and payable.

Table 2: Properties Proposed to Secure the \$100,000,000 Expansion of the City's Commercial Paper Program

Alemanya Market	100 Alemany	\$30,000,000
Taraval Police Station	2345 24 th Street	5,400,000
Department of Public Health Offices	2789 25 th Street	15,000,000
Fire Station 1	935 Folsom	6,000,000
Central Shops	1758 Jerrold St.	20,000,000
Fire Station 10	655 Presidio	4,000,000
Fire Station 9	2245 Jerrold St.	6,600,000
Human Services Central Office	150 Otis St.	25,700,000
Public Safety Building Housing New Police Dept. Headquarters and Fire Station 4	Mission Bay (no specific address available)	84,000,000
Total		\$196,700,000

FISCAL IMPACT

As shown in Table 3 below, the estimated total one-time costs of authorizing the execution of delivery of the \$100,000,000 in commercial paper are approximately \$449,750.

Table 3: Estimated Costs of Authorizing the \$100,000,000 in Commercial Paper

Rating Agencies	\$55,000
Bond Counsel	105,000
Printer	4,000
Issuing and Paying Agent Fees	4,600
Financial Advisors	80,000
Property Insurance	7,000
Title Insurance	85,000
Trustee Fee	3,000
City Department Staff Time	105,000
Miscellaneous Closing Costs	1,150
Total	\$449,750

As shown in Table 4 below, ongoing annual fees for the additional \$100,000,000 commercial paper issuance are estimated to equal \$619,800, resulting in a total cost of \$1,069,550 (\$449,750 plus \$619,800) in the first year and \$619,800 in subsequent years.

Table 4: Summary of Estimated Annual Fees for Additional \$100,000,000 in City Commercial Paper

Letter of Credit Fee (0.5%)	\$500,000
Dealer Fee (0.075%)	75,000
Credit Surveillance Fee ⁸	40,000
Issuing and Paying Agent Fee ⁹	4,800
Total	\$619,800

If the interest rate on the additional \$100,000,000 in commercial paper was 12 percent, the maximum allowed percentage, the interest accrued would equal \$8,876,712 on the \$100,000,000 when the commercial paper matures after 270 days.

The City Would Achieve an Estimated \$9,866,672 in Savings from Expansion of City's Commercial Paper Program

As shown in Table 5 below, according to Ms. Sesay, if \$160,000,000¹⁰ in commercial paper were utilized to finance City-approved projects over the next two years, which is the amount currently planned, the City would achieve an estimated minimum of \$9,866,672 in savings.

Table 5: Estimated Savings of Commercial Paper Program

Total Interim Cost if Long-Term Financing Were Used at Onset (3.75% interest rate)	\$12,000,000
Interest on Commercial Paper (0.25% interest rate)	533,328
<u>Letter of Credit Fee (0.5% of commitment amount)</u>	<u>1,600,000</u>
Total Cost of Commercial Paper Issuance	-2,133,328
Total Savings	\$9,866,672

The cost of the Letter of Credit and Reimbursement Agreement and Dealer Agreement would be paid from the future proceeds of long-term debt issuances, which would be subject to Board of Supervisors approval, including appropriation approval.

RECOMMENDATION

Approve the proposed resolution.

⁸ The credit surveillance fee is the fee charged for two credit rating agencies to monitor the City's credit rating, as required by most investors purchasing short-term securities, such as commercial paper.

⁹ The Issuing and Paying Agent fee is for the coordination and issuance of the commercial paper by the paying agent.

¹⁰ The \$160,000,000 amount includes all related fees, such as the credit surveillance fee and dealer fee, for the City's Commercial Paper Program other than the interest and letter of credit fee, which are budgeted separately.



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

Nadia Sesay
Director
Office of Public Finance

REVISED MEMORANDUM

TO: Honorable Members, Board of Supervisors
FROM: Nadia Sesay, Director of Public Finance
SUBJECT: Commercial Paper Certificates of Participation Program
DATE: Monday, June 24, 2013

In March 2009, the Board of Supervisors authorized the establishment of a taxable and tax-exempt commercial paper program in the amount of \$150 million for the purpose of financing on an interim basis various capital projects for the City (as further discussed below). The Controller's Office of Public Finance (OPF) proposes to increase the authorized principal amount of the program to \$250 million, and to permit the use of the program by the San Francisco Port Commission (as needed). In connection therewith, OPF respectfully requests consideration of the attached resolution (the "Resolution") approving:

- increase in the commercial paper program total authorization to \$250,000,000 from \$150,000,000;
- the execution of forms of letter of credit and reimbursement agreement and dealer agreement;
- San Francisco Port Commission projects use (as needed) of the City's commercial paper program; and
- seismic and other public safety emergency recovery financing through commercial paper.

We would like to respectfully request consideration of the Resolution at the July 10, 2013 Budget and Finance Committee meeting.

This memorandum replaces the memorandum circulated on June 11, 2013, following further discussions with City Attorney's Office.

Background

In March 2009, the Board adopted Resolution No. 85-09 (the "Program Resolution") authorizing the establishment of a not-to-exceed \$150,000,000 of Tax-Exempt and Taxable Lease Revenue

Commercial Paper Certificates of Participation Program (the "CP Program"). The Program Resolution also approved forms of the Trust Agreement, Delivery & Paying Agent Agreement, Sublease, and Site Lease, all of which are on file with the Clerk of the Board. Pursuant to the Program Resolution, the City issues commercial paper notes from time to time to provide interim financing for the acquisition, improvement, renovation, and construction of real property and the acquisition of capital equipment and vehicles.

Commercial paper is an alternative form of short-term (or interim) financing for capital projects that permits the City to pay project costs as project expenditures are incurred. Commercial paper notes are issued and short-term debt is incurred only when needed to pay project costs as they are incurred. Commercial paper has a fixed maturity date from one to 270 days, compared with a final maturity of 20- to 30-years for the City's typical long-term obligation. On the maturity date, the commercial paper note may be "rolled" (or refinanced) with the re-issuance of commercial paper notes for additional periods of up to 270 days. The commercial paper is refunded with the issuance of long-term obligations.

In April 2013 and June 2012, the City issued COPs to refund commercial paper notes financing on interim basis the Moscone Improvement Projects and Streets Improvement Projects which achieved approximately \$1,724,000 and \$2,468,000 in savings, respectively. The CP Program savings are due primarily to the lower cost of borrowing associated with commercial paper, reduced capitalized interest requirements, and overall reduced principal and offset by CP Program fees including but not limited to letter of credit, commercial paper dealer, delivery and paying agent, and miscellaneous ancillary fees. Based on conservative market assumptions of 0.25% commercial paper interest rate, the expansion of the CP Program is expected to achieve approximately \$9,900,000 over the next two years, assuming additional commercial paper draws of \$160,000,000.

CP Program Expansion

The City's commercial paper program utilizes third-party credit enhancement to facilitate market access at the lowest interest rates. The City currently has letters of credit provided by J.P. Morgan Chase, N.A. of \$50,000,000, and U.S. Bank, N.A. of \$50,000,000 supporting a \$100,000,000 CP Program. The City has the option to increase the CP Program from its current size of \$100,000,000 to \$150,000,000, when and as necessary.

In order to accommodate the City's Ten-Year Capital Plan's proposed delivery of infrastructure investments, OPF respectfully requests an increase in the CP Program authorization from the existing not-to-exceed \$150,000,000 to \$250,000,000. With the proposed additional letter of credit support of \$100,000,000 from State Street Bank and Trust, the City will have secured an aggregate of \$200,000,000 in letter of credit support for its CP Program, while preserving the flexibility to increase by an additional \$50,000,000, when and as necessary.

Projects will be eligible to access the CP Program once the Board of Supervisors and the Mayor have approved the project and/or the long-term, permanent financing for the project (each an "Approved Project"). Currently, the following projects have approval to access the CP Program:

- Department of Public Works – Capital Equipment Acquisitions: In adopting the annual appropriations ordinance 190-10, the Board of Supervisors appropriated lease payments for various Department of Public Works capital equipment totaling \$932,252 for DPW Vehicles, IT Equipment and miscellaneous other capital equipment.
- HOPE SF: In adopting Ordinance No. 266-10, the Board of Supervisors authorized the issuance of not to exceed \$38,000,000 in City and County of San Francisco certificates of participation to partially finance the rebuilding of severely distressed public housing sites, while increasing affordable housing and ownership opportunities and improving the quality of life for existing residents and the surrounding communities (the HOPE SF Project).
- Moscone Expansion Project: In adopting Ordinance No. 26-13, the Board of Supervisors authorized the issuance of not to exceed \$507,880,000 in City and County of San Francisco certificates of participation to finance the costs of additions and improvements to the Moscone Center. The Board of Supervisors approved the appropriation in Supplemental Appropriations Ordinance No. 25-13.
- War Memorial Veterans Building Seismic Retrofit: In adopting Ordinance No. 149-11, the Board of Supervisors authorized the issuance of not to exceed \$170,000,000 in City and County of San Francisco certificates of participation to finance the costs of the construction and installation of improvements in connection with the renovation of the War Memorial Veterans Building (WMVB) located at 401 Van Ness Avenue.
- Various Port Commission Projects: In adopting Resolution No. 152-12, the Board of Supervisors authorized the issuance of not to exceed \$45,000,000 in City and County of San Francisco certificates of participation to finance a portion of the costs of the development of the Cruise Terminal Project at Pier 27 and infrastructure and mitigation requirements related to the 34th America's Cup event.

The CP Program accommodates tax-exempt borrowing, which is used for most City projects, as well as taxable commercial paper notes, for any such projects that do not qualify for tax-exempt debt under federal and state law.

Financing Structure:

As described in the OPF memorandum dated February 10, 2009, the City leases and leases-back certain real property assets to the third-party trustee in consideration for proceeds of any issued commercial paper notes. It is anticipated that the real property assets included in the lease structure would have a value of approximately 125% of the borrowing capacity under the expanded CP Program or up to \$312,500,000.

Table 1 identifies the City-owned properties (the "Leased Assets") that serve as the Leased Assets for the existing CP Program.

Table 1: Summary Estimated Values of Properties Owned by the City Securing the Existing CP Program.

Bureau of Engineering Office	\$ 6,800,000
Corporate Yard	46,000,000
Fire College	7,500,000
Northern Police Station	6,400,000
Police Academy	29,000,000
Public Health Central Office	15,400,000
Total	\$ 111,100,000

Source: City and County of San Francisco, Real Estate Division, Memorandum dated January 30, 2009.

The City-owned properties listed in the table below (the "Proposed Leased Assets") may serve as the leased assets for the expansion of the CP Program. In consultation with the City's Real Estate Division, Table 2 identifies proposed real property assets to support the expansion in the CP Program.

Table 2: Properties Owned by the City Proposed to Secure the CP Program Expansion.

Allemany Market
2345 24th Street
2789 25th Street
935 Folsom
Central Shops
Fire Station 10
Fire Station 9
Human Services Central Office
Public Safety Building

The City leases the Leased Assets and Proposed Leased Assets to the trustee in consideration for proceeds of any issued CP Notes. The trustee leases the Leased Assets back to the City in consideration for lease payments made by the City to the trustee in amounts exactly equal to principal and interest due on any issued CP Notes. The trustee will apply such amounts as is necessary to make debt service payments to holders of any issued CP Notes.

Letters of Credit, Reimbursement Agreement & Dealer Agreements

Letters of Credit and Reimbursement Agreement

OPF selected via a competitive proposal process and is negotiating currently with State Street Bank and Trust Company (the "Bank") as the Bank to expand from the existing \$100,000,000 in letter of credit facilities to \$200,000,000. The Resolution approves the form of Reimbursement Agreement that provides for an Irrevocable Letter(s) of Credit (the "Letter of Credit") in the maximum available amount of \$100,000,000 that may be drawn upon by the City in respect of principal and actual interest due on any commercial paper notes.

The City is required to repay the Bank should there be amounts drawn under the Letter of Credit

in accordance with the terms and conditions set forth in the Reimbursement Agreement. It is expected that the Bank will be repaid from the remarketing of commercial paper or the proceeds of long term take-out financing. However, but under extraordinary circumstances such occurred with the financial dislocation in 2008, advances from the Banks might not be immediately repaid. In such event, interest borne by the commercial paper notes could increase up to 12.0% per annum.

OPF currently expects to enter a Reimbursement Agreement with the Bank with a term of approximately five (5) years at a cost of 0.50% of the Bank's commitment amounts, or approximately \$500,000 per annum. The current fee structure presumes that the City's general fund secured obligations credit rating remains at its current rating levels of Aa3/AA-/AA- by Moody's Investors Service ("Moody's"), Standard & Poor's ("S&P"), and Fitch Ratings, respectively (collectively, the "Rating Agencies"). The commitment fee may be increased in increments of 0.10% for every notch rating downgrade by two rating agencies below Aa3/AA-/AA-. Should the City's general fund secured obligations credit rating fall below Baa3/BBB-/BBB-, the Reimbursement Agreement would terminate and amounts owing to the Banks would be immediately due and payable, subject to the limits concerning maximum rent set forth in the Sublease in accordance with State law, which would allow for several years to repay the financing.

The Reimbursement Agreement may be terminated by the City pursuant to termination provisions should the Bank's short-term credit ratings fall below P-1/A-1/F-1 by the Rating Agencies; letter of credit costs increase due to changes in law, rule or regulation; or in the event the City should decide to retire the CP Program. The Reimbursement Agreement may also be terminated at the option of the City for any reason, subject to a termination fee of up to one (1) year of the commitment fee due to the Banks, or for any optional termination by the City within the first year of the Reimbursement Agreement, the remaining unpaid balance of the first year's commitment fee.

Dealer Agreement:

The Resolution also approves the form of Dealer Agreement and delegates to OPF the authority to appoint one or more Commercial Paper Dealers (the "CP Dealer"). The Dealer Agreement sets forth the duties of the CP Dealer, including soliciting and arranging the sales of the commercial paper notes on behalf of the City at such rates and maturities as then prevailing in the market.

OPF currently expects to select commercial paper dealers via a competitive proposal process and to enter into Dealer Agreement with a term not less than one (1) year with a cost of not to exceed 0.125% per annum of the weighted average of the principal amount of commercial paper notes outstanding each quarter, paid by the City quarterly in arrears.

Financial Parameters:

The parameters set forth in the Resolution respecting the Reimbursement Agreement and Letter of Credit include and are consistent with those set forth in the Program Resolution:

- the term of any such letter of credit shall not be less than one (1) year,
- the interest rate on any bank bond shall not exceed 12% per annum, and the amortization of any such bank bond shall not be less than three (3) years, and
- the cost of the any such letter of credit shall not exceed 2.0% per year.

At any time that bank bonds are outstanding and should the accruing interest rate on any bank bond exceed 12% per annum due to an increase in general market interest rates, the City will pay on a current basis interest not to exceed 12%, with any current interest in excess of 12% deferred until such time that the accruing interest rate falls below 12%. No interest will accrue on any unpaid and deferred interest due to the interest rate ceiling on the bank bonds in the Prior Resolution. The City will pay the deferred interest until all amounts due to the Banks respecting deferred interest is paid.

Seismic and Other Public Safety Emergency

Charter Section 3.100. Powers and Responsibilities provides that the Mayor, with the concurrence of the Board of Supervisors, may direct City personnel and resources as necessary to meet an emergency. The Resolution authorizes the Controller, in the event of an emergency declared under Charter Section 3.100, to draw on commercial paper before the Board has approved long-term take-out financing. This exception would apply only to emergencies declared under Charter Section 3.100.

San Francisco Port Commission:

The Port Commission finances its large scale capital projects to address significant deferred maintenance and to rehabilitate and enhance property primarily through debt issuances. The City Charter provides for the issuance of revenue bonds for Port-related purposes by the Port Commission (the "Port").

The Resolution authorizes the Port (and other enterprise departments of the City) to utilize the City's commercial paper to finance Port projects including but not limited to Phase II of the James R. Herman Cruise Terminal and capital improvements to historic piers in the Northern Waterfront. The Port expects construction of Phase II to begin November of 2013 with planned final project completion in October of 2014.

Commercial paper issued for Port projects is expected to be refunded by its 2013 Port Revenue Bond transaction, pending review and approval of the 2013 Port Revenue Bond by the Capital Planning Committee, Port Commission and Board of Supervisor prior to any commercial paper issuances.

Additional Information:

The Resolution will be introduced at the Board of Supervisors meeting on Tuesday, June 11, 2013. The related financing documents—including the Reimbursement Agreement, Letter of Credit, and Dealer Agreement—will also be submitted.

Your consideration of this matter is greatly appreciated. Please contact me at 554-5956 should you have any questions.

Cc (via email): Angela Calvillo, Clerk of the Board
 Jason Elliott, Director of Legislative & Government Affairs
 Kate Howard, Mayor's Budget Director
 Harvey Rose, Budget Analyst
 Ben Rosenfield, Controller
 John Updike, Real Estate Division
 Mark Blake, Deputy City Attorney

Appendix

Issuance Summary:

The table below summarizes the City's commercial paper issuances since its launch. The City has remaining outstanding \$51,540,000 with scheduled maturities on July 2, 2013.

Issuance Date	Rollover Date	Ref Note	CUSIP	Tax Status	Principal	Rate
6/23/2010	9/8/2010	2010-01	79768DAA5	Tax Exempt	\$ 5,035,000.00	0.30%
9/8/2010	3/8/2011	2010-02	79768DAB3	Tax Exempt	5,345,000.00	0.32%
2/3/2011	3/8/2011	2011-01	79768DAC1	Tax Exempt	9,011,000.00	0.29%
3/8/2011	8/8/2011	2011-02	79768DAD9	Tax Exempt	8,963,905.48	0.31%
3/8/2011	8/8/2011	2011-02	79768DAD9	Tax Exempt	5,272,094.52	0.31%
3/8/2011	8/8/2011	2011-02	79768DAD9	Tax Exempt	2,283,000.00	0.31%
6/28/2011	9/26/2011	2011-03	79768GAA8	Taxable	1,000,000.00	0.22%
8/8/2011	10/5/2011	2011-04	79768DAE7	Tax Exempt	22,541,000.00	0.13%
9/26/2011	1/12/2012	2011-05	79768GAB6	Taxable	4,001,000.00	0.29%
10/5/2011	11/2/2011	2011-06	79768DAF4	Tax Exempt	22,550,000.00	0.10%
10/5/2011	1/9/2012	2011-07	79768DAG2	Tax Exempt	17,000,000.00	0.14%
11/2/2011	3/8/2012	2011-08	79768DAH4	Tax Exempt	22,444,000.00	0.17%
1/9/2012	4/3/2012	2012-01	79768DAJ6	Tax Exempt	17,007,000.00	0.10%
1/9/2012	4/3/2012	2012-02	79768CAB5	Tax Exempt	12,031,000.00	0.10%
1/12/2012	5/8/2012	2012-03	79768GAC4	Taxable	4,060,000.00	0.28%
3/8/2012	4/3/2012	2012-04	79768DAK3	Tax Exempt	22,458,000.00	0.12%
4/3/2012	6/7/2012	2012-05	79768CAC3	Tax Exempt	17,120,000.00	0.17%
4/3/2012	6/7/2012	2012-05	79768DAM9; AL1	Tax Exempt	39,471,000.00	0.18%
5/8/2012	8/8/2012	2012-06	79768GAD2	Taxable	4,160,000.00	0.21%
6/7/2012	9/12/2012	2012-07	79768CAD1	Tax Exempt	10,508,000	0.16%
6/7/2012	9/12/2012	2012-07	79768DAN7	Tax Exempt	29,911,000	0.16%
6/7/2012	8/8/2012	2012-07	79768GAE0	Taxable	2,255,000	0.18%
8/8/2012	10/11/2012	2012-08	79768GAF7	Taxable	13,728,000	0.20%
9/12/2012	12/5/2012	2012-09	79768CAE9	Tax Exempt	13,910,000	0.18%
9/12/2012	12/5/2012	2012-09	79768DAQ0;AP2	Tax Exempt	29,925,000	0.17%
10/11/2012	1/14/2013	2012-10	79768GAG5	Taxable	13,734,000	0.25%
12/5/2012	3/7/2013	2012-11	79768CAF6	Tax Exempt	14,100,000	0.16%
12/5/2012	3/7/2013	2012-11	79768DAR8	Tax Exempt	29,938,000	0.16%
1/14/2013	4/9/2013	2013-01	79768GAH3	Taxable	13,843,000	0.20%
3/7/2013	5/16/2013	2013-02	79768CAG4	Tax Exempt	23,515,000	0.15%
3/7/2013	5/16/2013	2013-02	79768DAS6	Tax Exempt	29,855,000	0.14%
4/9/2013	5/29/2013	2013-03	79768FAB8	Taxable	21,790,000	0.18%
4/9/2013	5/29/2013	2013-03	79768GAJ9	Taxable	13,850,000	0.18%
5/16/2013	5/29/2013	2013-04	79768CAH2	Tax Exempt	15,445,000	0.16%
5/16/2013	5/29/2013	2013-04	79768DAT4	Tax Exempt	530,000	0.17%
5/29/2013	7/2/2013	2013-05	79768FAC6	Taxable	21,800,000	0.17%
5/29/2013	7/2/2013	2013-05	79768GAK6	Taxable	13,855,000	0.16%
5/29/2013	7/2/2013	2013-05	79768GAK6	Tax Exempt	15,350,000	0.15%
5/29/2013	7/2/2013	2013-05	79768DAU1	Tax Exempt	535,000	0.15%

Utilized and Remaining Capacity:

The commercial paper program has a remaining capacity of approximately \$33,250,000 out of its current program size of \$100,000,000, after allowing for the current commercial paper outstanding of \$51,540,000, maximum interest at 12%, and maximum annual program fees. Stated differently, \$33,250,000 in commercial paper is available to support the City's ongoing capital programs relying on commercial paper.

Interest Costs, Capitalized Program Fees and Costs of Issuance:

As noted in the table above, interest costs on the tax exempt commercial paper have ranged from 0.10% (13 days) to 0.32% (181 days) with a weighted average of 0.17%. As of June 11, 2013, capitalized interest on the commercial paper totals approximately \$54,053. The City's two most recent issuances of long-term certificates of participation with final maturity in 2018 achieved a true interest cost of 0.72% and with a final maturity in 2036 achieved a true interest cost of 3.59%, in April 2013 and June 2013, respectively.

In support of the program, capitalized program fees total \$2,967,000 for letter of credit fees to U.S. Bank and J.P. Morgan Chase as letter of credit providers, commercial paper dealer fees, monitoring and surveillance credit rating fees, trustee fees and contingencies. Including estimated capitalized program fees and interest costs, the annualized all in costs of the commercial paper program has averaged approximately 1.29%.

The program's final cost of issuance for initial program costs is \$693,000. The costs of issuance account for commercial paper was closed upon approval of final invoices, which amount includes legal fees, rating agency fees, financial advisory, trustee and delivery & paying agent, property and business interruption insurance, title insurance, City fees and contingencies.

TRUST AGREEMENT

Dated as of ____ 1, 2013

between the

CITY AND COUNTY OF SAN FRANCISCO

and

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

RELATING TO

**City and County of San Francisco
Tax-Exempt Lease Revenue
Commercial Paper Certificates of
Participation, Series 3**

and

**City and County of San Francisco
Taxable Lease Revenue
Commercial Paper Certificates of
Participation, Series 3-T**

**City and County of San Francisco
Tax-Exempt Lease Revenue
Commercial Paper Certificates of
Participation, Series 4**

and

**City and County of San Francisco
Taxable Lease Revenue
Commercial Paper Certificates of
Participation, Series 4-T**

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EXHIBIT A	Form of Commercial Paper Certificate
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EXHIBIT E	Form of Disbursement Request - Project Accounts
EXHIBIT F	Form of Delivery Request
EXHIBIT G	Form of Disbursement Request - Capitalized Fees Account

TRUST AGREEMENT

This **TRUST AGREEMENT**, dated as of ____ 1, 2013 (the "**Trust Agreement**"), between the **CITY AND COUNTY OF SAN FRANCISCO**, a charter city and county organized and existing under the laws of the State of California (the "**City**"), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States (the "**Trustee**").

BACKGROUND:

1. The City has determined to adopt and implement a program under which the City will provide financing for certain public capital improvements (collectively, the "**Projects**") and deliver its Tax-Exempt Lease Revenue Commercial Paper Certificates of Participation, Series 3 (the "**Series 3 Certificates**"), its Tax-Exempt Lease Revenue Commercial Paper Certificates of Participation, Series 4 (the "**Series 4 Certificates**" and, with the Series 3 Certificates, the "**Tax-Exempt Commercial Paper Certificates**"), its Taxable Lease Revenue Commercial Paper Certificates, Series 3-T (the "**Series 3-T Certificates**") and its Taxable Lease Revenue Commercial Paper Certificates, Series 4-T (the "**Series 4-T Certificates**" and, with the Series 3-T Certificates, the "**Taxable Commercial Paper Certificates**"). The Tax-Exempt Commercial Paper Certificates and the Taxable Commercial Paper Certificates are referred to collectively herein as the "**Commercial Paper Certificates**." The City intends to deliver the Commercial Paper Certificates for the purpose of providing moneys which will be sufficient, among other things (i) to pay costs of the Projects; (ii) to fund capitalized interest with respect to the Certificates (as defined herein); (iii) to fund Capitalized Fees and Expenses (as defined herein); and (iv) to pay costs incurred in connection with the sale and delivery of the Commercial Paper Certificates.

2. Concurrently herewith, the City and the Trustee will enter into a Site Lease, dated as of the date hereof (the "**Site Lease**"), under which the Trustee will lease from the City certain Property (as defined therein) located in the City, including the buildings and improvements thereon owned by the City.

3. Concurrently herewith, the City and the Trustee will enter into a Sublease, dated as of the date hereof (the "**Sublease**"), under which the City will sublease the Property from the Trustee in furtherance of the City's public purposes.

4. The City has determined to enter into this Trust Agreement in order to provide for the authentication and delivery of the Commercial Paper Certificates, to establish and declare the terms and conditions upon which the Commercial Paper Certificates will be delivered and secured, and to secure the payment of the principal and interest with respect thereto.

5. The City will execute and deliver the Commercial Paper Certificates, evidencing proportionate interests in all of the rights of the Trustee under the Sublease, including the right to receive Base Rental payments payable thereunder, and will undertake such other responsibilities as are assigned to the Trustee under this Trust Agreement.

6. The City has determined that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Trust Agreement do exist, have happened and have been

performed in due time, form and manner as required by law, and the parties hereto are duly authorized to execute and enter into this Trust Agreement.

P L E D G E:

In consideration of the premises, of the acceptance by the Trustee of its duties hereby imposed, and of the purchase and acceptance of the Commercial Paper Certificates by the Holders thereof, the receipt and adequacy of which are hereby acknowledged, and to secure the payment of all of the Certificates at any time delivered and Outstanding hereunder and the interest with respect thereto according to their tenor, purport and effect, to secure the obligations of the City to the Banks under the Reimbursement Agreements (as such terms are defined herein) and to secure the performance and observance of all of the covenants, agreements and conditions contained therein, herein and in the Site Lease and the Sublease, there is hereby pledged, for the benefit of the Holders and the Banks, unto the Delivery and Paying Agent, the Trustee and the Banks, and granted to the Delivery and Paying Agent (as defined herein), the Trustee and the Banks a security interest in and lien on, all its right, title and interest in and to: (i) the Site Lease; (ii) the Sublease, including the right to enforce remedies under the Sublease and all revenues, issues, income, rents, royalties, profits and receipts derived or to be derived by the City from or attributable to the sublease of the Property to the City including all revenues attributable to the sublease of the Property or to the payment of the costs thereof received or to be received by the City under the Sublease or any part thereof or any contractual arrangement with respect to the use of the Property, including all Base Rental payments made by the City thereunder; (iii) the proceeds of any insurance, including the proceeds of any self-insurance covering loss relating to the Property; (iv) all amounts on hand from time to time in the funds and accounts established hereunder (other than the Rebate Fund); (v) all proceeds of rental interruption insurance policies carried with respect to the Property pursuant to the Sublease or in accordance with this Trust Agreement; and (vi) any additional moneys or amounts that may from time to time, by delivery or by writing of any kind, be subjected to the lien hereof by the City or by anyone on its behalf, subject only to the provisions of this Trust Agreement, the Site Lease and the Sublease (clauses (i), (ii), (iii), (iv), (v) and (vi) of this sentence, collectively, the "Pledged Property").

A G R E E M E N T:

In consideration of the foregoing and the material covenants hereinafter contained, the City and the Trustee formally covenant, agree and bind themselves as follows:

ARTICLE I

APPOINTMENT OF TRUSTEE; DEFINITIONS

Section 1.01. Appointment of Trustee. The Trustee is hereby appointed and employed to act solely as set forth herein, to receive, hold and disburse in accordance with the terms hereof the moneys to be paid to it, to apply and disburse payments received under the Sublease to the Holders of such Certificates or the Banks, and to perform certain other functions, all as hereinafter provided. By executing and delivering this Trust Agreement, the Trustee accepts the duties and obligations provided herein, but only upon the terms and conditions herein set forth.

Section 1.02. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.02 will, for all purposes of this Trust Agreement, have the meanings set forth below. All other capitalized terms used herein without definition will have the meanings given to such terms in the Sublease.

"Additional Property" has the meaning assigned to such term in Section 7.02.

"Additional Rental" means the amounts specified as such in Section 3.1(h) of the Sublease.

"Administrative Expense Account" means the account of that name established within the Delivery and Paying Agent Fund under Section 3.05.

"Advance" means each payment of a drawing by a Bank under a Credit Facility subject to the provisions contained in the applicable Reimbursement Agreement.

"Alternate Credit Facility" means an irrevocable letter of credit, a line or lines of credit, a noncancellable insurance policy or other credit facility provided to support the payment of Commercial Paper Certificates in accordance with the provisions of Section 6.02, as such alternate credit facility may be amended or supplemented from time to time.

"Authorized Denomination" means \$100,000 and integral multiples of \$1,000 in excess thereof.

"Authorized Representative" means the Controller of the City, the Director of Public Finance of the City, the Public Finance Manager of the City, or another official designated by any such officer and authorized to act on behalf of the City under or with respect to this Trust Agreement and all other agreements related hereto.

"Bank Reimbursement Account" means the account of that name established within the Delivery and Paying Agent Fund under Section 3.05 with a Series 3 Subaccount, Series 3-T Subaccount, Series 4 Subaccount and a Series 4-T Subaccount therein.

"Bank" or "Banks" means the provider or providers issuing a Credit Facility or any provider or providers issuing an Alternate Credit Facility, as long as such Credit Facility or Alternate Credit Facility is in effect with respect to any of the Commercial Paper Certificates. "Bank" initially refers to State Street Bank and Trust Company. If there is more than one Bank,

references to "the Bank" or "a Bank" will be deemed to refer to the Bank providing a Credit Facility for the applicable series of Commercial Paper Certificates.

"Base Rental" means the amounts specified as such in Section 3.1 of the Sublease, as such amounts may be adjusted from time to time in accordance with the terms of the Sublease, but does not include Additional Rental.

"Base Rental Account" means the account of that name established within the Delivery and Paying Agent Fund under Section 3.05.

"Base Rental Payment Date" means November 1, 2013 and each February 1, May 1, August 1 and November 1 thereafter during the term of the Sublease.

"Base Rental Period" means the one-year period commencing on May 1 of each year and ending on the following April 30, provided that the first Base Rental Period will commence on the first date of delivery of Commercial Paper Certificates and end on April 30, 2014.

"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 or in 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 a Credit Facility supporting the payment of the Commercial Paper Certificates.

"Capitalized Fees Account" means the account of that name established with the Project Fund under Section 3.04 with a Tax-Exempt Subaccount and a Taxable Subaccount therein.

"Capitalized Fees and Expenses" means any application, commitment, financing, rating or similar fee charged, or reimbursement for administrative or other expenses incurred or charged by the City, the Trustee, the Delivery and Paying Agent, any Dealer, and the Banks, which fees and expenses are to be payable from amounts on deposit in the Capitalized Fees Account (as provided in Section 3.04) or from Additional Rental.

"Capitalized Interest Account" means the account of that name established within the Project Fund under Section 3.04 with a Tax-Exempt Subaccount and a Taxable Subaccount therein.

"Certificate" means any Commercial Paper Certificate or any Revolving Bank Certificate, and "Certificates" means the Commercial Paper Certificates and the Revolving Bank Certificates.

"City" means the City and County of San Francisco, California and its successors and assigns.

"Closing Date" means the first date on which Commercial Paper Certificates are executed and delivered hereunder by the City.

"Code" means the Internal Revenue Code of 1986, as amended, including regulations, rulings and judicial decisions promulgated thereunder.

"Commercial Paper Certificates" means the Tax-Exempt Commercial Paper Certificates and the Taxable Commercial Paper Certificates authorized hereby and at any time Outstanding hereunder that are executed by the City and authenticated by the Delivery and Paying Agent under Article II.

"Costs of Issuance" means all the costs of preparing, executing and delivering the Commercial Paper Certificates and other costs related to the financing provided thereby, including, but not limited to, all printing and document preparation expenses in connection with this Trust Agreement, the Site Lease, the Sublease, the Commercial Paper Certificates and any offering materials pertaining to the Commercial Paper Certificates; rating agency fees; CUSIP Service Bureau charges; financial advisory fees; consultant fees; market study fees; title insurance and appraisal fees; legal fees and expenses of counsel; fees and expenses (including legal expenses) of the Banks; the initial fees and expenses of the Trustee and the Delivery and Paying Agent (including without limitation, origination fees and first annual fees payable in advance); and other costs, fees and expenses incurred in connection with the execution and delivery of the Commercial Paper Certificates or the implementation of the financing provided thereby, to the extent such fees and expenses are approved by an Authorized Representative.

"Costs of Issuance Fund" means the account of that name established under Section 3.07 with a Tax-Exempt Account and a Taxable Account therein.

"Credit Facility" means initially each of those certain irrevocable direct-pay letters of credit issued by the Banks under their respective Reimbursement Agreements, and, upon the delivery of any Alternate Credit Facility, such Alternate Credit Facility. The term "Credit Facilities" refers collectively to all outstanding Credit Facilities.

"Dealer" means _____ and any co-dealer appointed by the City in its discretion, or any substitute, successor, alternate or additional dealer or co-dealer appointed by the City in its discretion with respect to the Commercial Paper Certificates.

"Dealer Agreement" means the dealer agreement to be entered into with the Dealer, substantially in the form of Exhibit C, as it may be amended, supplemented or otherwise modified from time to time, or any dealer agreement with a substitute, successor, alternate or additional dealer or co-dealer.

"Delivery and Paying Agent" means initially U.S. Bank National Association acting as the agent of the Trustee, or any successor trustee appointed under Article IV or any other delivery and paying agent appointed under Article V.

"Delivery and Paying Agent Agreement" means the Delivery and Paying Agent Agreement dated as of ____ 1, 2013 between U.S. Bank National Association, and the City or any similar agreement between the City and any successor or substitute Delivery and Paying Agent.

"Delivery and Paying Agent Fund" means the fund of that name established under Section 3.05.

"Depository" means DTC or if (a) the Depository resigns from its functions as securities depository of the Commercial Paper Certificates, or (b) the City discontinues use of the Depository under Section 2.09, any other securities depository which agrees to follow

procedures required to be followed by a securities depository in connection with the Commercial Paper Certificates and which is selected by the City with the consent of the Trustee.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Event of Default" has the meaning assigned to such term in Section 8.01.

"Excess Investment Earnings" means an amount equal to the sum of:

- (i) the excess of
 - (A) the aggregate amount earned on all Nonpurpose Investments (other than amounts attributable to such excess), over
 - (B) the amount which would have been earned if the Yield on such Nonpurpose Investments (other than amounts attributable to such excess) had been equal to the Yield on the Commercial Paper Certificates,
- (ii) any income attributable to the excess described in clause (i).

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment. To the extent required by applicable regulations under the Code, the term "investment" will include a hedge.

"Final Drawing Notice" has the meaning assigned to such term in the applicable Reimbursement Agreement.

"Fitch" means Fitch Ratings a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, then the term "Fitch" will be deemed to refer to any other nationally recognized securities rating agency selected by the City.

"Government Certificates" means evidences of indebtedness or ownership of proportionate interests in future principal and interest payments of Government Obligations, including depository receipts thereof, wherein (i) a bank or trust company acts as custodian and holds the underlying Government Obligations; (ii) the owner of the Government Certificate is a

real party in interest with the right to proceed directly and individually against the obligor of the underlying Government Obligations; and (iii) the underlying Government Obligations are held in trust in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian or any person claiming through the custodian, or any person to whom the custodian may be obligated.

"Government Obligations" means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or evidence of ownership in a portion thereof (which may consist of specified portions of interest with respect thereto and obligations of the Resolution Funding Corporation which constitute interest strips) if held by a custodian on behalf of the Trustee, obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, and prerefunded municipal obligations rated in the highest rating category by Moody's and S&P.

"Gross Proceeds" means the sum of the following amounts:

(i) original proceeds, namely, net amounts received by or for the City as a result of the sale of the Commercial Paper Certificates, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Commercial Paper Certificates;

(ii) investment proceeds, namely, amounts received at any time by or for the City, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with the Code) of obligations issued to refund in whole or in part the Commercial Paper Certificates;

(iii) sinking fund proceeds, namely, amounts, other than original proceeds or investment proceeds (as referenced in clauses (i) and (ii) above) of the Commercial Paper Certificates, which are held in any fund or account to the extent that the City reasonably expects to use such other fund to pay debt service on the Commercial Paper Certificates or to reimburse the Banks for the payment of debt service on the Commercial Paper Certificates;

(iv) amounts in any fund established as a reasonably required reserve for payment of debt service on the Commercial Paper Certificates;

(v) amounts, other than as specified in this definition, used to pay debt service on the Commercial Paper Certificates; and

(vi) amounts received as a result of investing amounts described in this definition.

"Holder" whenever used with respect to a Certificate, means the Person in whose name such Certificate is registered or if such Certificate is not in registered form, the Person who is the bearer thereof; except that so long as any Master Certificate is delivered and outstanding, then, with respect to the Commercial Paper Certificates, it means the Depository or its Nominee.

"Investment Earnings" means interest received in respect of the investment of moneys on deposit in any fund or account maintained hereunder.

"Investment Property" means any security (as said term is defined in section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property, excluding, however, obligations (other than specified private activity bonds as defined in section 57(e)(5)(6) of the Code) the interest with respect to which is excluded from gross income, under section 103 of the Code, for federal income tax purposes.

"Master Certificate" means a Certificate substantially in the form of Exhibit B-1 hereto with respect to Tax-Exempt Commercial Paper Certificates and Exhibit B-2 hereto with respect to the Taxable Commercial Paper Certificates, and in each case registered in the name of the Depository thereof or its Nominee, or any successor or assign.

"Maximum Base Rental" means the amounts specified as such in Section 3.1(a) of the Sublease, as such amounts may be adjusted from time to time in accordance with the terms of the Sublease, including Section 2.2 of the Sublease, but does not include Additional Rental.

"Maximum Interest Rate" means, with respect to the Commercial Paper Certificates, 12% per annum.

"Maximum Principal Amount" means, \$_____, or such lesser principal amount of indebtedness designated by the City which, if it bore interest at the Maximum Interest Rate and principal and such interest were payable as provided in the Sublease (commencing on the first day of the first Base Rental Period to commence after the date of calculation), could be fully retired from amounts then payable by the City as Maximum Base Rental (as adjusted under the Sublease) during the remaining term of the Sublease.

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

"No-Delivery Notice" means a notice from a Bank to the Delivery and Paying Agent not to deliver any additional Commercial Paper Certificates secured by the Credit Facility issued by such Bank.

"Nominee" means Cede & Co. or such other nominee of the Depository (which may be the Depository) as determined from time to time pursuant hereto.

"Nonarbitrage Certificate" means the Certificate as to Arbitrage of the City executed on the Closing Date and any other Certificate as to Arbitrage executed from time to time by the City in connection with the Tax-Exempt Commercial Paper Certificates.

"Nonpurpose Investment" means any Investment Property which is acquired with the Gross Proceeds of the Commercial Paper Certificates and is not acquired in order to carry out the governmental purpose of the Commercial Paper Certificates.

"Outstanding" means, when used as of any particular time with respect to either the Commercial Paper Certificates or the Revolving Bank Certificates or both, as the context requires; such Certificates theretofore delivered by the City under this Trust Agreement, except:

(a) Certificates theretofore cancelled or delivered to the Delivery and Paying Agent for cancellation and, in all cases, with the intent to extinguish the debt represented thereby; and

(b) Certificates in lieu of, or in substitution for, which other Certificates have been delivered and delivered under Section 2.06; and

(c) Certificates with respect to which all liability of the City will have been discharged in accordance with Section 10.03.

"Participant" means a member of, or participant in, the Depository.

"Payment Account" means the account of that name established within the Delivery and Paying Agent Fund under Section 3.05 with a Series 3 Subaccount, Series 3-T Subaccount, Series 4 Subaccount and a Series 4-TSubaccount therein.

"Permitted Encumbrances" means, as of any particular time: (i) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, under Section 7.02, permit to remain unpaid; (ii) the Sublease, as it may be amended from time to time; (iii) the Site Lease, as it may be amended from time to time; (iv) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (v) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions, all of a non-monetary nature, which exist of record as of the Closing Date; and (vi) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions, all of a non-monetary nature, established following the Closing Date and to which the City, the Trustee and the Banks consent in writing.

"Person" means an individual, corporation, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Pledged Property" has the meaning assigned to such term in the "Pledge" at the front of this Trust Agreement.

"Principal Office of the Trustee" means the corporate trust office of the Trustee located at U.S. Bank National Association, One California Street, Suite 1000, San Francisco, CA 94111, Attention: Corporate Trust Services.

"Project Costs" means the costs of the acquisition, construction, development and financing of capital facilities and improvements thereto, capital expenditures and extraordinary costs, and includes, without limitation, the costs of engineering, architectural services, plans, specification, surveys and estimates of costs; the costs of any taxes or assessments paid or to be paid in connection with the transfer of any property related to the capital facilities; the costs of any indemnity or surety bonds or other insurance with respect to the acquisition, construction, development or financing of any capital facilities; the costs of software, computer upgrades and consulting fees related thereto; Costs of Issuance of the Commercial Paper Certificates,

including without limitation, expenses relating to registering or qualifying the Commercial Paper Certificates for distribution in any jurisdiction of the United States, discounts, commissions, financing charges and fees and expenses of underwriters, dealers (including, but not limited to, the Dealer), remarketing agents, rating agencies, attorneys, accountants, advisors and consultants, letter of credit fees payable with respect to the Commercial Paper Certificates, the premium payable with respect to any insurance policy with respect to the Commercial Paper Certificates, the costs of audit and any credit enhancement facility; the cost of title insurance; any reimbursement payments to the City; fees and expenses of the Trustee and the Delivery and Paying Agent; the administrative expenses of the City attributable to the capital facilities, including, without limitation, compensation of officers, directors, employees, agents, attorneys, accountants and consultants of the City and any fees and expenses of the Trustee and the Delivery and Paying Agent during construction; and such other costs, whether or not specified herein, as may be necessary or incidental to the acquisition, construction, development or financing of the capital facilities and any improvements thereto and the placing of the same in operation, and such other costs and expenses for changes, alterations and additions to the capital facilities requested by the City.

"Project Fund" means the fund by that name established under Section 3.04.

"Projects" means the projects to be financed with proceeds of the Commercial Paper Certificates as specified by the City from time to time.

"Property" has the meaning assigned to such term in the Sublease.

"Qualified Investments" means, if and to the extent permitted by law and by any policy guidelines promulgated by the City:

(a) Government Obligations or Government Certificates;

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

(i) Farmers Home Administration (FmHA) - Certificates of beneficial ownership;

(ii) Federal Housing Administration Debentures (FHA);

(iii) General Services Administration - Participation certificates;

(iv) Government National Mortgage Association (GNMA or "Ginnie Mae") - guaranteed mortgage backed bonds and GNMA guaranteed pass-through obligations (participation certificates);

(v) U.S. Maritime Administration - Guaranteed Title XI financing;

(vi) U.S. Department of Housing and Urban Development (HUD) - Project notes and local authority bonds; and

(vii) Any other agency or instrumentality of the United States of America;

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit United States of America government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

(i) Federal Home Loan Banks System - Senior debt obligations (consolidated debt obligations);

(ii) Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac") - Participation certificates (mortgage-backed securities) and senior debt obligations rated in the highest rating category by Moody's and S&P;

(iii) Fannie Mae - mortgage-backed securities and senior debt obligations (excluding stripped mortgage securities which are valued greater than par on the portion of the unpaid principal) rated in the highest rating category by Moody's and S&P;

(iv) Student Loan Marketing Association (SLMA or "Sallie Mae") - Senior debt obligations;

(v) Resolution Funding Corp. (REFCORP) - Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Banks of New York in book entry form;

(vi) Federal Farm Credit System - Consolidated systemwide bonds and notes; and

(vii) Any other agency or instrumentality of the United States of America;

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, and having a rating by S&P of AAAm-G or AAAm and by Moody's of Aaa;

(e) Certificates of deposit issued by a state or national bank or a state or federal savings and loan; provided that such certificates of deposit will be either (i) continuously and fully insured by the FDIC; or (ii) have a maturity of not greater than 365 days and have the highest short-term letter and numerical ratings of Moody's and S&P;

(f) Savings accounts or money market deposits that are fully insured by FDIC;

(g) Investment Agreements, including guaranteed investment contracts, provided either (i) the long-term unsecured debt or claims ability of the issuer or guarantor thereof is rated in the highest rating category by Moody's and S&P by the terms of which all amounts invested thereunder are required to be withdrawn and paid to the Trustee, without penalty, in the event such rating at any time falls below the highest

rating category, or (ii) such agreement is fully collateralized by Government Obligations or Government Certificates;

(h) Commercial paper of "prime" quality rated in the highest rating category by Moody's and S&P, which commercial paper is limited to issuing corporations that are organized and operating within the United States and which matures not more than 270 calendar days after the date of purchase;

(i) Bonds or notes issued by any state or municipality which are rated in the highest rating category by Moody's and S&P;

(j) Federal funds or bank acceptances which are eligible for purchases by members of the Federal Reserve System, drawn on any banks the short-term obligations of which are rated in the highest rating category by Moody's and S&P; provided that the maturity cannot exceed 270 days;

(k) Repurchase agreements with maturities of either (a) 30 days or less, or (b) less than one year, provided that the collateral is marked-to-market daily, entered into with financial institutions such as banks or trust companies organized under state or federal law, insurance companies, or government bond dealers reporting to, or trading with, and recognized as a primary dealer by, the Federal Reserve Banks of New York and a member of SPIC, or with a dealer or parent holding company that is rated A or better by Moody's and S&P. The repurchase agreement must be in respect of Government Obligations or Government Certificates or obligations described in paragraph (b) herein, which, exclusive of accrued interest, will be maintained at least 100% of par. In addition, repurchase agreements will meet the following criteria: (i) the third party (who may not be the provider of the collateral) has possession of the repurchase securities and the Government Obligations or Government Certificates; (ii) failure to maintain the requisite collateral levels will require liquidation; and (iii) the third party having possession of the securities has a perfected, first priority security interest in the securities; and

(l) Any other debt or fixed income security specified by the City (except securities of the City and any agency, department, commission or instrumentality thereof) and rated in the highest rating category by Moody's and S&P, including prerefunded municipal obligations.

In connection with the purchase of any Qualified Investment, the City may enter into agreements, including forward purchase agreements, with the seller thereof.

"Rating Agency" means Moody's, S&P or Fitch so long as each of them, as applicable, maintain a rating on the Commercial Paper Certificates.

"Rating Category" means one of the general rating categories of Moody's, S&P or Fitch, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

"Rebate Fund" means the fund of that name established under Section 3.06.

"Reimbursement Agreement" or "Reimbursement Agreements" means, initially, the Letter of Credit and Reimbursement Agreement dated as of ____ 1, 2013, between the City and

State Street Bank and Trust Company, pursuant to which a Credit Facility has been issued to support the payment of Commercial Paper Certificates, as the same may be amended, supplemented or otherwise modified from time to time, or any other agreement or agreements executed from time to time in connection with the delivery of a Credit Facility. If there is more than one Reimbursement Agreement, references to "the Reimbursement Agreement" or "a Reimbursement Agreement" refer to the Reimbursement Agreement for the applicable series of Commercial Paper Certificates.

"Representation Letter" will have the meaning assigned to such term in Section 2.09.

"Required Principal Reduction Amount" means, as of any date of calculation, the principal amount of Certificates, if any, that must be retired (and not refunded, reissued or remarketed) such that immediately after such retirement the aggregate principal amount of Certificates Outstanding will not exceed the Maximum Principal Amount as of such date.

"Revolving Bank Certificate" means any promissory note or notes in the form of a certificate or certificates of participation delivered under the provisions of this Trust Agreement and the Reimbursement Agreements in evidence of Advances made by a Bank under a Reimbursement Agreement, having the terms and characteristics contained therein and delivered in accordance therewith.

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

"Securities Depositories" means DTC; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other securities depositories as the City may designate in a Written Certificate of the City filed with the Trustee.

"Series 3 Certificates" means the City's Tax-Exempt Lease Revenue Commercial Paper Certificates of Participation, Series 3.

"Series 3-T Certificates" means the City's Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 3-T.

"Series 4 Certificates" means the City's Tax-Exempt Lease Revenue Commercial Paper Certificates of Participation, Series 4.

"Series 4-T Certificates" means the City's Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 4-T.

"Site Lease" means that certain Site Lease, dated as of the date hereof, between the City and the Trustee, including any amendments or supplements thereto made or entered into in accordance with the terms hereof and of the Site Lease.

"Special Counsel" means Jones Hall, A Professional Law Corporation, at any time that Certificates are outstanding bearing an opinion of such firm, or at any other time such firm or another attorney or firm of attorneys of recognized national standing in the field of public finance selected by the City.

"State" means the State of California.

"Sublease" means that certain Sublease, dated as of the date hereof, between the City and the Trustee, including any amendments or supplements thereto made or entered into in accordance with the terms hereof and of the Sublease.

"Sublease Term" means the term of the Sublease with respect to the Property as provided in Section 2 thereof.

"Substituted Property" will have the meaning given to such term in Section 7.02.

"Supplemental Trust Agreement" means any agreement amending or supplementing this Trust Agreement or another Supplemental Trust Agreement.

"Tax-Exempt Commercial Paper Certificates" means, collectively, the Series 3 Certificates and the Series 4 Certificates.

"Taxable Commercial Paper Certificates" means, collectively, the Series 3-T Certificates and the Series 4-T Certificates.

"Trust Agreement" means this Trust Agreement between the City and the Trustee, including any amendments or supplements hereto made or entered into in accordance with the terms hereof.

"Trustee" means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, or any successor trustee appointed under Article IV.

"Written Certificate" of the City means a written certificate or written request signed in the name of the City by its Authorized Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined will be read and construed as a single instrument.

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Commercial Paper Certificates produces an amount equal to the purchase price of such Nonpurpose Investment or the Commercial Paper Certificates, all computed as prescribed in the Code.

Section 1.03. Rules of Construction.

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and is deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

(d) All references herein to a party that "will" take an action is deemed to be a directive to such party to take such action and an agreement by such party to take such action. All references herein to a party that "will not" take an action is deemed to be a directive to such party not to take such action and an agreement by such party not to take such action.

Section 1.04. Authorization. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Trust Agreement, and has taken all actions necessary to authorize the execution and delivery of this Trust Agreement.

Section 1.05. Trust Agreement a Contract. In consideration of the acceptance of the Certificates by the Holders thereof, this Trust Agreement is deemed to be and constitutes a contract between the City and the Holders from time to time of all Certificates delivered hereunder and then Outstanding to secure the full and final payment of the interest with respect to and principal of all Certificates authorized, executed and delivered hereunder, subject to the agreements, conditions, covenants and provisions herein contained.

ARTICLE II

GENERAL TERMS OF COMMERCIAL PAPER CERTIFICATES

Section 2.01. Authorization of Commercial Paper Certificates, the Revolving Bank Certificates and Advances. From time to time, on or after the date of this Trust Agreement, the City may on any date, upon compliance with the terms of Section 3.01, execute and the Delivery and Paying Agent will authenticate and, at the request of the City, will deliver Commercial Paper Certificates in an aggregate principal amount which will not exceed the amount then available to be drawn under the applicable Credit Facility or the Maximum Principal Amount calculated as of such date at any one time Outstanding for the purpose of (i) financing Project Costs, and (ii) paying Commercial Paper Certificates (and interest with respect thereto), directly or indirectly, delivered under the provisions hereof. The Commercial Paper Certificates evidence proportionate interests in the Sublease, including the right to receive Base Rental payments thereunder, as more particularly described therein, herein and in the Certificates.

The Revolving Bank Certificates will be and are hereby authorized to be delivered, in accordance with the terms and conditions of the Reimbursement Agreements for the purpose of evidencing Advances made to refinance, renew or refund Commercial Paper Certificates (and interest with respect thereto) when due. Advances evidenced by the Revolving Bank Certificates will be and are hereby authorized to be drawn in accordance with the terms and conditions of such Revolving Bank Certificate and the applicable Reimbursement Agreement. The authorizations hereof are all in accordance with and subject to the terms, conditions and limitations contained herein and, with respect to each Revolving Bank Certificate, in the applicable Reimbursement Agreement.

Section 2.02. Terms of Commercial Paper Certificates. Subject to Section 3.01, Commercial Paper Certificates to be designated "City and County of San Francisco Tax-Exempt Lease Revenue Commercial Paper Certificates of Participation, Series 3," "City and County of San Francisco Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 3-T," "City and County of San Francisco Tax-Exempt Lease Revenue Commercial Paper Certificates of Participation, Series 4" or "City and County of San Francisco Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 4-T," as appropriate, may be delivered and sold and delivered from time to time in such principal amounts as determined by an Authorized Representative in Authorized Denominations, numbered as the Delivery and Paying Agent will determine and maturing and becoming due and payable on such dates as an Authorized Representative will determine at the time of sale; but, in no case may any Commercial Paper Certificate (i) mature on a day that is not a Business Day, (ii) have a term in excess of two hundred seventy (270) days, (iii) have a maturity date less than five days prior to the expiration or termination of the applicable Credit Facility unless the City will have arranged for a Alternate Credit Facility under Section 6.02, or (iv) bear interest at a rate in excess of the Maximum Interest Rate.

Subject to applicable terms, limitations and procedures contained herein, Commercial Paper Certificates herein authorized will be dated as of their date of delivery and will bear interest at such rate or rates per annum, as may be determined by an Authorized Representative or, upon the written direction of an Authorized Representative (which may be provided by e-mail), or as provided in Section 3.01, the Dealer; but, in no event will the interest rate exceed the Maximum Interest Rate. Interest with respect to the Tax-Exempt Commercial Paper Certificates will be computed on the basis of actual days elapsed and on a 365-day or

366-day year, whichever is applicable, and interest with respect to the Taxable Commercial Paper Certificates will be computed on the basis of actual days elapsed and on a 360-day year. Subject to applicable terms, limitations and procedures set forth herein, Commercial Paper Certificates may be sold in such manner at public or private sale and at such price, including a price of less than par, as an Authorized Representative will approve at the time of the sale thereof. If sold at a price of less than par, the Commercial Paper Certificates need not have a stated rate of interest.

The Commercial Paper Certificates will not be subject to prepayment prior to maturity.

Both principal and interest with respect to the Commercial Paper Certificates will be payable at maturity in lawful money of the United States of America in immediately available funds, at the corporate trust office of the Delivery and Paying Agent to the Holder thereof.

The City and the Delivery and Paying Agent may treat the Holder as the absolute owner of any Commercial Paper Certificate for the purpose of receiving payment thereof and for all purposes, and the City and the Delivery and Paying Agent will not be affected by any notice or knowledge to the contrary.

Section 2.03. Revolving Bank Certificates. Subject to the limitations contained herein and in the Reimbursement Agreements, the City may execute Revolving Bank Certificates in accordance with the terms of this Trust Agreement and the Reimbursement Agreements.

Section 2.04. Form of Commercial Paper Certificates. So long as the City uses the book-entry system with respect to the Commercial Paper Certificates, the Commercial Paper Certificates will be substantially in the form set forth in Exhibit B-1 hereto with respect to Tax-Exempt Commercial Paper Certificates of each series and Exhibit B-2 hereto with respect to Taxable Commercial Paper Certificates of each series and if the Authority determines to discontinue use of the book-entry system with respect to the Commercial Paper Certificates, the Tax-Exempt Commercial Paper Certificates of each series will be substantially in the form set forth in Exhibit A-1 hereto and the Taxable Commercial Paper Certificates of each series will be substantially in the form set forth in Exhibit A-2 hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are permitted or required by this Trust Agreement and may have such letters, numbers or other marks of identification and such legends, endorsements and opinions thereon as may, consistent herewith, be approved by an Authorized Representative. Any portion of the text of any Commercial Paper Certificates may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Commercial Paper Certificates.

The Commercial Paper Certificates will be printed, lithographed or engraved or produced in any other similar manner, or typewritten, all as determined and approved by an Authorized Representative.

Section 2.05. Execution and Authentication. The Commercial Paper Certificates will be executed on behalf of the City with the signature of the Director of Public Finance of the City. Each such signature may be executed manually or by facsimile.

In case any such officer whose signature or countersignature appears on the Commercial Paper Certificates has ceased to be such officer before the Commercial Paper Certificates so signed has been delivered, such signature or countersignature will nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until the

delivery of the Commercial Paper Certificates, and such Commercial Paper Certificates will be delivered and outstanding hereunder and will be as binding upon the City as though the Person who signed such Commercial Paper Certificates had been such official on the date borne by the Commercial Paper Certificates and on the date of delivery. Also, any Commercial Paper Certificate may be signed on behalf of the City by such Person as at the actual date of execution of such Commercial Paper Certificate is the Executive Director or Treasurer of the City, as the case may be, although on the date borne by such Commercial Paper Certificate such Person is not such official.

No Commercial Paper Certificate will be entitled to any right or benefit under this Trust Agreement, or be valid or obligatory for any purpose unless there appears on such Commercial Paper Certificate a certificate of authentication, executed by the Delivery and Paying Agent by manual signature, and such certificate upon any Commercial Paper Certificate will be conclusive evidence that such Commercial Paper Certificate has been duly certified or registered, if applicable, and delivered.

Section 2.06. Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate will become mutilated, the City, at the expense of the Holder of said Certificate, will execute and deliver a new Certificate of like tenor in exchange and in substitution for the Certificate so mutilated, but only upon surrender to the City of the Certificate so mutilated. If any Certificate will be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the City and the Delivery and Paying Agent and if such evidence is satisfactory to the City and indemnity satisfactory to the Delivery and Paying Agent, the City has been given, the City will, at the expense of the Holder, execute and deliver a new Certificate of like tenor in lieu of and in substitution for the Certificate so lost, destroyed or stolen. Any Certificate executed and delivered under the provisions of this Section 2.06 in lieu of any Certificate claimed to be lost, destroyed or stolen will be equally and proportionately entitled to the benefits of this Trust Agreement with all other Certificates. Neither the City nor the Delivery and Paying Agent will be required to treat both the original Certificate and any duplicate Certificate as being Outstanding for the purposes of determining the principal amount of Certificates which may be delivered hereunder or for any other purpose, but both the original and the duplicate Certificate will be treated as one and the same.

Only a new Series 3 Certificate may be exchanged for a Series 3 Certificate mutilated, lost, destroyed or stolen, and only a new Series 3-T Certificate may be exchanged for a Series 3-T Certificate mutilated, lost, destroyed or stolen. Only a new Series 4 Certificate may be exchanged for a Series 4 Certificate mutilated, lost, destroyed or stolen, and only a new Series 4-T Certificate may be exchanged for a Series 4-T Certificate mutilated, lost, destroyed or stolen.

Section 2.07. Cancellation. All Certificates which at maturity are surrendered to the Delivery and Paying Agent for the collection of the principal and interest with respect thereto will, upon payment, be cancelled and destroyed by the Delivery and Paying Agent, and the Delivery and Paying Agent forthwith will transmit to the City a certificate identifying such Certificates and stating that such Certificates have been duly cancelled and destroyed.

Section 2.08. Fiscal and Other Agents. In furtherance of the purposes of this Trust Agreement, the Trustee, with the prior written consent of the City, may from time to time appoint and provide for the payment of such additional fiscal, paying or other agents or trustees as it may deem necessary or appropriate in connection with the Certificates.

Section 2.09. Book-Entry System. So long as the City uses the book-entry system with respect to the Commercial Paper Certificates, Commercial Paper Certificates of each series and maturity will be initially delivered and delivered in the form of a separate single fully registered Master Certificate, the forms of which is set forth in Exhibit B. Upon initial delivery and delivery, the ownership of each such Master Certificate will be registered in the name of the Nominee as nominee of the Depository.

In order to qualify the Commercial Paper Certificates for the Depository's book-entry system, the Authorized Representative is hereby authorized to execute, countersign and deliver, from time to time, on behalf of the City to such Depository a letter or letters from the City representing such matters as will be necessary to so qualify the Commercial Paper Certificates (each a "**Representation Letter**"). The execution and delivery of a Representation Letter will not in any way limit the provisions of this Section 2.09 or in any other way impose upon the City any obligation whatsoever with respect to Persons having beneficial interests in the Commercial Paper Certificates other than the Holders. In addition to the execution and delivery of the Representation Letter, the Authorized Representative and all other officers of the City, and their respective designees, each are hereby authorized to take any other actions, not inconsistent with this Trust Agreement, to qualify the Commercial Paper Certificates for the Depository's book-entry program.

Section 2.10. Transfers Outside Book-Entry System. In the event (i) the Depository determines not to continue to act as securities depository for the Commercial Paper Certificates, or (ii) the City determines that the Depository will no longer so act and delivers a Written Certificate to the Delivery and Paying Agent to that effect, then the City will discontinue the book-entry system with respect to the Commercial Paper Certificates with the Depository. If the City determines to replace the Depository with another qualified securities depository, the City will prepare or direct the preparation of a new, single, separate, fully registered Master Certificate, registered in the name of such successor or substitute qualified securities depository or its nominee, or make such other arrangement acceptable to the City and the Depository as are not inconsistent with the terms of this Trust Agreement. If the City fails to identify another qualified securities depository to replace the Depository, the City will deliver to the Delivery and Paying Agent for safekeeping, completion, authentication and delivery in accordance with the provisions hereof, Commercial Paper Certificates executed on behalf of the City, in reasonable quantity, with the date of delivery, principal amount, maturity date, owner and rate of interest left blank. Each such Commercial Paper Certificate will be held in safekeeping by the Delivery and Paying Agent until authenticated and delivered in accordance with the provisions of Section 3.01.

Section 2.11. Draws Under Credit Facilities for Commercial Paper Certificates. The Authorized Representative has arranged for a Credit Facility to be delivered to the Delivery and Paying Agent with respect to each Series of the Certificates. The Delivery and Paying Agent will draw moneys, or demand payment, under the Credit Facility in accordance with the terms thereof in amounts necessary to make timely payment of the principal of and interest with respect to the applicable series of Commercial Paper Certificates when due.

The Delivery and Paying Agent will deposit the moneys received with respect to each drawing or payment under each Credit Facility in the applicable subaccount of the Payment Account established under Section 3.05 and which account will be maintained so long as any Commercial Paper Certificates of the applicable series have not been paid. Moneys in the Payment Accounts will not be commingled with any other moneys and will be used and applied only to pay the principal of or interest with respect to the series of Commercial Paper

Certificates for which the draw or payment under such Credit Facility was made and may be used and applied for no other purpose, including without limitation the payment of the applicable Revolving Bank Certificate or the interest with respect thereto. Any monies in the Payment Accounts will be held uninvested until applied for the purposes herein provided.

Section 2.12. Priority of Moneys to Pay Commercial Paper Certificates. Payment of principal and interest with respect to the Commercial Paper Certificates will be derived only from the following sources in the following order of priority:

- (i) moneys drawn by the Delivery and Paying Agent under the Credit Facility relating to such series of Commercial Paper Certificates; and
- (ii) revenues derived from the Pledged Property on hand from time to time in the funds and accounts established hereunder and available for such purpose.

Section 2.13. Credit Facilities. The Delivery and Paying Agent will hold and maintain each Credit Facility provided for the benefit of the Holders of the applicable series of Commercial Paper Certificates, and not the Revolving Bank Certificates, until the expiration or termination of such Credit Facility pursuant to its terms. The Delivery and Paying Agent will draw on the applicable Credit Facility as needed to pay the principal of and interest with respect to the applicable series of Commercial Paper Certificates upon the maturity thereof and will enforce all terms, covenants and conditions of such Credit Facility, including payment when due of any draws on, or payment demands under, such Credit Facility, and will not consent to, agree to or permit any amendment or modification of such Credit Facility which would materially adversely affect the rights or security of the Holders of the applicable series of Commercial Paper Certificates. If at any time during the term of such Credit Facility, any successor Delivery and Paying Agent is appointed and qualified under this Trust Agreement, the resigning or removing Delivery and Paying Agent will request that the Banks cooperate in the transfer of each Credit Facility to the successor Delivery and Paying Agent. In no event will the Delivery and Paying Agent's removal or resignation become effective unless and until each Credit Facility is transferred to the successor Delivery and Paying Agent. If a Credit Facility consists of a letter of credit, then upon the expiration, termination or substitution thereof, and in accordance with its terms or the replacement thereof by an Alternate Credit Facility, the Delivery and Paying Agent will immediately surrender such Credit Facility to the applicable Bank for cancellation.

The Delivery and Paying Agent may accept, hold and draw upon the Credit Facility issued by itself or by any of its corporate affiliates to provide security and a source of payment for the Commercial Paper Certificates. The Trustee and the Delivery and Paying Agent covenant that they will at all times maintain adequate controls to manage any potential conflict of interest. Notwithstanding any other provision herein to the contrary, while the Bank issuing the Credit Facility or Alternate Credit Facility is the Trustee or an affiliate of the Trustee and such Bank has not failed to honor a properly presented draw on the Credit Facility or Alternate Credit Facility, the Trustee shall have no discretion with respect to the exercise of remedies with respect to the Commercial Paper Certificates and shall do so only in accordance with the provisions of Article VIII hereof and Section 2.2 of the Sublease. The Trustee will immediately tender its resignation and take prompt steps to have a successor trustee appointed satisfying the requirements of this Trust Agreement if such affiliated Bank fails at any time to honor a properly presented draw on the Credit Facility.

ARTICLE III

DELIVERY AND SALE; FUNDS AND ACCOUNTS

Section 3.01. Delivery and Sale of Commercial Paper Certificates. At any time after the execution of this Trust Agreement, the City may determine to deliver Commercial Paper Certificates in accordance with written instructions of an Authorized Representative, substantially in the form of Exhibit F, delivered to the Delivery and Paying Agent by facsimile (or may be given telephonically or by e-mail with confirmation sent by facsimile). Said instructions:

(a) will specify such series, principal amounts, dates of issue, purchase price, maturities, rates of interest and other terms and conditions which are hereby authorized and permitted to be fixed by an Authorized Representative at the time of sale of the Commercial Paper Certificates, and whether such Commercial Paper Certificates will be Tax-Exempt Commercial Paper Certificates or Taxable Commercial Paper Certificates;

(b) so long as the City uses the book-entry system with respect to the Commercial Paper Certificates, will include a request to the Delivery and Paying Agent to debit the purchaser's account at the Depository against credit to the Delivery and Paying Agent's account at the Depository which purchase will then be recorded on the books and records of the Delivery and Paying Agent maintained with respect to each Master Certificate;

(c) if the City is no longer using the book-entry system with respect to the Commercial Paper Certificates, will include a request that the Delivery and Paying Agent authenticate such Commercial Paper Certificates by countersignature of its authorized officer or employee and deliver them to the named purchaser or purchasers thereof upon receipt of payment in accordance with the custom then prevailing in the New York financial market in regard to such Commercial Paper Certificates, and the rules of the New York Clearinghouse will apply thereto;

(d) will contain provisions representing that all action on the part of the City necessary for the valid delivery of the Commercial Paper Certificates then to be delivered has been taken, that all provisions of California law necessary for the valid delivery of such Commercial Paper Certificates with provision for interest exemption from California personal income taxation have been complied with, and, with respect to the Tax-Exempt Commercial Paper Certificates, that all provisions of federal law for the valid delivery of such Tax-Exempt Commercial Paper Certificates with provision for the exclusion of interest from gross income for federal income tax purposes have been complied with, and that such Commercial Paper Certificates in the possession of the Holders thereof will be valid and enforceable obligations of the City according to their terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted; and

(e) will also certify that:

(i) each of the following conditions has been satisfied;

(A) a Dealer Agreement or Dealer Agreements will be in full force and effect providing for the marketing of all the Commercial Paper Certificates Outstanding immediately upon such delivery;

(B) the interest rate on such Commercial Paper Certificates will not exceed the Maximum Interest Rate;

(C) a Credit Facility will be in full force and effect with respect to all Outstanding Commercial Paper Certificates of the related series immediately after such delivery in an amount sufficient to pay the principal of all Outstanding Commercial Paper Certificates and interest with respect thereto at the rates then in effect with respect to such Commercial Paper Certificates through the maturity dates thereof;

(D) the City has not received advice from Special Counsel that the interest with respect to the Commercial Paper Certificates proposed to be delivered may not be exempt from California personal income tax or, with respect to the Tax-Exempt Commercial Paper Certificates, may not be excluded from gross income for federal income tax purposes;

(E) with respect to the delivery of Certificates of Participation after July 1, 2027, the principal amount of Certificates Outstanding immediately after the delivery of such Commercial Paper Certificates will not exceed the Maximum Principal Amount calculated as of the date of such delivery;

(F) if the delivery of such Commercial Paper Certificates is for a purpose other than refinancing, renewing, repaying or refunding Commercial Paper Certificates or Advances, the City will have issued to the Trustee a Debt Service Certificate — Additional Commercial Paper Certificates in the form of Exhibit C-2 to the Sublease reflecting the delivery of such Commercial Paper Certificates and the City will have complied with Section 3.1(c), if applicable, or Section 3.1(e) of the Sublease;

(G) if the delivery of such Commercial Paper Certificates (1) will occur more than 18 months after Special Counsel's most recently delivered opinion with respect to the Commercial Paper Certificates or (2) will result in an increase in the aggregate principal amount of Certificates Outstanding in excess of \$_____, then the City will have also have received an opinion of Special Counsel that the interest with respect to any Tax-Exempt Commercial Paper Certificates proposed to be delivered will be exempt from California personal income tax and excludable from gross income for federal income tax purposes;

(H) the Delivery and Paying Agent has not received a No-Delivery Notice from the Bank providing a Credit Facility for the series of Commercial Paper Certificates to be delivered; and

(i) the Delivery and Paying Agent has not received a Final Drawing Notice from the Bank providing a Credit Facility for the series of Commercial Paper Certificates to be delivered.

(ii) no Event of Default has occurred and is continuing as of the date of such instructions;

(iii) the City has full power and authority to perform its duties and obligations with respect to the Certificates and the Reimbursement Agreements;

(iv) the City is in compliance with its covenants set forth in Article VI as of the date of such instructions; and

(v) the amount of Commercial Paper Certificates to be Outstanding and interest accrued or to accrue with respect thereto as of the date of such delivery does not exceed the amount then available to be drawn under the applicable Credit Facility.

Notwithstanding the above provisions of this Section 3.01, if Commercial Paper Certificates are maturing and the City has not delivered the written instructions substantially in the form of Exhibit F regarding the delivery of renewal Commercial Paper Certificates, the Dealer is authorized to direct the Delivery and Paying Agent to deliver Commercial Paper Certificates in an amount equal to the amount of the maturing Commercial Paper Certificates, and, in connection therewith, will provide the Delivery and Paying Agent with the necessary information required in Section 3.01(a) above. In such event, the City will be deemed to be in compliance with the requirements of Section 3.01(e) (other than Section 3.01(e)(i)(F)) unless it has given notice to the Delivery and Paying Agent that it is not in compliance with those requirements.

Section 3.02. Proceeds of Sale of Commercial Paper Certificates.

(a) The proceeds of the sale of any Commercial Paper Certificates that are delivered for the purpose of refinancing, renewing or refunding Certificates (and interest with respect thereto) will be deposited in the Bank Reimbursement Account within the Delivery and Paying Agent Fund and applied in accordance with the provisions of Section 3.05. Amounts deposited in the Bank Reimbursement Account under this Section will be allocated as follows: proceeds of Series 3 Certificates will be deposited in the Series 3 Subaccount, proceeds of Series 3-T Certificates will be deposited in the Series 3-T Subaccount, proceeds of Series 4 Certificates will be deposited in the Series 4 Subaccount, and proceeds of Series 4-T Certificates will be deposited in the Series 4-T Subaccount.

(b) The proceeds of the sale of any Commercial Paper Certificates that are delivered for the purpose of financing Project Costs (net of all Costs of Issuance, if any, which will be deposited in the Costs of Issuance Fund and applied in accordance with the provisions of Section 3.07) will be deposited in the accounts or subaccounts established under Section 3.04 below as the City may designate, and applied to the payment of Project Costs, in accordance with the provisions of Section 3.04.

Section 3.03. Proceeds of Advances. The proceeds of all Advances will be deposited in the applicable subaccounts of the Payment Account within the Delivery and Paying Agent Fund and expended for the payment of principal of and interest with respect to maturing

Outstanding Commercial Paper Certificates in accordance with Section 3.05. Amounts deposited in the Payment Account under this Section will be allocated as follows: Advances with respect to the Series 3 Certificates will be deposited in the Series 3 Subaccount, Advances with respect to the Series 3-T Certificates will be deposited in the Series 3-T Subaccount, Advances with respect to the Series 4 Certificates will be deposited in the Series 4 Subaccount, and Advances with respect to the Series 4-T Certificates will be deposited in the Series 4-T Subaccount.

Section 3.04. Establishment and Application of Project Fund. There is hereby established in trust a special fund designated the "Project Fund" which will be held by the Trustee and which will be kept separate and apart from all other funds and moneys held by the Trustee. The Trustee will administer the Project Fund. Within the Project Fund, the Trustee will establish the following accounts:

- (i) Tax-Exempt Account;
- (ii) Taxable Account;
- (iii) Capitalized Interest Account with the following subaccounts:
 - (A) Tax-Exempt Subaccount;
 - (B) Taxable Subaccount;
- (iv) Capitalized Fees Account with the following subaccounts:
 - (A) Tax-Exempt Subaccount;
 - (B) Taxable Subaccount.

In addition, the Trustee may establish such additional accounts within the Project Fund as will be directed by the City in connection with any particular capital project or improvements. Each account will bear such additional designation as may be necessary or appropriate to distinguish it from every other account. Moneys may be transferred from any account to any other account established under this Section in accordance with the written instructions of an Authorized Representative.

In connection with the delivery of the Commercial Paper Certificates, there will be deposited in the applicable account within the Project Fund designated by the City for the purpose of paying Project Costs that portion of the proceeds of the Commercial Paper Certificates required to be deposited therein under Section 3.02 and such other amounts as specified by the City. The Trustee will, from time to time, disburse money from the Project Fund or any applicable account therein, to pay Project Costs in each case promptly after receipt of and in accordance with a written request of an Authorized Representative in the form of Exhibit E. Moneys deposited in the Project Fund or any applicable account therein will remain therein until from time to time expended to pay for Project Costs, as specified in writing by the City, and will not be used for any other purposes whatsoever, except as otherwise provided below. Pending such expenditure, moneys in said fund may be invested at the direction of the Authorized Representative in Qualified Investments subject to any investment and other limitations contained in the Nonarbitrage Certificate. Unless the City otherwise directs, any

income received from such investments will be deposited, as received, into the account from which the income is derived and used for the purposes of the account.

If the City will certify to the Trustee that moneys are no longer required for the payment of any Project Costs and there will remain any balance of money in the Project Fund or any account or subaccount therein, such balance will be transferred, at the election of the City, (a) to the Base Rental Account to the extent necessary to make the amount on deposit therein equal to the amount of Minimum Required Rental Payment to become due within the next 12 months, or (b) to the Banks to pay any other amount owing to the Banks, or (c) to the City for any capital expenditure of the City whether or not related to Project Costs, but only if no amounts are due and owing to the Banks under the Reimbursement Agreements, or (d) to any other use desired by the City that Special Counsel has determined will not adversely affect the exclusion of interest with respect to the Tax-Exempt Commercial Paper Certificates from gross income for federal income tax purposes of the interest with respect to the Tax-Exempt Commercial Paper Certificates.

The Trustee will transfer the amounts on deposit in the Tax-Exempt Subaccount and the Taxable Subaccount of the Capitalized Interest Account to the Delivery and Paying Agent to the applicable subaccounts of the Bank Reimbursement Account as is necessary to reimburse each Bank for Advances applied to the payment of interest with respect to the related Commercial Paper Certificates, but amounts on deposit in the Tax-Exempt Subaccount of the Capitalized Interest Account will be used only to reimburse each Bank for Advances applied to the payment of interest on the related Tax-Exempt Commercial Paper Certificates, and amounts on deposit in the Taxable Subaccount of the Capitalized Interest Account will be used only to reimburse each Bank for Advances applied to the payment of interest on the related Taxable Commercial Paper Certificates. The Delivery and Paying Agent will deposit the amounts received from the Trustee into the Bank Reimbursement Account, and will apply the amounts so deposited as provided in Section 3.05.

The Trustee will, from time to time, disburse amounts on deposit in the Capitalized Fees Account for the payment of Capitalized Fees and Expenses upon receipt of, and in accordance with, a written request substantially in the form of Exhibit G, but amounts on deposit in the Tax-Exempt Subaccount of the Capitalized Fees Account will be used to pay Capitalized Fees and Expenses relating to the Tax-Exempt Commercial Paper Certificates.

Section 3.05. Establishment and Application of Delivery and Paying Agent Fund.

(a) Simultaneously with the execution of this Trust Agreement, and under the terms of the Delivery and Paying Agent Agreement, the Delivery and Paying Agent will establish in trust a special fund designated as the "**Delivery and Paying Agent Fund**," which will be held by the Delivery and Paying Agent and which will be kept separate and apart from all other funds and moneys held by the Delivery and Paying Agent. The Delivery and Paying Agent Fund will be maintained by the Delivery and Paying Agent (i) until all required Base Rental is paid in full under the terms of the Sublease and all obligations of the City payable to the Banks under the Reimbursement Agreements are satisfied, or (ii) until such earlier date as there are no Certificates Outstanding, all obligations of the City payable to the Banks under the Reimbursement Agreements are satisfied, and the City has notified the Delivery and Paying Agent that it does not intend to issue any additional Commercial Paper Certificates and the Credit Facilities have been terminated. Within the Delivery and Paying Agent Fund, the Delivery and Paying Agent will establish the following accounts:

- (i) Base Rental Account;
- (ii) Administrative Expense Account;
- (iii) Payment Account with the following subaccounts:
 - (A) Series 3 Subaccount;
 - (B) Series 3-T Subaccount;
 - (C) Series 4 Subaccount; and
 - (D) Series 4-T Subaccount; and
- (iv) Bank Reimbursement Account with the following subaccounts:
 - (A) Series 3 Subaccount;
 - (B) Series 3-T Subaccount;
 - (C) Series 4 Subaccount; and
 - (D) Series 4-T Subaccount.

(b) Base Rental and proceeds of rental interruption insurance with respect to any Property (if any), received by the Delivery and Paying Agent, on behalf of the Trustee, will be deposited in the Base Rental Account. Any delinquent Base Rental payments and any proceeds of rental interruption insurance with respect to the Property deposited in the Base Rental Account will be transferred to the Bank Reimbursement Account to the extent necessary for the immediate payment of interest payments past due and then for immediate payment of principal payments past due according to the tenor of any Certificate. Any remaining money representing delinquent Base Rental payments and any proceeds of rental interruption insurance will remain on deposit in the Base Rental Account to be applied in the manner provided herein.

(c) Additional Rental, if any, with respect to the Property received by the Delivery and Paying Agent from the City, will be deposited in the Administrative Expense Account. The Delivery and Paying Agent will disburse money from the Administrative Expense Account on such dates and in such amounts as are necessary to pay all expenses of the City (not otherwise paid or provided for out of the proceeds of the sale of the Commercial Paper Certificates or paid from the Project Fund or the Costs of Issuance Fund), incidental to the execution and delivery of the Commercial Paper Certificates, including but without limiting the generality of the foregoing; fees, costs and expenses of the Trustee and the Delivery and Paying Agent, fees, costs and expenses and other amounts payable to the Banks under the Reimbursement Agreements, Dealer fees and expenses and other necessary administrative charges of the City and for any other lawful purpose of the City in accordance with the Nonarbitrage Certificate, in each case, in accordance with a written payment request of an Authorized Representative in the form of Exhibit D.

(d) There will be deposited into the Payment Account all amounts directed to be deposited therein under Section 3.03, to be applied in the manner provided in Section 2.11.

(e) There will be deposited into the Bank Reimbursement Account all amounts directed to be deposited therein under Sections 3.02(a) and 3.04 and subsection (b) above and subsection (f)(iii) below, to be applied in the manner provided herein.

(f) Amounts on deposit in the various accounts of the Delivery and Paying Agent Fund will be expended as follows:

(i) On the maturity date of any Commercial Paper Certificate:

(A) the Delivery and Paying Agent will apply moneys on deposit in the Payment Account as follows:

(1) amounts in the Series 3 Subaccount will be applied to the payment of principal and interest, if any, with respect to the maturing Series 3 Certificates in accordance with the terms of this Trust Agreement;

(2) amounts in the Series 3-T Subaccount will be applied to the payment of principal and interest, if any, with respect to the maturing Series 3-T Certificates in accordance with the terms of this Trust Agreement;

(3) amounts in the Series 4 Subaccount will be applied to the payment of principal and interest, if any, with respect to the maturing Series 4 Certificates in accordance with the terms of this Trust Agreement;

(4) amounts in the Series 4-T Subaccount will be applied to the payment of principal and interest, if any, with respect to the maturing Series 4-T Certificates in accordance with the terms of this Trust Agreement;

(B) the Delivery and Paying Agent will apply amounts on deposit in the Bank Reimbursement Account that have been deposited under Section 3.02(a) to reimburse the Banks for Advances made to pay the principal of and, if directed by the City, the interest with respect to maturing Commercial Paper Certificates as follows:

(1) Amounts on deposit in the Series 3 Subaccount will be applied to reimburse the applicable Bank for Advances made to pay the principal of and, if directed by the City, the interest on maturing Series 3 Certificates;

(2) Amounts on deposit in the Series 3-T Subaccount will be applied to reimburse the applicable Bank for Advances made to pay the principal of and, if directed by the City, the interest on maturing Series 3-T Certificates;

(3) Amounts on deposit in the Series 4 Subaccount will be applied to reimburse the applicable Bank for Advances made to pay the principal

of and, if directed by the City, the interest on maturing Series 4 Certificates;

(4) Amounts on deposit in the Series 4-T Subaccount will be applied to reimburse the applicable Bank for Advances made to pay the principal of and, if directed by the City, the interest on maturing Series 4-T Certificates;

(C) the Delivery and Paying Agent will apply amounts on deposit in the Bank Reimbursement Account that have been transferred from the Capitalized Interest Account to reimburse the Banks for Advances made to pay the interest with respect to maturing Commercial Paper Certificates, as follows:

(1) Amounts on deposit in the Series 3 Subaccount will be applied to reimburse the applicable Bank for Advances made to pay the principal of and, if directed by the City, the interest on maturing Series 3 Certificates;

(2) Amounts on deposit in the Series 3-T Subaccount will be applied to reimburse the applicable Bank for Advances made to pay the principal of and, if directed by the City, the interest on maturing Series 3-T Certificates;

(3) Amounts on deposit in the Series 4 Subaccount will be applied to reimburse the applicable Bank for Advances made to pay the principal of and, if directed by the City, the interest on maturing Series 4 Certificates;

(4) Amounts on deposit in the Series 4-T Subaccount will be applied to reimburse the applicable Bank for Advances made to pay the principal of and, if directed by the City, the interest on maturing Series 4-T Certificates; and

(D) the Delivery and Paying Agent will apply amounts on deposit in the Bank Reimbursement Account that have been transferred from the Base Rental Account under (iii)(A) below as provided in (iii)(A) below.

(ii) On the date any payment is due under a Revolving Bank Certificate:

(A) the Delivery and Paying Agent will apply moneys on deposit in the Bank Reimbursement Account to the payment of the interest and principal then due and payable with respect to such Revolving Bank Certificate in accordance with its terms and the applicable Reimbursement Agreement, but amounts on deposit in any subaccount of the Bank Reimbursement Account will be used only to pay the interest and principal then due and payable with respect to such portion of a Revolving Bank Certificate resulting from the series of Commercial Paper Certificates designated for such subaccount; and

(B) if after application of all moneys on deposit in the applicable subaccounts of the Bank Reimbursement Account, any interest or principal then due with respect to such Revolving Bank Certificate remains due and payable,

the Delivery and Paying Agent will transfer from the Base Rental Account an amount which equals the interest and principal then due and payable with respect to such Revolving Bank Certificate, for payment of interest and principal in accordance with the terms of such Revolving Bank Certificate and the applicable Reimbursement Agreement.

(iii) (A) The Delivery and Paying Agent will transfer from the Base Rental Account to the applicable subaccounts of the Bank Reimbursement Account, as needed, amounts necessary to reimburse the Banks for Advances made to pay the interest with respect to maturing Commercial Paper Certificates; and

(B) No later than each August 1, commencing August 1, 2014, the Delivery and Paying Agent will transfer from the Base Rental Account to the applicable subaccounts of the Bank Reimbursement Account such amount, if any, as will be necessary to pay from the Bank Reimbursement Account to the Banks for Advances to retire maturing Commercial Paper Certificates in an amount not less than the Required Principal Reduction Amount calculated for the then current Base Rental Period. The City will ensure that Commercial Paper Certificates in an amount not less than the Required Principal Reduction Amount will be retired and not reissued no later than August 1 of each Base Rental Period commencing August 1, 2014. Any amounts remaining in the Base Rental Account on June 30 of each year following such transfer, taking into account the accrued and unpaid interest with respect to the Certificates that will be paid during the next succeeding Base Rental Period (which will be retained in the Base Rental Account), will be applied, first, to pay any amount outstanding on the Revolving Bank Certificates (and interest with respect thereto), and will be applied, second, at the direction of the City, either to retire additional Commercial Paper Certificates (and interest with respect thereto) or for any lawful purpose of the City (in which case such amount will be transferred to or upon the direction of the City). In the event that the City does not provide the Delivery and Paying Agent with any direction, the Delivery and Paying Agent will remit such remaining amounts on deposit in the Base Rental Account to the City.

In the event that there are insufficient amounts on deposit in the Bank Reimbursement Account and the Base Rental Account to make, in full, the payments due on the Revolving Bank Certificates, the Delivery and Paying Agent, unless otherwise directed by the Banks, will apply amounts on deposit in the Bank Reimbursement Accounts and the Base Rental Account first to make the payments required by subsection (f)(ii)(A) prior to making any other payments required hereunder.

Section 3.06. Establishment and Application of Rebate Fund.

(a) In addition to the accounts created under Article III the Trustee will establish and maintain a fund separate from any other fund or account established and maintained hereunder designated as the "Rebate Fund." There will be deposited in the Rebate Fund such amounts as are required to be deposited therein under instructions received from the City. The City's instructions regarding the Rebate Fund will be consistent with the Nonarbitrage Certificate. All money at any time deposited in the Rebate Fund will be held by the Trustee in trust for payment to the United States of America. The Trustee will invest all amounts held in the Rebate Fund in Nonpurpose Investments, as directed by the City in accordance with the Nonarbitrage Certificate. The Trustee will be deemed conclusively to have complied with the requirements of

this Section 3.06(a) and the Nonarbitrage Certificate if it follows the instructions of the City, and will have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the City with the requirements of this Section 3.06(a) or the Nonarbitrage Certificate.

(b) The City will pay or cause to be paid to the United States Department of the Treasury Excess Investment Earnings, if any, required by Section 148(f) of the Code. The Trustee will disburse the amounts on deposit in the Rebate Fund in accordance with the written direction of the City.

Section 3.07. Costs of Issuance Fund. There is hereby established in trust a special fund designated the "**Costs of Issuance Fund**," with a Tax-Exempt Account and a Taxable Account, which will be held by the Trustee and which will be kept separate and apart from all other funds and moneys held by the Trustee. In connection with the delivery of the Commercial Paper Certificates, there will be deposited in the Costs of Issuance Fund that portion of the proceeds of the Commercial Paper Certificates required to be deposited therein under Section 3.02 and such other amounts as specified by the City. The Trustee will disburse money from the Costs of Issuance Fund on such dates and in such amounts as are necessary to pay Costs of Issuance, in each case, promptly after receipt of, and in accordance with, a written payment request of an Authorized Representative in the form of Exhibit D, together with invoices therefor. Pending such expenditure, moneys in said fund may be invested at the direction of the Authorized Representative in Qualified Investments subject to any investment and other limitations contained in the Nonarbitrage Certificate. Any income received from such investments will be retained therein. All moneys remaining in the Costs of Issuance Fund on September 1, 2013 (or such earlier date as the City may direct the Trustee in writing) will be transferred by the Trustee to the Account or Accounts within the Project Fund designated by the City, provided that the Trustee will notify the City in writing of its intention to close the Costs of Issuance Fund not less than 30 days prior to September 1, 2013, and will not close the Costs of Issuance Fund and make such transfer or transfers without first receiving a written direction of the City to do so, which direction will include instructions as to the Account or Accounts such remaining moneys are to be transferred. Thereafter, the Costs of Issuance Fund will be closed.

Section 3.08. Surplus. Subject to the limitations contained in the Nonarbitrage Certificate, after (a) payment or provision for payment of all amounts due with respect to the Commercial Paper Certificates, the payment of all amounts due with respect to the Revolving Bank Certificates and all other amounts payable to the Banks under the Reimbursement Agreements, and payment of all fees and expenses of the Trustee and the Delivery and Paying Agent, and (b) the transfer of any additional amounts required to be deposited into the Rebate Fund under the written instructions from an Authorized Representative in accordance with Section 3.06 and the Nonarbitrage Certificate, any amounts remaining in any of the funds or accounts established hereunder (other than in the Rebate Fund) and not required for such purposes will after payment of any amounts due to the Trustee be remitted to the City and used for any lawful purpose.

Section 3.09. Additional Rental. In the event the Trustee receives Additional Rental under the Sublease, such Additional Rental will be applied by the Trustee solely to the payment of any amounts in respect of which such Additional Rental was received, and will not be commingled in any way with any other funds received by the Trustee under the Sublease or this Trust Agreement.

Section 3.10. Repair or Replacement; Application of Insurance Proceeds and Condemnation Awards. If any portion of the Property is damaged or destroyed, or is taken by eminent domain proceedings, the City will, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof, unless the City elects not to repair or replace the Property in accordance with the provisions of this Section 3.10.

The proceeds of any insurance (other than any rental interruption), including the proceeds of any self-insurance fund and of any condemnation award, received on account of any damage, destruction or taking of the Property or portion thereof will as soon as possible be deposited with the Trustee and be held by the Trustee in a special account which it will establish upon such deposit and made available for and, to the extent necessary, will be applied to the cost of repair or replacement of the Property or affected portion thereof upon receipt of a written request of an Authorized Representative. Pending such application, such proceeds will be invested by the Trustee solely at the written direction of an Authorized Representative, in Qualified Investments that mature not later than such times moneys are expected to be needed to pay such costs of repair or replacement.

Notwithstanding the foregoing, an Authorized Representative will, within 180 days of the occurrence of the event of damage, destruction or taking, notify the Trustee in writing of whether the City intends to replace or repair the Property or the portions of the Property which were damaged or destroyed. If the City elects to replace or repair the Property or portions thereof, the City will deposit with the Trustee the full amount of any insurance deductible to be credited to the special account.

In the event of damage, destruction or taking that results in an abatement of Base Rental payments under Section 3.5 of the Sublease, then the City will be required either to (i) apply sufficient funds from the insurance proceeds, condemnation award and other legally available funds to the replacement or repair of the Property or portions thereof which have been damaged, destroyed or taken, or (ii) apply sufficient funds from the insurance proceeds, condemnation award and other legally available funds, if any, first, to the subaccounts of the Bank Reimbursement Account, on a prorated basis, for the payment in full of amounts outstanding under the Revolving Bank Certificates (and interest with respect thereto) and, second, to the subaccounts of the Bank Reimbursement Account, on a prorated basis, to reimburse the Banks for Advances made for the payment in full of all the Outstanding Commercial Paper Certificates or all of those Outstanding Commercial Paper Certificates that would have been payable from that portion of the Base Rental payments which are abated as a result of the damage, destruction or taking, such that the Base Rental payable on the remaining portions of the Property is sufficient to pay all principal and interest due with respect to the Certificates to remain Outstanding after such payment. Any amounts received by the Trustee under this Section 3.10 in excess of the amount needed to either repair or replace a damaged, destroyed or taken portion of the Property will be transferred to the Base Rental Account to the extent of any delinquent Base Rental or amounts owing to the Banks, with the remainder, if any, transferred to the City.

Section 3.11. Title Insurance. Proceeds of any policy of title insurance received by the Trustee in respect of the Property will be applied and disbursed by the Trustee as follows:

- (a) If the City (i) determines that the title defect giving rise to such proceeds has not materially affected the use and possession of the Property and will not result in any abatement of Base Rental payable by the City under the Sublease and (ii) has

provided the Trustee with written evidence of such determination, such proceeds will be remitted to the City.

(b) If the City determine that such title defect will result in an abatement of Base Rental payable by the City under the Sublease and has provided written evidence of such determination to the Trustee, then the Trustee will immediately apply such proceeds (i) first, to the subaccounts of the Bank Reimbursement Account, on a prorated basis, to pay amounts outstanding under the Revolving Bank Certificates (and interest with respect thereto); and (ii) second, to the subaccounts of the Bank Reimbursement Account, on a prorated basis, to reimburse the Banks for Advances made for the payment of the principal of and interest with respect to Outstanding Commercial Paper Certificates.

Section 3.12. Application of Amounts After Default by City. All damages or other payments received by the Trustee from the enforcement of any rights and powers of the Trustee under Article VII of the Sublease, after a default by the City, will, after payment of all reasonable fees and expenses of the Trustee related to the enforcement of remedies, including without limitation, the reasonable fees and expenses of its attorneys, be deposited into the Base Rental Account of the Delivery and Paying Agent Fund and applied in the manner specified herein.

Section 3.13. Held in Trust. The moneys and investments held by the Trustee hereunder are irrevocably held in trust for the purposes herein specified, and such moneys and investments, and any income or interest earned thereon, will be expended only as provided herein, and will not be subject to levy or attachment or lien by or for the benefit of any creditor of (i) the City, (ii) the Trustee, (iii) any Holder, or (iv) any beneficial owner of Commercial Paper Certificates except as provided herein.

Section 3.14. Investments Authorized. Except as otherwise provided herein, moneys held by the Trustee or the Delivery and Paying Agent in any fund or account hereunder will be invested by the Trustee or the Delivery and Paying Agent, as applicable, in Qualified Investments pending application as provided herein, solely at the written direction of an Authorized Representative, will be registered in the name of the Trustee or the Delivery and Paying Agent, as applicable, and will be held by the Trustee or the Delivery and Paying Agent as applicable. The Trustee or the Delivery and Paying Agent, as applicable, will notify the City not less than two (2) Business Days prior to the date moneys held hereunder are available for investment requesting that the City deliver to the Trustee or the Delivery and Paying Agent, as applicable, a written request of the City specifying the Qualified Investments to be acquired by the Trustee or the Delivery and Paying Agent, as applicable, with such moneys. In the absence of such direction, the Trustee or the Delivery and Paying Agent will invest in Qualified Investments described in clause (vi) of the definition thereof. Moneys held in any fund or account hereunder may be commingled for purposes of investment only. Unless otherwise directed by a Written Certificate of the City, the Trustee and the Delivery and Paying Agent will retain all Investment Earnings on amounts on deposit in the funds and accounts held by each in the funds and accounts from which such Investment Earnings were derived.

The Trustee or the Delivery and Paying Agent may purchase or sell to itself or any affiliate, as principal or agent, or other person with which it may share an economic interest investments authorized by this Section 3.14, provided that the Trustee has given prior notice to the City of its intent to do so. The Trustee and the Delivery and Paying Agent may act as agent in the making or disposing of any investment.

The Trustee, the Delivery and Paying Agent or any of their affiliates may act as agent, sponsor or advisor in connection with any investment made by the Trustee or the Delivery and Paying Agent hereunder.

For the purpose of determining the amount in any fund or account hereunder all Qualified Investments will be valued on June 30 of each year at the cost thereof (or more frequently as directed in writing by the City or as required in the definition of Qualified Investments with respect to certain Qualified Investments). The Trustee or the Delivery and Paying Agent may, at the direction of the City, sell at any price obtainable, or present for redemption, any Qualified Investment purchased by the Trustee or the Delivery and Paying Agent whenever it will be necessary in order to provide money to meet any required payment, transfer, withdrawal or disbursement from any fund or account hereunder, and the Trustee and the Delivery and Paying Agent will not be liable or responsible for any loss resulting from such investment or sale (including, without limitation, not obtaining the highest possible price), except any loss resulting from its own negligence or willful misconduct.

Except as otherwise provided in the following sentence, the City covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Trust Agreement, or otherwise containing gross proceeds of the Sublease (within the meaning of section 148 of the Code) will be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in the Reserve Fund will be valued at their present value (within the meaning of section 148 of the Code).

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Trustee and the Delivery and Paying Agent, as applicable, will furnish the City periodic cash transaction statements which will include detail for all investment transactions made by the Trustee or the Delivery and Paying Agent hereunder.

Section 3.15. Reports. The Trustee and the Delivery and Paying Agent will each furnish monthly to the City a report, which may be its customary account statements, of all investments made by the Trustee and the Delivery and Paying Agent, as applicable, and of all amounts on deposit in each fund and account maintained hereunder.

Section 3.16. Deposit of Proceeds. Notwithstanding anything herein to the contrary, proceeds of any series of Tax-Exempt Commercial Paper Certificates will only be deposited in tax exempt accounts or subaccounts established hereunder, and proceeds of any series of Taxable Commercial Paper Certificates will only be deposited in taxable accounts or subaccounts established hereunder.

ARTICLE IV

THE TRUSTEE

Section 4.01. Compensation and Indemnification of Trustee. The City will from time to time, on demand, pay to the Trustee reasonable compensation for its services and will reimburse the Trustee for all its advances and expenditures, including but not limited to advances to and fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder. To the extent permitted by law, compensation and reimbursement to the Trustee will not be limited by any statutory provisions which limit compensation to trustees of express trusts.

To the extent permitted by law, the City further covenants and agrees to indemnify the Trustee and its authorized officers, directors, agents and employees, against any loss, expense and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, or related to or arising from the Site Lease and the Sublease, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents or employees.

Notwithstanding any other provision of this Trust Agreement, the provisions of this Section 4.01 will survive the satisfaction and discharge of this Trust Agreement or the appointment of a successor trustee.

Section 4.02. Removal of Trustee. The City at any time, provided no Event of Default has occurred and is continuing, or the Holders of a majority in aggregate principal amount of all Certificates then Outstanding at any time may by written request for any reason, remove the Trustee and any successor thereto, and will thereupon, with the consent of the Banks, appoint a successor or successors thereto, but any such successor will be a bank or trust company having (or be a member of a bank holding company system with a bank holding company which has) a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000 and will be subject to supervision or examination by federal or state banking authorities. If such bank or trust company publishes a report of condition at least annually, under law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 4.02 the combined capital and surplus of such bank or trust company will be deemed to be its combined capital and surplus set forth in its most recent report of condition so published. Any removal of the Trustee will become effective upon acceptance of appointment by the successor Trustee.

Section 4.03. Resignation of Trustee. The Trustee or any successor may at any time resign by giving 60 days' prior written notice to the City and by giving mailed notice to the Banks, and the Holders of its intention to resign and of the proposed date of resignation; subject to acceptance of appointment by a successor Trustee.

Upon receiving such notice of resignation, the City will, with the consent of the Banks, promptly appoint a successor Trustee by an instrument in writing. In the event the City fails to appoint a successor Trustee within 90 days following receipt of such written notice of resignation, the resigning Trustee may petition the appropriate court having jurisdiction to appoint a successor. Anything herein to the contrary notwithstanding, any resignation of the Trustee will become effective only upon acceptance of appointment by the successor Trustee.

Any successor Trustee approved by the City, the Banks, or any court will satisfy the qualifications set forth in Section 4.02.

Section 4.04. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it will be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business (provided such company is eligible under Section 4.02), will be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 4.05. Protection and Rights of the Trustee. The Trustee will, prior to an Event of Default, and after the curing or waiving of all events of default which may have occurred, perform such duties and only such duties as are specifically set forth in this Trust Agreement. The Trustee will, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Trust Agreement and the Trustee will use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. The Trustee will be protected and will incur no liability in acting upon or processing in good faith any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it will in good faith believe to be genuine and to have been passed or signed by the proper board or Person or to have been prepared and furnished under any of the provisions of this Trust Agreement, and the Trustee will not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee may consult with counsel, who may or may not be counsel to the City, with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it in good faith reliance thereon.

The Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the written direction of the Banks or of the Holders of not less than a majority in aggregate principal amount of the Commercial Paper Certificates at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or relating to the exercise of any trust or power conferred upon the Trustee under this Trust Agreement.

Except as otherwise expressly provided herein, the Trustee will not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Commercial Paper Certificates, or as to the existence of a default or Event of Default thereunder.

Whenever in the administration of its duties under this Trust Agreement the Trustee will deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) will be deemed to be conclusively proved and established by a certificate of an Authorized Representative and such certificate will be full warranty to the Trustee for any action taken or suffered under the provisions of this Trust Agreement in good faith reliance thereon, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

The Trustee may become an Holder or a pledgee of any Commercial Paper Certificates with the same rights it would have if it were not the Trustee; may acquire and dispose of bonds or other evidences of indebtedness of the City and enforce its rights as owner thereof to the same extent as if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Holders, whether or not such committee will represent the Holders of a majority in aggregate principal amount of the Commercial Paper Certificates then Outstanding.

The recitals, statements and representations by the City contained in this Trust Agreement or in the Commercial Paper Certificates will be taken and construed as made by and on the part of the City and not by the Trustee, and the Trustee does not assume, and will not have, any responsibility or obligation for the correctness of any such recital, statement or representation.

The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents or receivers, and will be entitled to advice of counsel concerning all matters of trust and concerning its duties hereunder.

No provision of this Trust Agreement will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder or in the exercise of any of its rights or powers if the repayment of such funds, or adequate indemnity against such risk or liability, is not reasonably assured to it.

Every provision of this Trust Agreement, the Sublease and any other document related to the Commercial Paper Certificates relating to the conduct or liability of the Trustee will be subject to the provisions of this Trust Agreement, including without limitation, this Article.

In acting as Trustee hereunder, the Trustee acts solely in its capacity as Trustee hereunder and not in its individual or personal capacity, and all Persons, including without limitation the Holders, the City, having any claim against the Trustee will look only to the funds and accounts held by the Trustee hereunder for payment, except as otherwise provided herein. Under no circumstances will the Trustee be liable in its individual or personal capacity for the obligations evidenced by the Commercial Paper Certificates.

The Trustee makes no representation or warranty, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City of the Property or any portion thereof, or any other representation or warranty with respect to the Property or any portion thereof. In no event will the Trustee be liable for incidental, indirect, special or consequential damages in connection with this Trust Agreement, the Sublease or the Site Lease or the existence, furnishing or functioning of the Property or the City's use of the Property.

Before taking any action under Article VIII or upon the direction of the Holders, the Trustee may require indemnity satisfactory to the Trustee be furnished to it to protect it against all reasonable fees and expenses, including those of its attorneys and advisors, and protect it against all liability it may incur.

The Trustee will not be responsible for any information in, or the content of any offering memorandum or other document prepared in connection with the Commercial Paper Certificates.

The Trustee is authorized and directed, in its capacity as Trustee hereunder, to execute the Site Lease and the Sublease Lease.

Every provision of the Site Lease and the Sublease relating to the conduct or liability of the Trustee is subject to the provisions of this Trust Agreement, including without limitation, this Article.

In acting as Trustee hereunder and entering into the Site Lease and the Sublease, the Trustee acts solely in its capacity as Trustee hereunder and not in its individual or personal capacity, and all persons, including without limitation the Owners and the City, having any claim against the Trustee will look only to the funds and accounts held by the Trustee hereunder for payment, except as otherwise provided herein.

Notwithstanding anything to the contrary herein, the Trustee is not required to enter, take possession of, or take any other action whatsoever with respect to, the Property or the Projects unless it is satisfied that it will not be subject to liability for the existence of, or contamination by environmentally hazardous substances of any kind whatsoever or other discharges, emissions or release thereof with respect to the Property or the Projects.

Section 4.06. Trustee to Act as Set Forth Herein. The Trustee has the power to receive, to hold in accordance with the terms hereof and to disburse the money to be paid under the Sublease and this Trust Agreement. The Trustee has no power to vary, alter or substitute the Sublease or the corpus of any trust created hereby or under the Sublease or this Trust Agreement at any time, except as specifically authorized herein.

ARTICLE V

THE DELIVERY AND PAYING AGENT

Section 5.01. Duties, Immunities and Liabilities of Delivery and Paying Agent.

(a) The City hereby appoints U.S. Bank National Association, as the Delivery and Paying Agent. The Delivery and Paying Agent will perform such duties and only such duties as are specifically set forth herein and in the Delivery and Paying Agent Agreement and exercise such of the rights and powers vested in it herein and therein.

(b) The City may remove the Delivery and Paying Agent at any time unless an Event of Default has occurred and is then continuing, and will remove the Delivery and Paying Agent if at any time the Delivery and Paying Agent ceases to be eligible in accordance with subsection (e) of this Section 5.01, or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or a receiver of the Delivery and Paying Agent or its property is appointed, or any public officer takes control or charge of the Delivery and Paying Agent or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Delivery and Paying Agent and the Banks, and thereupon will appoint, with the consent of the Banks, a successor Delivery and Paying Agent by an instrument in writing.

(c) The Delivery and Paying Agent may at any time resign by giving 60 days' prior written notice of such resignation to the City and the Banks. Upon receiving such notice of resignation, the City will, with the consent of the Banks, promptly appoint a successor Delivery and Paying Agent by an instrument in writing. In the event the City fails to appoint a successor Delivery and Paying Agent within 90 days following receipt of such written notice of resignation, the resigning Delivery and Paying Agent may petition the appropriate court having jurisdiction to appoint a successor.

(d) Notwithstanding the provisions of Section 5.01(c) hereof, the Delivery and Paying Agent will not be relieved of its duties hereunder and under the Delivery and Paying Agent Agreement until its successor Delivery and Paying Agent has accepted its appointment and assumed the duties of Delivery and Paying Agent hereunder. Any removal or resignation of the Delivery and Paying Agent and appointment of a successor Delivery and Paying Agent will become effective upon acceptance of appointment by the successor Delivery and Paying Agent; but, only if the Credit Facilities have been transferred to and accepted by the Delivery and Paying Agent in accordance with the respective terms. Any successor Delivery and Paying Agent appointed under this Trust Agreement will signify its acceptance of such appointment by executing and delivering to the City and to its predecessor Delivery and Paying Agent a written acceptance thereof, and thereupon such successor Delivery and Paying Agent, without any further act, deed or conveyance, will become vested with all duties and obligations of such predecessor Delivery and Paying Agent, with like effect as if originally named Delivery and Paying Agent herein; but, nevertheless at the request of the successor Delivery and Paying Agent, such predecessor Delivery and Paying Agent will execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Delivery and Paying Agent all the powers of such predecessor Delivery and Paying Agent and will pay over, transfer, assign and deliver to the successor Delivery and Paying Agent any money or other property subject to the conditions herein set forth. Upon request of the successor Delivery and Paying Agent, the City will execute and deliver any and all instruments as may be reasonably

required for more fully and certainly vesting in and confirming to such successor Delivery and Paying Agent all such moneys, properties, rights, powers, duties and obligations.

(e) The Delivery and Paying Agent and any successor Delivery and Paying Agent will be a trust company or bank having the powers of a trust company or a bank authorized to exercise trust powers having a corporate trust office in New York, New York, having a combined capital and surplus of at least one hundred million dollars (\$100,000,000), and subject to supervision or examination by federal or state banking authorities. If such bank or trust company publishes a report of condition at least annually, under law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Delivery and Paying Agent will cease to be eligible in accordance with the provisions of this subsection 5.01(e), the Delivery and Paying Agent will resign immediately in the manner and with the effect specified in this Section 5.01.

(f) Any rights of, or amounts due to, the Delivery and Paying Agent will be subordinate to the interests of the Holders.

(g) The Delivery and Paying Agent will be protected and will incur no liability in acting upon or processing in good faith any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it in good faith believes to be genuine and to have been passed or signed by the proper board or Person or to have been prepared and furnished under any of the provisions of this Trust Agreement or the Delivery and Paying Agent Agreement, and the Delivery and Paying Agent will not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Delivery and Paying Agent may consult with counsel, who may or may not be counsel to the City, with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it in good faith reliance thereon.

(h) Except as otherwise expressly provided herein, the Delivery and Paying Agent will not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Commercial Paper Certificates, or as to the existence of a default or Event of Default thereunder.

(i) The Delivery and Paying Agent may become a Holder or a pledgee of any Commercial Paper Certificates with the same rights it would have if it were not the Delivery and Paying Agent; may acquire and dispose of bonds or other evidences of indebtedness of the City and enforce its rights as owner thereof to the same extent as if it were not the Delivery and Paying Agent; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Holders, whether or not such committee represents the Holders of a majority in aggregate principal amount of the Commercial Paper Certificates then Outstanding.

(j) The recitals, statements and representations by the City contained in this Trust Agreement or in the Commercial Paper Certificates will be taken and construed as made by and on the part of the City and not by the Delivery and Paying Agent, and the Delivery and Paying

Agent does not assume, and will not have, any responsibility or obligation for the correctness of any such recital, statement or representation.

(k) The Delivery and Paying Agent may execute any powers hereof and perform the duties required of it hereunder by or through attorneys, agents or receivers, and will be entitled to advice of counsel concerning its duties hereunder.

(l) No provision of this Trust Agreement will require the Delivery and Paying Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder or in the exercise of any of its rights or powers if the repayment of such funds, or adequate indemnity against such risk or liability, is not reasonably assured to it. Notwithstanding anything to the contrary in this Section 5.01(l), to the extent the Delivery and Paying Agent is required to draw on the Credit Facilities or take other actions under this Trust Agreement to pay Outstanding Certificates, the Delivery and Paying Agent will do so without requiring indemnity.

(m) Every provision of this Trust Agreement, the Sublease and any other document related to the Commercial Paper Certificates relating to the conduct or liability of the Delivery and Paying Agent will be subject to the provisions of this Trust Agreement, including without limitation, this Article.

(n) In acting as Delivery and Paying Agent hereunder, the Delivery and Paying Agent acts solely in its capacity as Delivery and Paying Agent hereunder and not in its individual or personal capacity, and all Persons, including without limitation the Holders, the City, having any claim against the Delivery and Paying Agent will look only to the funds and accounts held by the Delivery and Paying Agent hereunder for payment, except as otherwise provided herein. Under no circumstances will the Delivery and Paying Agent be liable in its individual or personal capacity for the obligations evidenced by the Commercial Paper Certificates.

(o) The Delivery and Paying Agent makes no representation or warranty, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City of the Property or any portion thereof, or any other representation or warranty with respect to the Property or any portion thereof. In no event will the Delivery and Paying Agent be liable for incidental, indirect, special or consequential damages in connection with this Trust Agreement, the Sublease or the Site Lease or the existence, furnishing or functioning of the Property or the City's use of the Property.

(p) The Delivery and Paying Agent will not be responsible for any information in, or the content of any offering memorandum or other document prepared in connection with the Commercial Paper Certificates.

Section 5.02. Merger or Consolidation. Any company into which the Delivery and Paying Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it is a party or any company to which the Delivery and Paying Agent may sell or transfer all or substantially all of its corporate trust business (provided such company will be eligible under subsection (e) of Section 5.01) will be the successor to such Delivery and Paying Agent without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 5.03. Other Rights of Delivery and Paying Agent. The Delivery and Paying Agent will not be bound to recognize any Person as the Holder of a Commercial Paper Certificate unless and until such Commercial Paper Certificate is submitted for inspection, if required, and his or her title thereto is satisfactorily established, if disputed.

Whenever in the administration of the duties imposed upon it by this Trust Agreement the Delivery and Paying Agent will deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the City, and such Written Certificate will be full warrant to the Delivery and Paying Agent for any action taken or suffered in good faith under the provisions of this Trust Agreement in reliance upon such Written Certificate, but in its discretion the Delivery and Paying Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

Section 5.04. Preservation and Inspection of Documents. The Delivery and Paying Agent will at all times keep, or cause to be kept, proper books of record and account prepared in accordance with corporate trust industry, in which complete and accurate entries will be made of all transactions made by it relating to the receipt, investment, disbursement, allocation and application of the proceeds of the Commercial Paper Certificates. Such books of record and account will be available for inspection by the City, the Banks and any Holder, or his agent or representative duly authorized in writing, at reasonable hours; and under reasonable circumstances upon reasonable notice.

ARTICLE VI

COVENANTS

Section 6.01. Limitation on Delivery. The City covenants and agrees that it will not deliver any Commercial Paper Certificates of a series with a maturity later than five days prior to the expiration or termination of the Credit Facility applicable to such series unless the City will have arranged for an Alternate Credit Facility under Section 6.02.

Section 6.02. Maintenance of Credit Facility. The City covenants and agrees that at all times while Commercial Paper Certificates remain Outstanding, it will maintain one or more Credit Facilities in amounts such that, assuming that all then Outstanding Commercial Paper Certificates were to become due and payable immediately, the amount available to be drawn under the Credit Facilities would be sufficient to pay principal and interest, including interest that would become due and payable at the stated maturity of such Commercial Paper Certificates. But, the City may in accordance with the terms of the applicable Reimbursement Agreement replace a Credit Facility upon 30 days prior written notice to the Dealer, the Trustee and the Delivery and Paying Agent so long as the replacement of such Credit Facility will not result in a downgrade or withdrawal of the then current ratings on the Commercial Paper Certificates supported by such Credit Facility evidenced by a written notification from the Rating Agency, and upon any such replacement of a Credit Facility, the City will provide notice thereof to the Holders of Outstanding Commercial Paper Certificates at least fifteen (15) days prior to such replacement. Prior to the effective date of an Alternate Credit Facility, the existing Credit Facility will remain in effect until all Commercial Paper Notes supported by the existing Credit Facility are paid in full or defeased pursuant to the provisions of Section 10.03 hereof. The Delivery and Paying Agent will draw on the existing Credit Facility (and not upon any Alternate Credit Facility replacing such Credit Facility) as needed to pay the principal of and interest with respect to such Commercial Paper Certificates upon the maturity thereof, except with respect to any Commercial Paper Certificates defeased pursuant to the provisions of Section 10.03 hereof.

No Series 3 Certificate or Series 3-T Certificate will be delivered if, immediately after the delivery thereof and the application of any proceeds thereof to retire other Commercial Paper Certificates of such series supported by the applicable Credit Facility, the aggregate principal amount of all Commercial Paper Certificates of such series plus the aggregate amount of all interest accrued with respect to such Commercial Paper Certificates supported by such Credit Facility would exceed the amount available to be drawn under such Credit Facility. No Series 4 Certificate or Series 4-T Certificate will be delivered if, immediately after the delivery thereof and the application of any proceeds thereof to retire other Commercial Paper Certificates of such series supported by the applicable Credit Facility, the aggregate principal amount of all Commercial Paper Certificates of such series plus the aggregate amount of all interest accrued with respect to such Commercial Paper Certificates supported by such Credit Facility would exceed the amount available to be drawn under such Credit Facility. In furtherance of the foregoing covenants, the City agrees that it will not deliver any Commercial Paper Certificates or make drawing which will result in a violation of such covenant, will not amend any Credit Facility in a manner which will cause a violation of such covenant and, if and to the extent necessary to maintain compliance with such covenant, will arrange for an Alternate Credit Facility prior to, or contemporaneously with, the expiration of the applicable Credit Facility.

Section 6.03. Punctual Payment. The City will punctually pay the principal and interest to become due with respect to every Certificate executed and delivered hereunder in strict conformity with the terms hereof and of the Certificates, and will faithfully observe and perform all the agreements and covenants contained herein and in the Certificates.

Section 6.04. Interest on the Tax-Exempt Commercial Paper Certificates. (a) In order to maintain the exclusion from gross income of the interest with respect to the Tax-Exempt Commercial Paper Certificates for federal income tax purposes, the City covenants to do and perform all acts and things within its power and authority to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code. An Authorized Representative will make all calculations relating to any rebate of excess investment earnings on the proceeds of the Tax-Exempt Commercial Paper Certificates due to the United States Treasury in a reasonable and prudent fashion and will segregate and set aside lawfully available amounts such calculations indicate may be required to be paid to the United States Treasury. In furtherance of this covenant, the City agrees to comply with the Nonarbitrage Certificate, as it may be amended from time to time, as a source of guidance for compliance with such provisions. The Trustee will comply with any instructions received from the City which the City indicates must be followed in order to comply with the Nonarbitrage Certificate. This covenant will survive the payment in full of all Outstanding Tax-Exempt Commercial Paper Certificates.

(b) The City will not use or permit the use of any proceeds of the Tax-Exempt Commercial Paper Certificates or any funds of the City, directly or indirectly, in any manner, and will not take or omit to take any action that would cause any of the Commercial Paper Certificates to be treated as an obligation not described in Section 103(a) of the Code. In furtherance of this covenant, the City will at all times comply with the provisions of the Nonarbitrage Certificate.

(c) The City will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Tax-Exempt Commercial Paper Certificates to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(d) The City will assure that the proceeds of the Tax-Exempt Commercial Paper Certificates are not so used as to cause the Tax-Exempt Commercial Paper Certificates to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(e) The City will take all actions within its control necessary to assure the exclusion of interest with respect to the Tax-Exempt Commercial Paper Certificates from the gross income of the Holders of the Tax-Exempt Commercial Paper Certificates to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of delivery of the Tax-Exempt Commercial Paper Certificates.

(f) In the event that at any time the City is of the opinion that for purposes of this Section 6.04 it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under this Trust Agreement, the City will so instruct the Trustee under this Trust Agreement by written notice containing instructions as to the yield or yields to which such investments must be restricted. The Trustee will take such action as may be necessary in accordance with such instructions. The City will not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Sublease which, if such action had been reasonably expected to have been taken, or had been deliberately and

intentionally taken, on the date of execution of the Sublease would have caused the Sublease to be an "arbitrage bond" within the meaning of section 148 of the Code.

(g) Notwithstanding any provision of this Section 6.04, if the City and the Trustee receive an Opinion of Special Counsel to the effect that any action required under this Section 6.04 is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest with respect to the Tax-Exempt Commercial Paper Certificates under Section 103 of the Code, the City and the Trustee may rely conclusively on such opinion in complying with the provisions hereof, and the covenants hereunder will be deemed to be modified to that extent.

(h) Notwithstanding any other provision of this Trust Agreement to the contrary, upon the City's failure to observe, or refusal to comply with, the foregoing covenant, no Person other than the Trustee or the Holders will be entitled to exercise any right or remedy provided to the Holders under this Trust Agreement on the basis of the City's failure to observe, or refusal to comply with the covenant.

Section 6.05. Notices to Rating Agency. The City will give immediate written notice to the Rating Agency of the occurrence of any of the following events:

(i) the extension, renewal, expiration, termination or replacement of a Credit Facility under Section 6.02;

(ii) any material modification or amendment to this Trust Agreement, a Credit Facility, a Reimbursement Agreement, the Delivery and Paying Agent Agreement or the Dealer Agreement;

(iii) the payment in full, or the defeasance under Section 10.03 hereof, of all Outstanding Commercial Paper Certificates and the Revolving Bank Certificates;

(iv) the replacement or substitution of, or the appointment of any successor to, the Trustee, the Delivery and Paying Agent or any Dealer; or

(v) the termination of the Commercial Paper Certificate program contemplated under this Trust Agreement.

Section 6.06. Opinion of Special Counsel. The City will cause the legal opinion of Special Counsel as to the validity of the Commercial Paper Certificates, as to the exclusion of interest with respect to the Tax-Exempt Commercial Paper Certificates from federal gross income, and as to the exemption of interest with respect to the Commercial Paper Certificates from California personal income taxation to be printed on or attached to each Commercial Paper Certificate.

Section 6.07. City to Enforce Site Lease and Sublease. The City covenants and agrees with the Holders of the Certificates to enforce the performance by the City of all obligations and duties imposed on it under the Site Lease and the Sublease.

Section 6.08. Offices for Servicing Commercial Paper Certificates. The City will at all times maintain one or more offices or agencies where Commercial Paper Certificates may be presented for payment, and will at all times maintain one or more agencies where Commercial Paper Certificates may be presented for registration of transfer or exchange, and where notices,

demands and other documents may be served upon the City in respect of the Commercial Paper Certificates. The City hereby appoints the Trustee as its agent for purposes of this Section 6.08.

Section 6.09. Access to Books and Records. The Trustee will at all times have access to those books and records of the City which may be reasonably required by the Trustee to fulfill its duties and obligations hereunder.

Section 6.10. General. The City will do and perform or cause to be done and performed all respective acts and things required to be done or performed by or on behalf of the City under the provisions of this Trust Agreement.

The City warrants that upon the date of execution and delivery of any of the Certificates, all conditions, acts and things required by law and this Trust Agreement to exist, to have happened and to have been performed precedent to and in the execution and delivery of such Certificates do exist, have happened and have been performed in respect of the Certificates and the execution and delivery of such Certificates will comply in all respects with the applicable laws of the State.

Section 6.11. Performance. The City will faithfully observe all covenants and other provisions contained in this Trust Agreement, in each Certificate executed and delivered hereunder, and in the Site Lease and the Sublease.

Section 6.12. Prosecution and Defense of Suits. The City will promptly take such action as may be necessary to cure any defect in the title to the Property or any part thereof, whether now existing or hereafter occurring, and will prosecute and defend all such suits, actions and all other proceedings as may be appropriate for such purpose.

Section 6.13. Further Assurances. The City will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement, and for the better assuring and confirming to the Holders the rights and benefits provided herein.

Section 6.14. Receipt and Deposit of Revenues in Delivery and Paying Agent Fund. In order to carry out and effectuate the pledge, charge and lien contained herein, the City agrees and covenants that all Base Rental and any proceeds of any rental interruption insurance when and as received will be received by the City in trust hereunder for the benefit of the Holders and the Banks and will be deposited when and as received by the City in the Base Rental Account of the Delivery and Paying Agent Fund. All Pledged Property will be accounted for and applied in accordance with this Trust Agreement and the City will have no beneficial right or interest in any of the Pledged Property except as herein provided. All Pledged Property, whether received by the City in trust or deposited with the Trustee as herein provided, will nevertheless be allocated, applied and disbursed solely to the purposes and uses set forth herein, and will be accounted for separately and apart from all other accounts, funds, moneys or other resources of the City.

Section 6.15. Retirement of Commercial Paper Certificates. So long as any Commercial Paper Certificates are Outstanding, the City will cause the Dealer to retire and not remarket, renew or refinance Commercial Paper Certificates in an aggregate principal amount equal to or in excess of the Required Principal Reduction Amount for such Base Rental Period.

Section 6.16. File Debt Service Certificate--Additional Interest or Principal. If at any time during a Base Rental Period, the amount on deposit in the Capitalized Interest Account, Base Rental Account, the Payment Account and the Bank Reimbursement Account will not be sufficient to pay interest payable on the Certificates during such Base Rental Period, the Required Principal Reduction Amount for such Base Rental Period, and any principal due on the Revolving Bank Certificates, the City will file with the Trustee a Debt Service Certificate--Additional Interest or Principal.

ARTICLE VII

AMENDMENTS

Section 7.01. Amendments to Trust Agreement. This Trust Agreement may be amended only in writing by agreement among the City and the Trustee with the prior written consent of the Banks; except that, in the event a Bank has failed to honor a properly presented and conforming drawing under its Credit Facility, such Bank will be excluded from the term "Banks" for purposes of this Section 7.01. No such modification or amendment will (i) extend the maturity of or reduce the interest rate on any Commercial Paper Certificate or otherwise alter or impair the obligation of the City to pay the principal or interest at the time and place and at the rate and in the currency provided therein of any Commercial Paper Certificate without the express written consent of the Holder of such Commercial Paper Certificate, or (ii) without its written consent thereto, modify any of the rights or obligations of the Trustee.

Section 7.02. Amendments to Site Lease and Sublease.

(a) The Site Lease and the Sublease may be amended in writing by agreement between the parties thereto with the prior written consent of the Banks. The City may, with the prior written consent of the Banks, which consent will not unreasonably be withheld, amend the Sublease and the Site Lease to substitute other real property or improvements (the "**Substituted Property**") for existing Property or to remove real property or improvements from the definition of Property upon compliance with all of the conditions set forth in subsections (b) and (c) below. After a substitution or removal, the part of the Property for which the substitution or removal has been effected will be released from the leasehold under the Site Lease and the Sublease. The City may amend the Sublease and the Site Lease to add real property or improvements (the "**Additional Property**") with the prior written consent of the Banks, which consent will not unreasonably be withheld, upon compliance with all of the conditions set forth in subsection (d) below. Anything herein to the contrary notwithstanding, in the event a Bank has failed to honor a properly presented and conforming drawing under its Credit Facility, such Bank will be excluded from the term "Banks" for purposes of determining any required consent of the Banks as provided for in this Section 7.02.

(b) No substitution of Property may take place without the prior consent of the Banks and until the City delivers to the Trustee and the Banks the following:

(i) A written description of all or part of the Property to be released and a description of the Substituted Property to be substituted in its place;

(ii) A Written Certificate of the City (A) stating that the annual fair market rental value of the Property after a substitution, in each Base Rental Period during the remaining term of the Sublease, is at least equal to the Maximum Base Rental prior to

said substitution, as determined by the City on the basis of an appraisal of the Property after said substitution conducted by a qualified appraiser (who may be an employee of the City); (B) demonstrating that the useful life of the Property after substitution equals or exceeds the remaining term of the Sublease; and (C) stating that each Component of the Property remaining after such substitution is as essential to the operations of the City as it was at the time such Component became subject to the Sublease;

(iii) An opinion of Special Counsel to the effect that the amendments to the Sublease and to the Site Lease contemplating substitution have been duly authorized, executed and delivered and constitute the valid and binding obligations of the City enforceable in accordance with their terms;

(iv) (A) A policy of title insurance in an amount such that the total title insurance on the Property in favor of the Trustee and the Banks are not less than the amount of the credit commitment then available under the Credit Facilities, insuring the City's leasehold interest in the substituted Property (except any portion thereof which is not real property) subject only to Permitted Encumbrances, together with an endorsement thereto making said policy payable to the Banks and the Trustee for the benefit of the Owners of the Commercial Paper Certificates and (B) in the event of a partial removal, evidence that the title insurance in effect immediately prior thereto is not affected;

(v) An opinion of Special Counsel that the substitution does not cause the interest with respect to the Tax-Exempt Commercial Paper Certificates to be includable in gross income of the Owners thereof for federal income tax purposes;

(vi) Evidence that the City has complied with the insurance covenants contained in the Sublease and Reimbursement Agreements with respect to the Substituted Property;

(vii) An opinion of counsel to the Trustee to the effect that the amendments or supplements to the Sublease and to the Site Lease contemplating the substitution of Property have been duly authorized, executed and delivered by the Trustee; and

(viii) Evidence that the City has provided written notification regarding substitution or removal to each Rating Agency then maintaining a rating on the Commercial Paper Certificates not less than five (5) days prior to such substitution.

(c) No removal of Property may take place without the prior written consent of the Banks and until the City delivers to the Trustee and the Banks the following:

(i) A written description of all or part of the Property to be released;

(ii) A Written Certificate of the City (A) stating that the annual fair market rental value of the Property after removal, in each Base Rental Period during the remaining term of the Sublease, is at least equal to the Maximum Base Rental prior to said removal, as determined by the City on the basis of an appraisal of the Property after said removal conducted by a qualified appraiser (who may be an employee of the City); (B) demonstrating that the useful life of the Property after removal equals or exceeds the remaining term of the Sublease; and (C) stating that each Component of the Property

remaining after such or removal is as essential to the operations of the City as it was at the time such Component became subject to the Sublease;

(iii) An opinion of Special Counsel to the effect that the amendments to the Sublease and to the Site Lease contemplating removal have been duly authorized, executed and delivered and constitute the valid and binding obligations of the City enforceable in accordance with their terms;

(iv) An opinion of Special Counsel that the removal does not cause the interest with respect to the Tax-Exempt Commercial Paper Certificates to be includable in gross income of the Owners thereof for federal income tax purposes;

(v) Evidence that the City has complied with the insurance covenants contained in the Sublease and Reimbursement Agreements with respect to the Substituted Property;

(vi) An opinion of counsel to the Trustee to the effect that the amendments or supplements to the Sublease and to the Site Lease contemplating the removal of Property have been duly authorized, executed and delivered by the Trustee; and

(vii) Evidence that the City has provided written notification regarding removal to each Rating Agency then maintaining a rating on the Commercial Paper Certificates not less than five (5) days prior to such release.

(d) No addition of Property may take place without the prior written consent of the Banks and until the City delivers to the Banks and the Trustee the following:

(i) A Written Certificate of the City (A) setting forth the Base Rental for such additional Property; (B) demonstrating that the useful life of the additional Property equals or exceeds the remaining term of the Sublease; and (C) stating that the additional Property is essential to the operations of the City;

(ii) Executed amendments or supplements to the Site Lease and the Sublease setting forth, among other things, a written, legal description of the Additional Property, the term of the Site Lease and Sublease for the Additional Property, and, in the case of the Sublease, a schedule setting forth the Base Rental for the Additional Property;

(iii) An opinion of Special Counsel to the effect that the amendments or supplements to the Sublease and to the Site Lease contemplating the addition of Additional Property have been duly authorized, executed and delivered and constitute the valid and binding obligations of the City enforceable in accordance with their terms;

(iv) An opinion of Special Counsel that the addition of Additional Property does not cause the interest with respect to the Tax-Exempt Commercial Paper Certificates to be includable in gross income of the Owners thereof for federal income tax purposes;

(v) Evidence that the City has complied with the insurance covenants contained in the Sublease and the Reimbursement Agreements with respect to the Additional Property;

(vi) An opinion of counsel to the Trustee to the effect that the amendments or supplements to the Sublease and to the Site Lease contemplating the addition of Additional Property have been duly authorized, executed and delivered by the Trustee; and

(vii) a policy of title insurance in an amount such that the total title insurance on the Property in favor of the Trustee and the Banks are not less than the amount of the credit commitment then available under the Credit Facilities, insuring the City's leasehold interest in the additional Property (except any portion thereof which is not real property) subject only to Permitted Encumbrances, together with an endorsement thereto making said policy payable to the Banks and the Trustee for the benefit of the Owners of the Commercial Paper Certificates.

ARTICLE VIII

EVENTS OF DEFAULT

Section 8.01. Events of Default Defined. A default under Section 7.1 of the Sublease will constitute an "Event of Default" hereunder:

Section 8.02. Notice of Events of Default. If an Event of Default occurs, the Trustee will give notice of such default to the Holders, the Banks, and to the Rating Agency. Such notice will state that the City is in default and will provide a brief description of such default. The Trustee in its discretion may withhold notice to the Holders (but not the Banks) if it deems it in the best interests of the Holders. The notice provided for in this Section 8.02 will be given by first-class mail, postage prepaid, to the Holders within 30 days of such occurrence of default.

Section 8.03. Remedies on Default. (a) Upon the occurrence and continuance of any Event of Default, the Trustee may, with the written consent of the Banks, and shall upon the written direction of the Banks, proceed (and upon written request of the Banks or the Holders of not less than a majority in aggregate principal amount of Commercial Paper Certificates then Outstanding will, subject to receipt of adequate indemnity as provided herein, proceed), to exercise the remedies set forth in Section 7.2 of the Sublease or available to the Trustee hereunder.

(b) Upon an Event of Default and prior to the curing thereof, the Trustee will exercise the rights and remedies vested in it by the Sublease and this Trust Agreement with the same degree of care and skill as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(c) If an Event of Default occurs, remedies under the Reimbursement Agreements may be triggered, including, without limitation, delivery of a No-Delivery Notice or Final Drawing Notice by either or both of the Banks.

Section 8.04. Commercial Paper Certificates Not Subject to Acceleration. The Commercial Paper Certificates are not subject to acceleration and upon the occurrence of an Event of Default, none of the Delivery and Paying Agent, the Banks, any Holder or any other Person may accelerate the maturity of any of the Commercial Paper Certificates.

Section 8.05. Collection of Base Rental Payments. The Trustee will take any appropriate action to cause the City to pay any Base Rental payment not paid when due, upon written request and authorization by the Banks or the Holders of a majority in aggregate principal amount of the Commercial Paper Certificates then Outstanding and unpaid, and upon being satisfactorily indemnified against any expense and liability with respect thereto and receiving payment for its fees and expenses.

Section 8.06. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee or the Banks are intended to be exclusive and every such remedy will be cumulative and will be in addition to every other remedy given under this Trust Agreement and the Sublease, or now or hereafter existing at law or in equity, except as expressly waived herein or therein. No delay or omission to exercise any right or power accruing upon any default will be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee, the Banks or

the Holders to exercise any remedy reserved to it or them, it will not be necessary to give any notice other than such notice as may be required in this Article VIII or by law.

Section 8.07. No Additional Waiver Implied by One Waiver. In the event any provision contained in this Trust Agreement should be breached by a party and thereafter waived by another party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 8.08. Action by Holders. Subject to the right of the Banks to direct remedial proceedings hereunder, in the event the Trustee fails to take any action to eliminate an event of default under Article VII of the Sublease or Event of Default hereunder, the Holders of a majority in aggregate principal amount of Commercial Paper Certificates then Outstanding may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under the Sublease and this Trust Agreement, but only if such Holders have first made written request of the Trustee after the right to exercise such powers or right of action has arisen, and have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted therein or otherwise granted by law or to institute such action, suit or proceeding in its name, and unless, also, the Trustee has been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee has refused or neglected to comply with such request within a reasonable time.

Section 8.09. Opinion of Counsel. Before being required to take any action under this Article VIII, the Trustee may require an opinion of counsel acceptable to the Trustee, which opinion will be made available to the City upon request, which counsel may or may not be counsel to the City or Special Counsel with regard to legal questions.

Section 8.10. Direction of Remedies by Banks. Any provision herein to the contrary notwithstanding, the Trustee will exercise the remedies provided for hereunder only if and as directed or consented to in writing by the Banks and will not waive any Event of Default without the prior written consent of the Banks. Anything herein to the contrary notwithstanding, in the event a Bank has failed to honor a properly presented and conforming drawing under its Credit Facility, such Bank will be excluded from the term "Banks" for purposes of determining any required consent or written direction of the Banks as provided for in this Article VIII.

ARTICLE IX

LIMITATION OF LIABILITY

Section 9.01. No Liability of City for Trustee Performance. The City has no obligation or liability to any of the other parties or to the Holders with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement, including the distribution of principal and interest to the Holders.

Section 9.02. No Liability of Trustee or Delivery and Paying Agent for Base Rental Payments by City. Except as provided herein, neither the Trustee nor the Delivery and Paying Agent has any obligation or liability to the Holders with respect to the payment of the Base Rental by the City when due, or with respect to the performance by the City of any other covenant made by it in the Sublease.

Section 9.03. No Liability of City Except as Stated. Except for the performance by the City of its obligations and duties as set forth in the Sublease and this Trust Agreement, the City has no obligation or liability to the Trustee, the Delivery and Paying Agent or the Holders.

Section 9.04. Limited Liability of Trustee and Delivery and Paying Agent. The Trustee and the Delivery and Paying Agent have no obligation or responsibility for providing information to the Holders concerning the investment quality of the Commercial Paper Certificates, for the sufficiency or collection of any Base Rental or for the actions or representations of any other party to this Trust Agreement. The Trustee and the Delivery and Paying Agent have no obligation or liability to any of the other parties hereto or to the Holders with respect to the failure or refusal of any other party hereto to perform any covenant or agreement made by it under this Trust Agreement, the Site Lease, or the Sublease, but each will be responsible solely for the performance of the duties expressly imposed upon it hereunder. The recitals of facts, covenants and agreements contained herein and in the Commercial Paper Certificates will be taken as statements, covenants and agreements of the City and each of the Trustee and Delivery and Paying Agent assumes no responsibility for the correctness of the same and makes no representation as to the validity or sufficiency of this Trust Agreement, the Site Lease, the Sublease or the Commercial Paper Certificates, or as to the value of or title to the Property, and will not incur any responsibility in respect thereof, other than in connection with the duties or obligations herein assigned to or imposed upon it.

Section 9.05. Limitation of Rights. Nothing in this Trust Agreement or in the Certificates expressed or implied is intended or will be construed to give any Person other than the City, the Trustee, the Delivery and Paying Agent, the Banks and the Holders any legal or equitable right, remedy or claim under or in respect of this Trust Agreement or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and will be for the sole and exclusive benefit of the City, the Trustee, the Delivery and Paying Agent, the Banks and such Holders.

ARTICLE X

MISCELLANEOUS

Section 10.01. Records. Until five years following the full payment of principal and interest due with respect to the Commercial Paper Certificates, each of the Trustee and the Delivery and Paying Agent will keep complete and accurate records of all money received and disbursed under this Trust Agreement, which records will be available for inspection by the City, the Banks and by any Holder, or the agent of any of them, at reasonable times during regular business hours and upon reasonable prior written notice.

Section 10.02. Notices. Except as otherwise specifically provided in this Trust Agreement, all notices, requests, demands and other communications under this Trust Agreement by any Person will be in writing (unless otherwise specified herein) and will be sufficiently given on the date of service if served personally upon the Person to whom notice is to be given or on receipt if sent by telex or other telecommunication facility or courier or if mailed by registered or certified mail, postage prepaid, and properly addressed as follows:

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 Trustee: U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Corporate Trust Services
Facsimile: (415) 273-4591

If to the Delivery and Paying Agent:

U.S. Bank National Association
100 Wall Street, Suite 1600
New York, New York 10005
Attention: Global Corporate Trust Services
Facsimile: (212) 514-6841

If to the Bank: State Street Bank and Trust Company

Attention:
Telephone:
Facsimile:

or to such other address or addresses as any such Person has designated to the others by notice given in accordance with the provisions of this Section 10.02.

Section 10.03. Defeasance. If, when all or any portion of the Certificates have become due and payable in accordance with their terms or otherwise as provided in this Trust

Agreement, the entire principal and interest so due and payable with respect to said Certificates are paid, or if at or prior to the date said Certificates have become due and payable, sufficient moneys or noncallable, nonprepayable, direct obligations of, or obligations guaranteed by, the United States of America, the principal of and interest with respect to which will provide sufficient moneys for such payment, are held in trust by the Trustee or the City and provision is made for paying all other sums payable hereunder by the Trustee or the City with respect to said Certificates, the pledge herein created with respect to said Certificates will thereupon cease, terminate and become discharged and said Certificates will no longer be deemed Outstanding for purposes of this Trust Agreement and all the provisions of this Trust Agreement, including all covenants, agreements, liens and pledges made herein, will be deemed duly discharged, satisfied and released.

Section 10.04. Governing Law. This Trust Agreement will be construed and governed in accordance with the laws of the State. Venue for all litigation relative to the formation, interpretation and performance of this Trust Agreement will be in San Francisco, California.

Section 10.05. Partial Invalidity. Any provision of this Trust Agreement found to be prohibited by law will be ineffective only to the extent of such prohibition, and will not invalidate the remainder of this Trust Agreement.

Section 10.06. Binding Effect; Successors. This Trust Agreement will be binding upon and will inure to the benefit of the parties hereto and the Holders and their respective successors and assigns. Whenever in this Trust Agreement any party is named or referred to, such reference will be deemed to include such party's successors or assigns, and all covenants and agreements contained in this Trust Agreement by or on behalf of any party hereto will bind and inure to the benefit of such party's successors and assigns whether so expressed or not.

Section 10.07. Local Business Enterprise Utilization; Liquidated Damages.

a. The LBE Ordinance

The Trustee will comply with all the requirements of the Disadvantaged Business Enterprise Ordinance set forth in Chapter 14B of the San Francisco Administrative Code as it now exists or as it may be amended in the future (collectively the "LBE Ordinance"), provided such amendments do not materially increase the Trustee's obligations or liabilities, or materially diminish the Trustee's rights, under this Trust Agreement. Such provisions of the LBE Ordinance are incorporated by reference and made a part of this Trust Agreement as though fully set forth in this section. The Trustee's willful failure to comply with any applicable provision of the LBE Ordinance is a material breach of the Trustee's obligations under this Trust Agreement and will entitle City, subject to any applicable notice and cure provisions set forth in this Trust Agreement, to exercise any of the remedies provided for under this Trust Agreement, under the LBE Ordinance or otherwise available at law or in equity, which remedies will be cumulative unless this Trust Agreement expressly provides that any remedy is exclusive. In addition, The Trustee will comply fully with all other applicable local, state and federal laws prohibiting discrimination and requiring equal opportunity in contracting, including subcontracting.

b. Compliance and Enforcement

1. Enforcement

If the Trustee willfully fails to comply with any of the provisions of the LBE Ordinance, the rules and regulations implementing the LBE Ordinance, or the provisions of this Trust Agreement pertaining to LBE participation, the Trustee will be liable for liquidated damages in an amount equal to the Trustee's net profit on this Trust Agreement, or 10% of the total amount of this Trust Agreement, or \$1,000, whichever is greatest. The Director of the City's Human Rights Commission or any other public official authorized to enforce the LBE Ordinance (separately and collectively, the "Director of HRC") may also impose other sanctions against the Trustee authorized in the LBE Ordinance, including declaring the Trustee to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Trustee's DBE certification. The Director of HRC will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to Administrative Code §14B.17.

By entering into this Trust Agreement, the Trustee acknowledges and agrees that any liquidated damages assessed by the Director of the HRC will be payable to City upon demand. The Trustee further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to the Trustee on any contract with City.

The Trustee agrees to maintain records necessary for monitoring its compliance with the LBE Ordinance for a period of three years following termination or expiration of this Trust Agreement, and will make such records available for audit and inspection by the Director of HRC or the Controller upon request.

Section 10.08. Nondiscrimination; Penalties.

a. Trustee Will Not Discriminate

In the performance of this Trust Agreement, the Trustee agrees not to discriminate against any employee, City and County employee working with such contractor or subcontractor, applicant for employment with such contractor or subcontractor, 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 Trustee will 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 Purchasing) and will require all subcontractors to comply with such provisions. The Trustee's failure to comply with the obligations in this subsection will constitute a material breach of this Trust Agreement.

c. Nondiscrimination in Benefits

The Trustee does not as of the date of this Trust Agreement and will not during the term of this Trust Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, 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 Trust Agreement, the Trustee will 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 Trust Agreement as though fully set forth herein. The Trustee will comply fully with and be bound by all of the provisions that apply to this Trust Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, the Trustee understands that pursuant to §12B.2(h) 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 Trust Agreement may be assessed against the Trustee and/or deducted from any payments due the Trustee.

Section 10.09. MacBride Principles—Northern Ireland. Pursuant to San Francisco Administrative Code §12F.5, the City and County of San Francisco 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 and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this Trust Agreement on behalf of the Trustee acknowledges and agrees that he or she has read and understood this section.

Section 10.10. Tropical Hardwood and Virgin Redwood Ban. Pursuant to §804(b) of the San Francisco Environment Code, the City and County of San Francisco 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.

Section 10.11. Drug-Free Workplace Policy. The Trustee 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 Trustee agrees that any violation of this prohibition by the Trustee, its employees, agents or assigns will be deemed a material breach of this Trust Agreement.

Section 10.12. Compliance with Americans with Disabilities Act. The Trustee 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 Trustee will 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 Trustee agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Trust Agreement and further agrees that any violation of this prohibition on the part of the Trustee, its employees, agents or assigns will constitute a material breach of this Trust Agreement.

Section 10.13. 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 City and persons or firms seeking contracts, will 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.

Section 10.14. Limitations on Contributions. Through execution of this Trust Agreement, the Trustee 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 Trustee 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 Trustee further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of the Trustee's board of directors; the Trustee'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 Trustee; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by the Trustee. Additionally, the Trustee acknowledges that the Trustee must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126.

Section 10.15. Requiring Minimum Compensation for Covered Employees.

(a) The Trustee 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 Trust Agreement as though fully set forth. The text of the MCO is available on the web at <http://www.sfgov.org/olse/mco>. A partial listing of some of the Trustee's obligations under the MCO is set forth in this Section. The Trustee is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

(b) The MCO requires the Trustee to pay the Trustee'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 Trustee is obligated to keep informed of the then-current requirements. Any subcontract entered into by the Trustee will require the subcontractor to comply with the requirements of the MCO and will contain contractual obligations substantially the same as those set forth in this Section. It is the Trustee's obligation to ensure that any subcontractors of any tier under this Trust Agreement comply with the requirements of the MCO. If any subcontractor under this Trust Agreement fails to comply, City may pursue any of the remedies set forth in this Section against the Trustee.

(c) The Trustee will 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.

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

(e) The City is authorized to inspect the Trustee's job sites and conduct interviews with employees and conduct audits of the Trustee.

(f) The Trustee's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Trust Agreement. The City in its sole discretion will 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 Trustee fails to comply with these requirements. The Trustee agrees 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 Trustee's noncompliance. The procedures governing the assessment of liquidated damages will be those set forth in Section 12P.6.2 of Chapter 12P.

(g) The Trustee understands and agrees that if it fails to comply with the requirements of the MCO, the City will have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Trust Agreement for violating the MCO, the Trustee fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Trustee fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City will 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 will be exercisable individually or in combination with any other rights or remedies available to the City.

(h) The Trustee 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.

(i) The City may conduct random audits of the Trustee. Random audits will be (i) noticed in advance in writing; (ii) limited to ascertaining whether Covered Employees are paid at least the minimum compensation required by the MCO; (iii) accomplished through an examination of pertinent records at a mutually agreed upon time and location within ten days of the written notice; and (iv) limited to one audit of the

Trustee every two years for the duration of this Trust Agreement. Nothing in this Trust Agreement is intended to preclude the City from investigating any report of an alleged violation of the MCO.

Section 10.16. Requiring Health Benefits for Covered Employees. Unless exempt, the Trustee 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 herein by reference and made a part of this Trust Agreement as though fully set forth. The text of the HCAO is available on the web at <http://www.sfgov.org/oca/lwlh.htm>. Capitalized terms used in this Section and not defined in this Trust Agreement will have the meanings assigned to such terms in Chapter 12Q.

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

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

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

(d) Any Subcontract entered into by the Trustee will require the Subcontractor to comply with the requirements of the HCAO and will contain contractual obligations substantially the same as those set forth in this Section. The Trustee will notify City's Office of Contract Administration when it enters into such a Subcontract and will 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 Trustee will 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 Trustee based on the Subcontractor's failure to comply, provided that City has first provided the Trustee with notice and an opportunity to obtain a cure of the violation.

(e) The Trustee will not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to the Trustee'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 Trustee 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 Trustee will 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 City Contract.

(h) The Trustee will keep itself informed of the current requirements of the HCAO.

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

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

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

(m) If the Trustee is exempt from the HCAO when this Trust Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but the Trustee later enters into an agreement or agreements that cause the Trustee's aggregate amount of all agreements with City to reach \$75,000, all the agreements will 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 Trustee and the City to be equal to or greater than \$75,000 in the fiscal year.

Section 10.17. Prohibition on Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, the Trustee 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 Trust Agreement. The Trustee 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 Trustee violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) remove the Trustee under Section 8.02(b) of this Trust Agreement, and (ii) prohibit the Trustee from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider the Trustee's use of profit as a violation of this section.

Section 10.18. Conflict of Interest. Through its execution of this Trust Agreement, the Trustee acknowledges that it is familiar with the provisions 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 constitute a violation of said provision and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Trust Agreement.

Section 10.19. 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.

(a) The Trustee will 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 Trustee 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 Trustee; and (iii) annually between January 1 and January 31 of each calendar year during the term of this Trust Agreement.

(b) Failure to comply with any requirement contained in subparagraph (a) of this Section will constitute a material breach by the Trustee of the terms of this Trust Agreement. If, within thirty days after the Trustee receives written notice of such a breach, the Trustee fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, the Trustee 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.

(c) Any Subcontract entered into by the Trustee will require the subcontractor to comply, as to the subcontractor's Eligible Employees, with each of the terms of this section.

(d) Capitalized terms used in this Section and not defined in this Trust Agreement will have the meanings assigned to such terms in Section 12O of the San Francisco Administrative Code.

Section 10.20. Preservative-treated Wood Containing Arsenic. The Trustee may not purchase preservative-treated wood products containing arsenic in the performance of this Trust Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" will mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. The Trustee may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude the Trustee from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" will mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

Section 10.21. Nondisclosure of Private Information. The Trustee 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 Trustee agrees that any failure of the Trustee to comply with the requirements of Section 12M.2 of this Chapter will be a material breach of this Trust Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may remove the Trustee under Section 8.02(b) of this Trust Agreement, bring a false claim action against the Trustee pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Trustee.

Section 10.22. Proprietary or Confidential Information of City. The Trustee understands and agrees that, in the performance of the work or services under this Trust Agreement or in contemplation thereof, the Trustee 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 City. The Trustee agrees that all information disclosed by City to the Trustee will be held in confidence and used only in performance of this Trust Agreement. The Trustee will exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

Section 10.23. Compliance with Laws. The Trustee will keep itself fully informed of the City's Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Trust Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

Section 10.24. Works for Hire. If, in connection with services performed under this Trust Agreement, the Trustee or its subcontractors create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes or any other original works of authorship, such works of authorship will be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the City. If it is ever determined that any works created by the Trustee or its subcontractors under this Trust Agreement are not works for hire under U.S. law, the Trustee hereby assigns all copyrights to such works to the City, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the approval of the City, the Trustee may retain and use copies of such works for reference and as documentation of its experience and capabilities.

Section 10.25. Resource Conservation. Chapter 5 of the San Francisco Environment Code ("Resource Conservation") is incorporated herein by reference. Failure by the Trustee to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

Section 10.26. Guaranteed Maximum Costs.

(a) The City's obligation hereunder will not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification.

(b) Except as may be provided by laws governing emergency procedures, officers and employees of the City are not authorized to request, and the City is not required to reimburse the Trustee for, commodities or services beyond the agreed upon contract scope unless the changed scope is authorized by amendment and approved as required by law.

(c) Officers and employees of the City are not authorized to offer or promise, nor is the City required to honor, any offered or promised additional funding in excess of the maximum amount of funding for which the contract is certified without certification of the additional amount by the Controller.

(d) The Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

Section 10.27. Submitting False Claims; Monetary Penalties. Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim will be liable to the City for three times the amount of damages which the City sustains because of the false claim. A contractor, subcontractor or consultant who submits a false claim will 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. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, 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.

Section 10.28 Ownership of Results. Any interest of the Trustee or its Subcontractors, in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by the Trustee or its subcontractors in connection with services to be performed under this Trust Agreement, will become the property of and will be transmitted to City. However, the Trustee may retain and use copies for reference and as documentation of its experience and capabilities.

Section 10.29. Audit and Inspection of Records. The Trustee will maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its work under this Trust Agreement. The Trustee will permit City to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Trust Agreement, whether funded in whole or in part under this Trust Agreement. The Trustee will maintain such data and records in an accessible location and condition for a period of not less than three years after final payment under this Trust Agreement or until after final audit has been resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Trust Agreement will have the same rights conferred upon City by this Section.

Section 10.30. Subcontracting. The Trustee is prohibited from subcontracting this Trust Agreement or any part of it unless such subcontracting is first approved by City in writing. Neither party will, on the basis of this Trust Agreement, contract on behalf of or in the name of the other party. An agreement made in violation of this provision will confer no rights on any party and will be null and void.

Section 10.31. Assignment. The services to be performed by Trustee are personal in character and neither this Trust Agreement nor any duties or obligations hereunder may be assigned or delegated by the Trustee unless first approved by City by written instrument executed and approved in the same manner as this Trust Agreement.

Section 10.32. Non-Waiver of Rights. The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, will not be a waiver of any such default or right to which the party is entitled, nor will it in any way affect the right of the party to enforce such provisions thereafter.

Section 10.33. Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which is deemed to be an original and all of which constitute but one and the same agreement.

IN WITNESS WHEREOF, the parties have executed this Trust Agreement effective the date first above written.

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Mayor

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

APPROVED AS TO FORM:

By: _____
City Attorney

EXHIBIT A-1

FORM OF COMMERCIAL PAPER CERTIFICATE

UNITED STATES OF AMERICA

STATE OF CALIFORNIA

CITY AND COUNTY OF SAN FRANCISCO

TAX-EXEMPT LEASE REVENUE

COMMERCIAL PAPER CERTIFICATE OF PARTICIPATION, [SERIES 3][SERIES 4]

No.: _____	Certificate Date: _____
Principal Amount: _____	Maturity Date: _____
Interest to Maturity: _____	Number of Days: _____
Due at Maturity: _____	Interest Rate (%): _____

THIS IS TO CERTIFY THAT the registered owner identified above or registered assigns, as the registered owner of this Tax-Exempt Lease Revenue Commercial Paper Certificate of Participation, [Series 3][Series 4] (the "Certificate" or "Commercial Paper Certificate"), is the owner of a proportionate interest in a Sublease, including the right to receive Base Rental payments payable thereunder (the "Sublease"), dated as of ____ 1, 2013, between the City and County of San Francisco (the "City"), a charter city and county of the State of California (the "State"), as lessee, and U.S. Bank National Association, a national banking association, as trustee (the "Trustee").

The registered owner of this Certificate is entitled to receive, subject to the terms of the Sublease, on the maturity date identified above, the principal sum specified above representing a portion of the Base Rental payments designated as principal coming due on or prior to such date, and to receive interest, if any, on said principal amount at said maturity date, from the above specified Certificate date to said maturity date at the per annum interest rate shown above (computed on the basis of actual days elapsed and a 365-day or 366-day year); both principal and interest with respect to this Certificate being payable in lawful money of the United States of America at the principal corporate office of U.S. Bank National Association, as paying agent (the "Delivery and Paying Agent") executing the "Certificate of Authentication" endorsed hereon and appearing below, or its successor at the principal corporate office of such successor.

This Commercial Paper Certificate has been executed and delivered under that certain Trust Agreement, dated as of ____ 1, 2013 (as amended, supplemented and modified from time to time, the "Trust Agreement"), between the City and the Trustee, for the purpose of financing Project Costs (as defined in the Trust Agreement) and to refinance, renew or refund the Certificates (as defined in the Trust Agreement) delivered under the provisions of the Trust Agreement. The City is also authorized under the Trust Agreement to issue its Taxable Lease Revenue Commercial Paper Certificates.

Reference is hereby made to the Trust Agreement (a copy of which is on file at said principal corporate trust office of the Trustee) and all amendments and supplements thereto for a description of the rights thereunder of the bearers of the Commercial Paper Certificates, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and the Delivery and Paying Agent and of the rights and obligations of the City thereunder, to all the provisions of which Trust Agreement the registered holder of this Commercial Paper Certificate, by acceptance hereof, assents and agrees. All capitalized terms herein not otherwise defined will have the meaning ascribed to them in the Trust Agreement.

The City is required under the Sublease to pay Base Rental from any source of legally available funds. The City has covenanted in the Sublease to make the necessary annual appropriations for such purpose. Base Rental is required to be deposited with the Delivery and Paying Agent, as agent for the Trustee, on each August 1, November 1, February 1 and May 1, for application to the Base Rental Account established pursuant to the Trust Agreement. The City has also pledged all amounts on deposit from time to time in the funds and accounts established pursuant to the Trust Agreement (other than in the Rebate Fund) to the payment of all Base Rental.

The obligation of the City to pay Base Rental does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Base Rental does not constitute an indebtedness of the City, the State, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction. The City's obligation to pay Base Rental will be abated during any period in which, by reason of material damage, destruction, condemnation or title defect, there is substantial interference with the City's right of use and occupancy of the Property or any portion thereof. Failure of the City to pay Base Rental during any such period will not constitute a default under the Sublease, the Trust Agreement or this Certificate.

This Commercial Paper Certificate will not be entitled to any benefit under the Trust Agreement, or become valid or obligatory for any other purpose, until the Delivery and Paying Agent will have authenticated the same by manual signature.

It is hereby certified and recited that all acts, conditions and things required by law and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of this Commercial Paper Certificate, do exist, have happened and have been performed in regular and in due time, form and manner as required by the Constitution and laws of the State of California; and that delivery of this Commercial Paper Certificate, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and laws of the State of California, and is not in excess of the amount of Certificates permitted to be delivered under the Trust Agreement.

IN WITNESS WHEREOF, the City and County of San Francisco has caused this Commercial Paper Certificate to be executed in its name by its duly authorized representative and has caused this Commercial Paper Certificate to be dated the Certificate Date set forth above.

By: _____
Controller

**DELIVERY AND PAYING AGENT'S
CERTIFICATE OF AUTHENTICATION**

This Commercial Paper Certificate is one of the Tax-Exempt Lease Revenue Commercial Paper Certificates of Participation, [Series 3][Series 4] delivered under the within mentioned Trust Agreement.

Dated: _____

U.S. Bank National Association,
as Delivery and Paying Agent

By: _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within-registered Certificate and hereby irrevocably constitute(s) and appoints(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

Note: The signatures(s) on this Assignment must correspond with the name(s) as written on the face of the within Certificate in every particular without alteration or enlargement or any change whatsoever.

Note: Signature(s) must be guaranteed by an eligible guarantor.

EXHIBIT A-2

FORM OF COMMERCIAL PAPER CERTIFICATE

UNITED STATES OF AMERICA

STATE OF CALIFORNIA

CITY AND COUNTY OF SAN FRANCISCO

TAXABLE LEASE REVENUE

COMMERCIAL PAPER CERTIFICATE OF PARTICIPATION, [SERIES 3-T][SERIES 4-T]

No.:	_____	Certificate Date:	_____
Principal Amount:	_____	Maturity Date:	_____
Interest to Maturity:	_____	Number of Days:	_____
Due at Maturity:	_____	Interest Rate (%):	_____

THIS IS TO CERTIFY THAT the registered owner identified above or registered assigns, as the registered owner of this Taxable Lease Revenue Commercial Paper Certificate of Participation, [Series 3-T][Series 4-T] (the "Certificate" or "Commercial Paper Certificate"), is the owner of a proportionate interest in a Sublease, including the right to receive Base Rental payments payable thereunder (the "Sublease"), dated as of ____ 1, 2013, between the City and County of San Francisco (the "City"), a charter city and county of the State of California (the "State"), as lessee, and U.S. Bank National Association, a national banking association, as trustee (the "Trustee").

The registered owner of this Certificate is entitled to receive, subject to the terms of the Sublease, on the maturity date identified above, the principal sum specified above representing a portion of the Base Rental payments designated as principal coming due on or prior to such date, and to receive interest, if any, on said principal amount at said maturity date, from the above specified Certificate date to said maturity date at the per annum interest rate shown above (computed on the basis of actual days elapsed and a 360-day year); both principal and interest with respect to this Certificate being payable in lawful money of the United States of America at the principal corporate office of U.S. Bank National Association, as paying agent (the "Delivery and Paying Agent") executing the "Certificate of Authentication" endorsed hereon and appearing below, or its successor at the principal corporate office of such successor.

This Commercial Paper Certificate has been executed and delivered under that certain Trust Agreement, dated as of ____ 1, 2013 (as amended, supplemented and modified from time to time, the "Trust Agreement"), between the City and the Trustee, for the purpose of financing Project Costs (as defined in the Trust Agreement) and to refinance, renew or refund the Certificates (as defined in the Trust Agreement) delivered under the provisions of the Trust Agreement. The City is also authorized under the Trust Agreement to issue its Tax-Exempt Lease Revenue Commercial Paper Certificates.

Reference is hereby made to the Trust Agreement (a copy of which is on file at said principal corporate trust office of the Trustee) and all amendments and supplements thereto for a description of the rights thereunder of the bearers of the Commercial Paper Certificates, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and the Delivery and Paying Agent and of the rights and obligations of the City thereunder, to all the provisions of which Trust Agreement the registered holder of this Commercial Paper Certificate, by acceptance hereof, assents and agrees. All capitalized terms herein not otherwise defined will have the meaning ascribed to them in the Trust Agreement.

The City is required under the Sublease to pay Base Rental from any source of legally available funds. The City has covenanted in the Sublease to make the necessary annual appropriations for such purpose. Base Rental is required to be deposited with the Delivery and Paying Agent, as agent for the Trustee, on each August 1, November 1, February 1 and May 1, for application to the Base Rental Account established pursuant to the Trust Agreement. The City has also pledged all amounts on deposit from time to time in the funds and accounts established pursuant to the Trust Agreement (other than in the Rebate Fund) to the payment of all Base Rental.

The obligation of the City to pay Base Rental does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Base Rental does not constitute an indebtedness of the City, the State, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction. The City's obligation to pay Base Rental will be abated during any period in which, by reason of material damage, destruction, condemnation or title defect, there is substantial interference with the City's right of use and occupancy of the Property or any portion thereof. Failure of the City to pay Base Rental during any such period will not constitute a default under the Sublease, the Trust Agreement or this Certificate.

This Commercial Paper Certificate will not be entitled to any benefit under the Trust Agreement, or become valid or obligatory for any other purpose, until the Delivery and Paying Agent will have authenticated the same by manual signature.

It is hereby certified and recited that all acts, conditions and things required by law and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of this Commercial Paper Certificate, do exist, have happened and have been performed in regular and in due time, form and manner as required by the Constitution and laws of the State of California; and that delivery of this Commercial Paper Certificate, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and laws of the State of California, and is not in excess of the amount of Certificates permitted to be delivered under the Trust Agreement.

IN WITNESS WHEREOF, the City and County of San Francisco has caused this Commercial Paper Certificate to be executed in its name by its duly authorized representative and has caused this Commercial Paper Certificate to be dated the Certificate Date set forth above.

By: _____
Controller

**DELIVERY AND PAYING AGENT'S
CERTIFICATE OF AUTHENTICATION**

This Commercial Paper Certificate is one of the Taxable Lease Revenue Commercial Paper Certificates of Participation, [Series 3-T][Series 4-T] delivered under the within mentioned Trust Agreement.

U.S. Bank National Association,
as Delivery and Paying Agent

By: _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within-registered Certificate and hereby irrevocably constitute(s) and appoints(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

Note: The signatures(s) on this Assignment must correspond with the name(s) as written on the face of the within Certificate in every particular without alteration or enlargement or any change whatsoever.

Note: Signature(s) must be guaranteed by an eligible guarantor.

EXHIBIT B-1

FORM OF MASTER CERTIFICATE

**- TAX-EXEMPT COMMERCIAL PAPER MASTER CERTIFICATE -
[SERIES 3][SERIES 4]**

(Date of Issuance)

The City and County of San Francisco ("Issuer") for value received, hereby promises to pay to Cede & Co., as nominee of The Depository Trust Company, or to registered assigns: (i) the principal amount, together with unpaid accrued interest with respect thereto, if any, on the maturity date of each obligation identified on the records of Issuer (the "Underlying Records") as being evidenced by this Master Certificate, which Underlying Records are maintained by U.S. Bank National Association (the "Delivery and Paying Agent"); (ii) interest with respect to the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records; and (iii) the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records. Interest will be calculated at the rate and according to the calculation convention specified on the Underlying Records. Payments will be made solely from the sources stated on the Underlying Records by wire transfer to the registered owner from the Delivery and Paying Agent without the necessity of presentation and surrender of this Master Certificate.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS MASTER CERTIFICATE SET FORTH BELOW ON AND ANNEX I HERETO.

This Master Certificate is a valid and binding obligation of Issuer.

Not Valid Unless Countersigned for Authentication by the Delivery and Paying Agent.

U.S. BANK NATIONAL ASSOCIATION
(Delivery and Paying Agent)

CITY AND COUNTY OF SAN FRANCISCO
(Issuer)

By: _____
(Authorized Countersignature)

By: _____

At the request of the registered owner, Issuer will promptly issue and deliver one or more separate certificates evidencing each obligation evidenced by this Master Certificate. As of the date any such certificate or certificates are issued, the obligations which are evidenced thereby will no longer be evidenced by this Tax-Exempt Commercial Paper Master Certificate of Participation.

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within-registered Tax-Exempt Commercial Paper Master Certificate and hereby irrevocably constitute(s) and appoints(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

Note: The signatures(s) on this Assignment must correspond with the name(s) as written on the face of the within Certificate in every particular without alteration or enlargement or any change whatsoever.

Note: Signature(s) must be guaranteed by an eligible guarantor.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate delivered is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

ANNEX I TO

CITY AND COUNTY OF SAN FRANCISCO

TAX-EXEMPT COMMERCIAL PAPER MASTER CERTIFICATE [SERIES 3][SERIES 4]

THIS IS TO CERTIFY THAT Cede & Co., as the registered owner of this Certificate of Participation (the "Master Certificate"), is the owner of a proportionate interest in a Sublease, including the right to receive Base Rental payments payable thereunder (the "Sublease"), dated as of ____ 1, 2013, between the City and County of San Francisco (the "City"), a charter city and county of the State of California (the "State"), as lessee, and U.S. Bank National Association, a national banking association, as trustee (the "Trustee").

The registered owner of this Master Certificate is entitled to receive, subject to the terms of the Sublease, the principal amount of each portion of indebtedness represented by this Master Certificate as identified in the records of U.S. Bank National Association (the "Delivery and Paying Agent") on the due date set forth in such records, together with unpaid interest with respect thereto, if any, from the delivery date specified in such records at the per annum interest rate shown therein (computed on the basis of actual days elapsed and on a 365-day or 366-day year); both principal and interest of each portion of indebtedness represented by this Master Certificate being payable in lawful money of the United States of America by wire transfer at the principal corporate office of the Delivery and Paying Agent, or its successor, by wire transfer at the principal corporate office of such successor.

This Master Certificate has been executed and delivered under that certain Trust Agreement, dated as of ____ 1, 2013 (as amended, supplemented and modified from time to time, the "Trust Agreement"), between the City and the Trustee, for the purpose of financing Project Costs (as defined in the Trust Agreement) and to refinance, renew or refund the Certificates (as defined in the Trust Agreement) delivered under the provisions of the Trust Agreement.

Reference is hereby made to the Trust Agreement (a copy of which is on file at said principal corporate trust office of the Trustee) and all supplements thereto for a description of the rights thereunder of the registered owners of the Commercial Paper Certificates, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and the Delivery and Paying Agent and of the rights and obligations of the City thereunder, to all the provisions of which Trust Agreement the registered owner of this Master Certificate, by acceptance hereof, assents and agrees. All capitalized terms herein not otherwise defined will have the meaning ascribed to them in the Trust Agreement.

The City is required under the Sublease to pay Base Rental from any source of legally available funds. The City has covenanted in the Sublease to make the necessary annual appropriations for such purpose. Base Rental is required to be deposited with the Delivery and Paying Agent, as agent for the Trustee, on each May 1, August 1, November 1 and February 1, for application to the Base Rental Account established pursuant to the Trust Agreement. The City has also pledged all amounts on deposit from time to time in the funds and accounts established pursuant to the Trust Agreement (other than in the Rebate Fund) to the payment of all Base Rental.

The obligation of the City to pay Base Rental does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Base Rental does not constitute an indebtedness of the City, the State, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction. The City's obligation to pay Base Rental will be abated during any period in which, by reason of material damage, destruction, condemnation or title defect, there is substantial interference with the City's right of use and occupancy of the Property or any portion thereof. Failure of the City to pay Base Rental during any such period will not constitute a default under the Sublease, the Trust Agreement or this Master Certificate.

This Master Certificate will not be entitled to any benefit under the Trust Agreement, or become valid or obligatory for any other purpose, until the Delivery and Paying Agent will have authenticated the same by manual signature.

It is hereby certified and recited that all acts, conditions and things required by law and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of this Master Certificate, do exist, have happened and have been performed in regular and in due time, form and manner as required by the Constitution and laws of the State of California; and that delivery of this Master Certificate, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and laws of the State of California, and is not in excess of the amount of Certificates permitted to be issued under the Trust Agreement.

EXHIBIT B-2

FORM OF MASTER CERTIFICATE

**- TAXABLE COMMERCIAL PAPER MASTER CERTIFICATE -
[SERIES 3-T][SERIES 4-T]**

(Date of Issuance)

The City and County of San Francisco ("Issuer") for value received, hereby promises to pay to Cede & Co., as nominee of The Depository Trust Company, or to registered assigns: (i) the principal amount, together with unpaid accrued interest with respect thereto, if any, on the maturity date of each obligation identified on the records of Issuer (the "Underlying Records") as being evidenced by this Master Certificate, which Underlying Records are maintained by U.S. Bank National Association (the "Delivery and Paying Agent"); (ii) interest with respect to the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records; and (iii) the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records. Interest will be calculated at the rate and according to the calculation convention specified on the Underlying Records. Payments will be made solely from the sources stated on the Underlying Records by wire transfer to the registered owner from the Delivery and Paying Agent without the necessity of presentation and surrender of this Master Certificate.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS MASTER CERTIFICATE SET FORTH BELOW ON AND ANNEX I HERETO.

This Master Certificate is a valid and binding obligation of Issuer.

Not Valid Unless Countersigned for Authentication by the Delivery and Paying Agent.

U.S. BANK NATIONAL ASSOCIATION
(Delivery and Paying Agent)

CITY AND COUNTY OF SAN FRANCISCO
(Issuer)

By: _____
(Authorized Countersignature)

By: _____

At the request of the registered owner, Issuer will promptly issue and deliver one or more separate certificates evidencing each obligation evidenced by this Master Certificate. As of the date any such certificate or certificates are issued, the obligations which are evidenced thereby will no longer be evidenced by this Taxable Commercial Paper Master Certificate of Participation.

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within-registered Taxable Commercial Paper Master Certificate and hereby irrevocably constitute(s) and appoints(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

Note: The signatures(s) on this Assignment must correspond with the name(s) as written on the face of the within Certificate in every particular without alteration or enlargement or any change whatsoever.

Note: Signature(s) must be guaranteed by an eligible guarantor.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate delivered is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

ANNEX I TO

CITY AND COUNTY OF SAN FRANCISCO

**TAXABLE COMMERCIAL PAPER MASTER CERTIFICATE
[SERIES 3-T][SERIES 4-T]**

THIS IS TO CERTIFY THAT Cede & Co., as the registered owner of this Certificate of Participation (the "Master Certificate"), is the owner of a proportionate interest in a Sublease, including the right to receive Base Rental payments payable thereunder (the "Sublease"), dated as of ____ 1, 2013, between the City and County of San Francisco (the "City"), a charter city and county of the State of California (the "State"), as lessee, and U.S. Bank National Association, a national banking association, as trustee (the "Trustee").

The registered owner of this Master Certificate is entitled to receive, subject to the terms of the Sublease, the principal amount of each portion of indebtedness represented by this Master Certificate as identified in the records of U.S. Bank National Association (the "Delivery and Paying Agent") on the due date set forth in such records, together with unpaid interest with respect thereto, if any, from the delivery date specified in such records at the per annum interest rate shown therein (computed on the basis of actual days elapsed and on a 360-day year); both principal and interest of each portion of indebtedness represented by this Master Certificate being payable in lawful money of the United States of America by wire transfer at the principal corporate office of the Delivery and Paying Agent, or its successor, by wire transfer at the principal corporate office of such successor.

This Master Certificate has been executed and delivered under that certain Trust Agreement, dated as of ____ 1, 2013 (as amended, supplemented and modified from time to time, the "Trust Agreement"), between the City and the Trustee, for the purpose of financing Project Costs (as defined in the Trust Agreement) and to refinance, renew or refund the Certificates (as defined in the Trust Agreement) delivered under the provisions of the Trust Agreement.

Reference is hereby made to the Trust Agreement (a copy of which is on file at said principal corporate trust office of the Trustee) and all supplements thereto for a description of the rights thereunder of the registered owners of the Commercial Paper Certificates, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and the Delivery and Paying Agent and of the rights and obligations of the City thereunder, to all the provisions of which Trust Agreement the registered owner of this Master Certificate, by acceptance hereof, assents and agrees. All capitalized terms herein not otherwise defined will have the meaning ascribed to them in the Trust Agreement.

The City is required under the Sublease to pay Base Rental from any source of legally available funds. The City has covenanted in the Sublease to make the necessary annual appropriations for such purpose. Base Rental is required to be deposited with the Delivery and Paying Agent, as agent for the Trustee, on each August 1, November 1, February 1 and May 1, for application to the Base Rental Account established pursuant to the Trust Agreement. The City has also pledged all amounts on deposit from time to time in the funds and accounts established pursuant to the Trust Agreement (other than in the Rebate Fund) to the payment of all Base Rental.

The obligation of the City to pay Base Rental does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay Base Rental does not constitute an indebtedness of the City, the State, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction. The City's obligation to pay Base Rental will be abated during any period in which, by reason of material damage, destruction, condemnation or title defect, there is substantial interference with the City's right of use and occupancy of the Property or any portion thereof. Failure of the City to pay Base Rental during any such period will not constitute a default under the Sublease, the Trust Agreement or this Master Certificate.

This Master Certificate will not be entitled to any benefit under the Trust Agreement, or become valid or obligatory for any other purpose, until the Delivery and Paying Agent will have authenticated the same by manual signature.

It is hereby certified and recited that all acts, conditions and things required by law and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of this Master Certificate, do exist, have happened and have been performed in regular and in due time, form and manner as required by the Constitution and laws of the State of California; and that delivery of this Master Certificate, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and laws of the State of California, and is not in excess of the amount of Certificates permitted to be issued under the Trust Agreement.

EXHIBIT C

FORM OF DEALER AGREEMENT

EXHIBIT D

FORM OF PAYMENT REQUEST

[Letterhead of City]

PAYMENT REQUEST NO. _____

U.S. Bank National Association
One California Street, Suite 1000
San Francisco, CA 94111
Attention: Corporate Trust Department

Re: City and County of San Francisco Tax-Exempt Lease Revenue Commercial
Paper Certificates

and

City and County of San Francisco Taxable Lease Revenue Commercial Paper
Certificates

Ladies and Gentlemen:

Under [Section 3.05] [Section 3.07] of the Trust Agreement, dated as of ____ 1, 2013 (the "Trust Agreement"), between the City and County of San Francisco and U.S. Bank National Association, the Trustee, you are hereby instructed to disburse the sum of \$_____ from the [Administrative Expense Account of the Delivery and Paying Agent Fund][_____ Account of the Costs of Issuance Fund] established under the [Delivery and Paying Agent Agreement][Trust Agreement]. You are instructed to pay such disbursement to the order of the following payee, and for the following cost(s) or expense(s).

Payee: _____

Cost(s) or expense(s) for which disbursement is requested:

Dated: _____

City and County of San Francisco

By _____
Authorized Representative

EXHIBIT E
FORM OF DISBURSEMENT REQUEST
(Project Fund)

[Letterhead of City]

U.S. Bank National Association
One California Street, Suite 1000
San Francisco, CA 94111
Attention: Corporate Trust Department

Re: City and County of San Francisco Tax-Exempt Lease Revenue Commercial
Paper Certificates

and

City and County of San Francisco Taxable Lease Revenue Commercial Paper
Certificates

Request No. ____ for Disbursement From Project Fund

Dear Madams and Sirs:

In accordance with the terms of a Trust Agreement, by and between you and the City and County of San Francisco (the "City"), dated as of ____ 1, 2013 (the "Trust Agreement"), you are hereby authorized and requested to make immediate disbursement of funds held by you for Project Costs (capitalized terms used herein and not otherwise defined will have the meanings given such terms in the Trust Agreement) from the _____ Account of the Project Fund.

You are hereby requested to pay from the _____ Account of the Project Fund, to the Person designated on Schedule A attached as payee(s), the sum set forth on said Schedule, in payment of all or a portion of the Project Costs described on said Schedule.

The undersigned hereby certifies that (i) no part of the amount requested herein has been included in any other request previously filed with you; (ii) to the knowledge of the undersigned, there has not been filed with or served upon the City any notice of any lien or attachment upon or claim (except for any preliminary notice of lien as may be filed in accordance with law) affecting the right of the person, corporation or other entity stated below to receive payment of the amount stated below, which lien has not been released or will not be released simultaneously with the payment requested hereunder; (iii) the labor, services or materials covered hereby have been performed upon or furnished and the payment requested herein is due and payable under a purchase order, contract or other authorization; (iv) not more than 5% of the amount disbursed to date from the Project Fund, including the amount disbursed hereby, will be used to provide for property that will be used in any trade or business of any non-governmental person (i.e., any entity or person other than a state or a political subdivision thereof), other than as a member of the general public; and (v) not more than 5% of the amount

disbursed to date from the Project Fund, including the amount disbursed hereby, will be used to pay working capital expenses relating to the start-up of the Project.

Dated: _____

CITY AND COUNTY OF SAN FRANCISCO

By: _____

Schedule A

Payee
(include address)

Description
of Costs

Amount

EXHIBIT F

FORM OF DELIVERY REQUEST TO PAYING AGENT*

REQUEST NO. ____

[This is to confirm the instructions previously given by telephone on this date.]

Under Section 3.01 of the Trust Agreement, dated as of ____ 1, 2013 (the "Trust Agreement"), between the City and County of San Francisco (the "City") and U.S. Bank National Association, as trustee (the "Trustee") the undersigned, an Authorized Representative of the City does hereby request U.S. Bank National Association, as Delivery and Paying Agent (the "Delivery and Paying Agent") under the Delivery and Paying Agent Agreement dated as of ____ 1, 2013 between the City and the Delivery and Paying Agent, to issue Commercial Paper Certificates, as follows:

1. Designation of Commercial Paper: _____
(Including Tax-Exempt or Taxable)
2. Date of Requested Issuance: _____
3. Total Principal Amount: \$ _____
Renewal Certificates: \$ _____
Original Issue Certificates \$ _____
4. Total Purchase Price for Certificates**: \$ _____

The maturity dates and principal amounts for the Commercial Paper Certificates and instructions for the deposit by the Trustee of the proceeds of the Commercial Paper Certificates are set forth in Exhibit A.

[Select one of the following paragraphs]

[The City is using the book-entry system with respect to the Commercial Paper Certificates and, accordingly, the Delivery and Paying Agent will debit the purchaser's account at the Depository against credit to the Delivery and Paying Agent's account at the Depository, which purchase will then be recorded on the books and records of the Delivery and Paying Agent maintained with respect to each Master Certificate.]

or

*To promptly follow telephone delivery request, given no later than 1:00 p.m. (New York City time) on the [date prior to] the Date of Requested Issuance specified in Paragraph I herein.

**If the Purchase Price is other than the Principal Amount, the Dealer will certify, in writing, as to the Purchase Price of such Certificates.

[The City is no longer using the book-entry system with respect to the Commercial Paper Certificates and, accordingly, the Delivery and Paying Agent will authenticate the Commercial Paper Certificates by countersignature of its authorized officer or employee and deliver them to the named purchaser or purchasers thereof upon receipt of payment in accordance with the custom then prevailing in the New York financial market in regard to such Commercial Paper Certificates, and the rules of the New York Clearinghouse will apply thereto.]

Under Section 3.01 of the Trust Agreement, the undersigned hereby certifies that all action on the part of the City necessary for the valid delivery of the Commercial Paper Certificates being issued under this request has been taken, that all provisions of California law necessary for the valid delivery of such Commercial Paper Certificates with provision for interest exemption from California personal income taxation have been complied with[, that all provisions of federal law for the valid delivery of Tax-Exempt Commercial Paper Certificates with provision for the exclusion of interest from gross income for federal income tax purposes have been complied with,] and that such Commercial Paper Certificates in the possession of the Holders thereof will be valid and enforceable obligations of the City according to their terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

[The City further certifies that it is in compliance with the conditions to the delivery of Tax-Exempt Commercial Paper Certificates specified in Section 3.01(e) of the Trust Agreement, and hereby reconfirms all of its expectations set forth in the Nonarbitrage Certificate as of the date of this Issuance Request.]

All capitalized terms used but not defined herein will have the meanings ascribed thereto in the Trust Agreement.

Date: _____

Request Number: _____

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Authorized Representative

cc: U.S. Bank National Association,
as trustee

Exhibit A

Term of Commercial Paper Certificates:

Renewal Certificates

<u>Maturity Date</u>	<u>Principal Amount</u>
----------------------	-------------------------

Original Issue Certificates

<u>Maturity Date</u>	<u>Principal Amount</u>
----------------------	-------------------------

The proceeds of Renewal Certificates will be deposited in the [Series 3][Series 3-T][Series 4][Series 4-T] Subaccount of Bank Reimbursement Account of the Delivery and Paying Agent Fund. The proceeds of Original Issue Certificates will be deposited as follows:

Project Fund (Taxable or Tax-Exempt Account)	\$ _____
Capitalized Interest Account of the Project Fund (Taxable or Tax-Exempt Account)	\$ _____
Capitalized Fees Account of the Project Fund (Taxable or Tax-Exempt Account)	\$ _____
Costs of Issuance Fund (Taxable or Tax-Exempt Account)	\$ _____

2. Master Certificate: Supply of Commercial Paper Certificates.

(a) The Book-Entry Commercial Paper Certificates will be evidenced by (i) a Master Certificate representing 100% of the principal amount of the Tax-Exempt Commercial Paper Certificates as may be Outstanding from time to time and (ii) a Master Certificate representing 100% of the principal amount of the Taxable Commercial Paper Notes as may be Outstanding from time to time. Each Master Certificate will bear the manual or facsimile signature of an Authorized Representative (as hereinafter defined), be countersigned for authentication by you, be registered in the name of the Nominee and be unavailable for transfer to the beneficial owners thereof.

You will maintain the Master Certificates in safekeeping, in accordance with your customary practices, on behalf of the Nominee, as the registered owner thereof. As long as the Nominee is the registered owner of the Master Certificates, the beneficial ownership interests therein will be shown on, and the transfer of ownership thereof will be effected through, entries on the books maintained by DTC and the books of its Participants. The Master Certificates and the Book-Entry Commercial Paper Certificates represented thereby will be subject to DTC's rules and procedures in effect at the time of the delivery of Book-Entry Commercial Paper Certificates, as the same will be amended from time to time. You will cooperate with the City in assuring compliance with such rules and procedures. In connection with the DTC Same Day Funds ("SDFS") Money Market Instrument ("MMI") program, the City understands that as one of the conditions of its participation therein, it will be necessary for the City and you to execute a Letter of Representations and for DTC to receive and accept such Letter of Representations. So long as the Master Certificates are issued and any Book-Entry Commercial Paper Certificates are Outstanding, no Physical Commercial Paper Certificates may be issued.

(b) In the event that the Master Certificates and the Book-Entry Commercial Paper Certificates are no longer Outstanding, the City will from time to time furnish you with an adequate supply of Physical Commercial Paper Certificates, which will be serially numbered and will have been executed by manual or facsimile signature by an Authorized Representative (as hereinafter defined), with the Certificate number, principal amount, payee, date of issue, maturity date, interest rate and maturity value left undetermined. Pending receipt of instructions pursuant to this Agreement, you will hold the Physical Commercial Paper Certificates in safekeeping for the account of the City in accordance with your customary practice.

3. Authorized Representatives. From time to time the City will furnish you with a written instrument certifying the incumbency and specimen signatures of officers or agents of the City authorized to (a) execute the Master Certificates, representing the Book-Entry Commercial Paper Certificates, (b) execute Physical Commercial Paper Certificates, and (c) to give instruction under paragraph 4 hereof or to take other action hereunder on behalf of the City (each an "Authorized Representative"). Until you receive a subsequent incumbency certificate of the City, you are entitled to rely on the last such certificate delivered to you for purposes of determining the Authorized Representatives. You will not have any responsibility to the City to determine by whom or by what means a facsimile signature may have been affixed on the Commercial Paper Certificates.

Any Commercial Paper Certificates bearing the manual or facsimile signature of a person who is an Authorized Representative on the date such signature is affixed will be valid and binding after the completion and authentication thereof by you notwithstanding that such person has died or has otherwise ceased to hold his or her office on the date such Commercial Paper Certificates is countersigned or delivered to you.

4. Completion Authentication and Delivery of Commercial Paper Certificates.

(a) Instructions for the delivery of Commercial Paper Certificates will be given via e-mail, facsimile transmission or by telephone. Instructions given by telephone, facsimile transmission or in writing will be given by an Authorized Representative, or by an officer or employee of a Dealer (an "Authorized Dealer Representative"), or any other person who, in each case, has been designated by an Authorized Representative in writing to you as a person authorized to give such instructions hereunder.

(1) The City will instruct you to issue Tax-Exempt Commercial Paper Certificates or Taxable Commercial Paper Certificates as Book-Entry Commercial Paper Certificates by entering the appropriate DTC instrument codes and, after issuing such instructions, it is understood that the records maintained by you will represent the aggregate principal amount of Book-Entry Commercial Paper Certificates then outstanding and the aggregate unpaid interest thereon unless subsequently modified by the City with appropriate notice to you. At or before the close of business New York time, on the settlement date of each Book-Entry Commercial Paper Certificate, you will: (a) determine the net proceeds due the City on such day and (b) credit the Funds and Accounts established under the Trust Agreement, in immediately available funds, such net proceeds in accordance with the instructions provided to you by the City or the Dealer and the provisions of this Agreement (including paragraph 5), if and only if you have received confirmation from DTC that each Book-Entry Commercial Paper Certificate has settled in accordance with DTC's appropriate rules, regulations and procedures. The City hereby agrees with you that it will repay such Book-Entry Commercial Paper Certificates in accordance with the instructions provided to you by the City or the Dealer, and that the aggregate amount owing at any time by the City in connection with all Outstanding Book-Entry Commercial Paper Certificates will be the amount of (x) the aggregate principal amount of such Book-Entry Commercial Paper Certificates plus the aggregate interest to be paid thereon at the scheduled maturity thereof (it being understood that if any such interest-bearing Book-Entry Commercial Paper Certificate is prepaid by the City prior to its scheduled maturity, then such interest amount will be adjusted based upon a 365-day or 366-day year, whichever is applicable, to reflect such prepayment) less (y) the aggregate of the face amount of such Book-Entry Commercial Paper Certificates plus the aggregate interest paid by the City on all Book-Entry Commercial Paper Certificates which have either matured or been presented for prepayment.

(2) Upon receipt of instructions to issue Physical Commercial Paper Certificates as described in this paragraph 2, you will also withdraw the necessary Physical Commercial Paper Certificate(s) from safekeeping and, in accordance with such instructions, will:

(A) complete each Physical Commercial Paper Certificate as to its certificate number, principal amount (which will not be less than \$100,000), interest rate, payee, date of issue, maturity date (which will be a Business Day and will not be more than 270 days from the date of issue nor later than five days prior to the expiration or termination of the applicable Credit Facility unless the City has arranged for an Alternate Credit Facility), maturity value and place of payment; and

(B) manually countersign each Physical Commercial Paper Certificate, which signature may be by anyone of your officers or employees duly authorized and designated for this purpose; and

(C) deliver the Physical Commercial Paper Certificate(s) to the Dealer or its designated consignees, which delivery will be against receipt for payment as herein provided or as otherwise provided in such instructions in accordance with Paragraph 5.

(b) Instructions delivered by telephone, facsimile transmission or in writing must be received by you by 1:00 p.m. New York time, if the Commercial Paper Certificate(s) are to be delivered the same day. Telephonic and e-mail instructions will be confirmed in writing or by facsimile the same day by 4:00 p.m. New York time.

(c) The City understands that although you have been instructed to deliver Physical Commercial Paper Certificates against payment, delivery of Physical Commercial Paper Certificates will, in accordance with the custom prevailing in the commercial paper market, be made before receipt of payment in immediately available funds. Therefore, once you have delivered a Physical Commercial Paper Certificate to a Dealer or its designated consignee as provided in Paragraph 4(a)(2)(C), the City will bear the risk that such Dealer or designated consignee fails to remit payment for the Physical Commercial Paper Certificates to you. It is understood that each delivery of Physical Commercial Paper Certificates hereunder will be subject to the rules of the New York Clearing House in effect at the time of such delivery.

(d) Notwithstanding anything to the contrary contained herein, and notwithstanding any contrary instructions from the City, you will not issue or deliver any Commercial Paper Certificates pursuant to such instructions if, immediately after delivery of such Commercial Paper Certificates, the aggregate principal amount of all Commercial Paper Certificates and the Revolving Bank Certificates (as defined in the Trust Agreement) Outstanding would exceed the Maximum Principal Amount. Additionally, no Commercial Paper Certificate will be issued that (i) matures on a day that is not a Business Day; or (ii) has a term in excess of 270 days; or (iii) has a maturity date less than five days prior to the expiration of the applicable Credit Facility unless the City has arranged for an Alternate Credit Facility pursuant to Section 6.02 of the Trust Agreement; or (iv) bears interest at a rate in excess of the Maximum Interest Rate; provided, however, that the amount of the Commercial Paper Certificates to be Outstanding and interest accrued or to accrue thereon as of the date of such delivery may not exceed the amount then available to be drawn under the applicable Credit Facility.

(e) Notwithstanding anything to the contrary herein, if any officer or administrator of your Corporate Trust Department receives a No-Delivery Notice or the Final Drawing Notice from a Bank, you will cease completing, countersigning and issuing, and will use reasonable efforts to cease delivery of related Commercial Paper Certificates, notwithstanding any contrary instructions from the City, until such time as such Bank has rescinded the No-Delivery Notice and has consented to the delivery of related Commercial Paper Certificates by a notice in writing to you.

5. Proceeds of Sale of the Commercial Paper Certificates. Contemporaneously with the execution and delivery of this Agreement, and for the purposes of this Agreement and the Trust Agreement, you will establish a fund designated the Delivery and Paying Agent Fund in the City's name (the "Delivery and Paying Agent Fund") and you will establish within such Delivery and Paying Agent Fund, a Base Rental Account (the "Base Rental Account"), an

Administrative Expense Account (the "Administrative Expense Account"), a Payment Account (the "Payment Account") and a Bank Reimbursement Account (the "Bank Reimbursement Account"), in each case as agent for the Delivery and Paying Agent. You will, contemporaneously with the execution and delivery of this Agreement, and for purposes of this Agreement and the Trust Agreement, establish within each of the Bank Reimbursement Account and the Payment Account: a Series 3 Subaccount, a Series 3-T Subaccount, a Series 4 Subaccount and a Series 4-T Subaccount. Funds received in payment for the Commercial Paper Certificates are to be credited to the Delivery and Paying Agent Fund or transferred to the Accounts in the Project Fund or the Accounts in the Costs of Issuance Fund held by the Delivery and Paying Agent and applied in accordance with the provisions of the Trust Agreement and instructions provided to you by the City or the Dealer, as provided in the Trust Agreement. You will apply the purchase price for Commercial Paper Certificates for the purposes set forth in Section 3.02 of the Trust Agreement and in accordance with the written instructions of the City. You will apply the funds on deposit in the Delivery and Paying Agent Fund for the purposes and at the times set forth in Section 3.05 of the Trust Agreement, and will invest such funds as provided in the Trust Agreement. In addition, you will authenticate and deliver the Commercial Paper Certificates and accept the duties and obligations of the Delivery and Paying Agent described in the Trust Agreement, but only upon the terms and conditions described therein. From time to time, as provided in Section 3.05(f)(iii)(B) of the Trust Agreement, upon telephonic or written instructions received by you from an Authorized Representative, you agree to transfer immediately excess funds from the Base Rental Account within the Delivery and Paying Agent Fund for our account.

6. Payment of Matured Commercial Paper Certificates; Payments to Bank.

(a) On the date that any Commercial Paper Certificate is scheduled to mature or if the Delivery and Paying Agent has received the Final Drawing Notice pursuant to the applicable Credit Facility, the Delivery and Paying Agent will, by no later than 11:00 a.m. New York time on such maturity date or, in the case of receipt of the Final Drawing Notice, immediately upon receipt of such Final Drawing Notice, request an Advance in accordance with the terms of the applicable Credit Facility by delivering by facsimile a Payment Draft (as defined in the applicable Credit Facility) in the form of either Annex A-1 or Annex A-2 to the applicable Credit Facility, as applicable, and any required certificates, as appropriate, in an amount equal to the principal of and interest with respect to the Commercial Paper Certificates maturing on such date or, in the case of receipt of the Final Drawing Notice, in an amount equal to the principal amount that is outstanding on such date plus interest that will accrue to the respective maturity dates of such Commercial Paper Certificates. The proceeds of all such Advances made pursuant to the applicable Credit Facility will be deposited in the Payment Account within the Delivery and Paying Agent Fund and expended for the payment of principal of and interest with respect to related maturing Commercial Paper Certificates. When any matured Commercial Paper Certificate is presented to you for payment by the holder thereof, payment will be made from and charged to the applicable subaccount within the Payment Account within the Delivery and Paying Agent Fund.

(b) The Delivery and Paying Agent will pay to the Bank from moneys on deposit in the applicable subaccount of the Bank Reimbursement Account, the Base Rental Account and the Administrative Expense Account of the Delivery and Paying Agent, amounts required to be paid to such Bank pursuant to the applicable Reimbursement Agreement.

7. Reliance on Instructions. You will incur no liability to the City in acting hereunder upon telephonic, facsimile or other instructions contemplated hereby, which the recipient thereof reasonably believed in good faith to have been given by an Authorized Representative or Authorized Dealer Representative, as the case may be. If a discrepancy exists with respect to the telephonic instructions as recorded and the written instructions, the written instructions will be deemed the controlling and proper instructions. It is understood that all telephonic instructions may be recorded by you, and the City hereby consents to such recording.

8. Cancellation of Commercial Paper Certificates. You will in due course cancel Physical Commercial Paper Certificate(s) presented for payment and return them to the City. Promptly upon the written request of the City, you agree to cancel and return to the City all unissued Commercial Paper Certificates in your possession at the time of such request.

9. Representations and Warranties of City. Each instruction given to you in accordance with Paragraph 4 will constitute a representation and warranty to you by the City that the delivery and delivery of the Commercial Paper Certificates have been duly and validly authorized by the City and that the Book-Entry Commercial Paper Certificates, or, in the case of the Physical Commercial Paper Certificates, that the Physical Commercial Paper Certificates when completed, countersigned and delivered pursuant hereto, will constitute the legal, valid and binding obligations of the City, and that your appointment to act for the City hereunder has been duly authorized by all necessary corporate action of the City.

10. Notice: Addresses.

(a) All communications by or on behalf of the Trustee, the City or the Dealer, by telephone or otherwise, relating to the completion, authentication, delivery or payment of the Commercial Paper Certificate(s) are to be directed to your Commercial Paper Issuance Unit of your Corporate Trust Department (or such other department or division which you will specify in writing to the Trustee, the City or the Dealer). The City will send all Commercial Paper Certificates to be completed and delivered by you to your Commercial Paper Issuance Unit of your Corporate Trust Department (or such other department or division as you will specify in writing to the City). You will advise the Trustee, the City and the Dealer from time to time of the individuals generally responsible for the administration of this Agreement, will from time to time certify incumbency and specimen signatures of officers or employees authorized to countersign Commercial Paper Certificates and will supply a list of employees authorized to receive telephonic instructions.

(b) Notices and other communications hereunder will (except to the extent otherwise expressly provided) be in writing and will be addressed as follows, or to such other address as the party receiving such notice has previously specified to the party sending such notice:

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 you:

U.S. Bank National Association
100 Wall Street, Suite 1600
New York, New York 10005
Attention: Facsimile: (212) 514-6841

if to the Dealer:

if to the Bank:

State Street Bank and Trust Company
[To come]

if to the Trustee:

U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Corporate Trust Services
Facsimile: (415) 273-4591

Notices will be deemed delivered when received at the address specified above. For purposes of this paragraph, "when received" means actual receipt (i) of an electronic communication by a telex machine, telecopier or time-sharing terminal specified in or pursuant to this Agreement; (ii) of an oral communication by any person answering the telephone at your office specified in subparagraph 10(a) hereof and otherwise at the office of the individual or department specified in or pursuant to this Agreement; or (iii) of a written communication hand-delivered or mailed to the office specified in or pursuant to this Agreement.

11. Additional Information. Upon the request of the City given at any time and from time to time, you will promptly provide the City with information with respect to the Commercial Paper Certificate(s) issued and paid hereunder. Such request will be in written form and will include the serial number, principal amount, date of issue, maturity date and interest rate of each Commercial Paper Certificate that has been issued or paid by you and for which the request is being made. You and the City will discuss from time to time the extent to which such information is reasonably available and the times at which you can reasonably furnish such information.

12. Liability. Neither you nor your officers, employees or agents will be liable for any act or omission hereunder, except in the case of ordinary negligence or willful misconduct, in which case you will indemnify, defend and hold harmless the City's officers, employees and agents from and against any liability, claim, damage cost or expense (including legal fees and expenses) related to or arising out of such ordinary negligent action or inaction or willful misconduct, except to the extent that they are caused directly by the City's gross negligence or willful misconduct. This indemnity obligation will survive termination of this Agreement.

13. Indemnification. The City agrees to indemnify you and your officers, employees and agent from and against all liabilities, claims, damages, costs and expense (including legal fees and expenses) relating to or arising out of their actions or inactions in connection with this Agreement, except to the extent they are caused by your negligence or willful misconduct. This indemnity will survive termination of this Agreement.

14. Waiver of Setoff Offset Lien or Counterclaim. You hereby waive to the fullest extent possible under applicable law any and all rights of setoff, offset, lien or counterclaim you may have with respect to any amounts held by you in the Delivery and Paying Agent Fund, including without limitation the Payment Account and the Bank Reimbursement Account, by reason of any claim you may have against the City, a Bank or any other person.

15. Benefit of Agreement. This Agreement is solely for the benefit of the parties hereto, the Bank and the holders of any Certificates, and no other person will acquire or have any right under or by virtue hereof.

16. Termination. This Agreement may be terminated as provided in the Trust Agreement, but such termination will not affect the respective liabilities of the parties hereunder arising prior to such termination.

17. Governing Law; Venue. This Agreement is to be delivered and construed and enforced in accordance with, and the rights of the parties will be governed by, the laws of the State of California. If any party to this Agreement initiates any legal or equitable action to enforce the terms of this Agreement, to declare the rights of the parties under this Agreement or which relates to this Agreement in any manner, each such party agrees that the place of making and for performance of this Agreement is the City and County of San Francisco, State of California, and the proper venue for any such action is any court of competent jurisdiction.

18. Fees. You will receive fees from the City for acting as depository, delivery agent and paying agent hereunder in such amounts as you and the City will agree from time to time in writing.

19. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which is deemed to be an original and all of which will constitute but one and the same agreement.

20. Amendments. This Agreement may be amended in writing by the parties hereto, but only with the prior written consent of the Banks.

21. Additional City Requirements. Additional requirements of the City with respect to this Agreement are attached as Exhibit A and are incorporated by reference herein, and by executing this Agreement, you are agreeing to comply with those provisions.

Please indicate your agreement with and acceptance of the foregoing terms and provisions by signing the counterpart of this letter as indicated below.

CITY AND COUNTY OF SAN FRANCISCO

By _____
Controller

APPROVED AS TO FORM:
City Attorney

By: _____
City Attorney

AGREED TO AND ACCEPTED:

U.S. BANK NATIONAL ASSOCIATION,
as Delivery and Paying Agent

By _____

Title: _____

EXHIBIT A

ADDITIONAL CITY REQUIREMENTS

1. Local Business Enterprise Utilization; Liquidated Damages.

a. The LBE Ordinance

The Delivery and Paying Agent shall comply with all the requirements of the Disadvantaged Business Enterprise Ordinance set forth in Chapter 14B of the San Francisco Administrative Code as it now exists or as it may be amended in the future (collectively the "LBE Ordinance"), provided such amendments do not materially increase the Delivery and Paying Agent's obligations or liabilities, or materially diminish the Delivery and Paying Agent's rights, under this Agreement. Such provisions of the LBE Ordinance are incorporated by reference and made a part of this Agreement as though fully set forth in this section. The Delivery and Paying Agent's willful failure to comply with any applicable provision of the LBE Ordinance is a material breach of the Delivery and Paying Agent's obligations under this Agreement and shall entitle City, subject to any applicable notice and cure provisions set forth in this Agreement, to exercise any of the remedies provided for under this Agreement, under the LBE Ordinance or otherwise available at law or in equity, which remedies shall be cumulative unless this Agreement expressly provides that any remedy is exclusive. In addition, The Delivery and Paying Agent shall comply fully with all other applicable local, state and federal laws prohibiting discrimination and requiring equal opportunity in contracting, including subcontracting.

b. Compliance and Enforcement

1. Enforcement

If The Delivery and Paying Agent willfully fails to comply with any of the provisions of the LBE Ordinance, the rules and regulations implementing the LBE Ordinance, or the provisions of this Agreement pertaining to LBE participation, The Delivery and Paying Agent shall be liable for liquidated damages in an amount equal to The Delivery and Paying Agent's net profit on this Agreement, or 10% of the total amount of this Agreement, or \$1,000, whichever is greatest. The Director of the City's Human Rights Commission or any other public official authorized to enforce the LBE Ordinance (separately and collectively, the "Director of HRC") may also impose other sanctions against the Delivery and Paying Agent authorized in the LBE Ordinance, including declaring the Delivery and Paying Agent to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Delivery and Paying Agent's DBE certification. The Director of HRC will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to Administrative Code §14B.17.

By entering into this Agreement, the Delivery and Paying Agent acknowledges and agrees that any liquidated damages assessed by the Director of the HRC shall be payable to City upon demand. The Delivery and Paying Agent further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to the Delivery and Paying Agent on any contract with City.

The Delivery and Paying Agent agrees to maintain records necessary for monitoring its compliance with the LBE Ordinance for a period of three years following termination or expiration of this Agreement, and shall make such records available for audit and inspection by the Director of HRC or the Controller upon request.

2. Nondiscrimination; Penalties.

a. Corporation Shall Not Discriminate

In the performance of this Agreement, the Delivery and Paying Agent agrees not to discriminate against any employee, City and County employee working with such contractor or subcontractor, applicant for employment with such contractor or subcontractor, 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 Delivery and Paying Agent 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 Purchasing) and shall require all subcontractors to comply with such provisions. The Delivery and Paying Agent's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

c. Nondiscrimination in Benefits

The Delivery and Paying Agent does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, 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 Delivery and Paying Agent 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 Delivery and Paying Agent 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 Delivery and Paying

Agent understands that pursuant to §12B.2(h) 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 Delivery and Paying Agent and/or deducted from any payments due the Delivery and Paying Agent.

3. MacBride Principles—Northern Ireland. Pursuant to San Francisco Administrative Code §12F.5, the City and County of San Francisco 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 and County of San Francisco 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 Delivery and Paying Agent acknowledges and agrees that he or she has read and understood this section.

4. Tropical Hardwood and Virgin Redwood Ban. Pursuant to §804(b) of the San Francisco Environment Code, the City and County of San Francisco 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.

5. Drug-Free Workplace Policy. The Delivery and Paying Agent 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 Delivery and Paying Agent agrees that any violation of this prohibition by the Delivery and Paying Agent, its employees, agents or assigns will be deemed a material breach of this Agreement.

6. Compliance with Americans with Disabilities Act. The Delivery and Paying Agent 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 Delivery and Paying Agent shall provide the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. The Delivery and Paying Agent 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 Delivery and Paying Agent, its employees, agents or assigns will constitute a material breach of this Agreement.

7. 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 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.

8. Limitations on Contributions. Through execution of this Agreement, the Delivery and Paying Agent 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 Delivery and Paying Agent 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 Delivery and Paying Agent further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of the Delivery and Paying Agent's board of directors; the Delivery and Paying Agent'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 Delivery and Paying Agent; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by the Delivery and Paying Agent. Additionally, the Delivery and Paying Agent acknowledges that the Delivery and Paying Agent must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126.

9. Requiring Minimum Compensation for Covered Employees.

(a) The Delivery and Paying Agent 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 <http://www.sfgov.org/olse/mco>. A partial listing of some of the Delivery and Paying Agent's obligations under the MCO is set forth in this Section. The Delivery and Paying Agent is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

(b) The MCO requires the Delivery and Paying Agent to pay the Delivery and Paying Agent'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 Delivery and Paying Agent is obligated to keep informed of the then-current requirements. Any subcontract entered into by the Delivery and Paying Agent 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 Delivery and Paying Agent'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, City may pursue any of the remedies set forth in this Section against the Delivery and Paying Agent.

(c) The Delivery and Paying Agent 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.

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

(e) The City is authorized to inspect the Delivery and Paying Agent's job sites and conduct interviews with employees and conduct audits of the Delivery and Paying Agent.

(f) The Delivery and Paying Agent's commitment to provide the Minimum Compensation 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 Delivery and Paying Agent fails to comply with these requirements. The Delivery and Paying Agent agrees 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 Delivery and Paying Agent's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

(g) The Delivery and Paying Agent 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 liquidated damages), 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 Delivery and Paying Agent fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Delivery and Paying Agent 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.

(h) The Delivery and Paying Agent 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.

(i) The City may conduct random audits of the Delivery and Paying Agent. Random audits shall be (i) noticed in advance in writing; (ii) limited to ascertaining whether Covered Employees are paid at least the minimum compensation required by the MCO; (iii) accomplished through an examination of pertinent records at a mutually agreed upon time and location within ten days of the written notice; and (iv) limited to one audit of the Delivery and Paying Agent every two years for the duration of this Agreement. Nothing in this Agreement is intended to preclude the City from investigating any report of an alleged violation of the MCO.

9. Requiring Health Benefits for Covered Employees. Unless exempt, the Delivery and Paying Agent 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 herein by reference and made a part of this Agreement as though fully set forth. The text of the HCAO is available on the web at <http://www.sfgov.org/oca/lwh.htm>. 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 Delivery and Paying Agent shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If the Delivery and Paying Agent 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 Delivery and Paying Agent is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with part (a) above.

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

(d) Any Subcontract entered into by the Delivery and Paying Agent 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 Delivery and Paying Agent 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 Delivery and Paying Agent 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 Delivery and Paying Agent based on the Subcontractor's failure to comply, provided that City has first provided the Delivery and Paying Agent with notice and an opportunity to obtain a cure of the violation.

(e) The Delivery and Paying Agent shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying the City with regard to the Delivery and Paying Agent'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 Delivery and Paying Agent 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 Delivery and Paying Agent 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 City Contract.

(h) The Delivery and Paying Agent shall keep itself informed of the current requirements of the HCAO.

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

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

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

(m) If the Delivery and Paying Agent is exempt from the HCAO when this Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but the Delivery and Paying Agent later enters into an agreement or agreements that cause the Delivery and Paying Agent's aggregate amount of all agreements with 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 Delivery and Paying Agent and the City to be equal to or greater than \$75,000 in the fiscal year.

9. Prohibition on Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, the Delivery and Paying Agent 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 Delivery and Paying Agent 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 Delivery and Paying Agent 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 Delivery and Paying Agent from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider the Delivery and Paying Agent's use of profit as a violation of this section.

10. Conflict of Interest. Through its execution of this Agreement, the Delivery and Paying Agent acknowledges that it is familiar with the provisions 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 constitute a violation of said provision and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Agreement.

11. 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.

(a) The Delivery and Paying Agent shall provide EIC Forms to each Eligible Employee at each of the following times: (i) within thirty days following the date on which this Agreement becomes effective (unless the Delivery and Paying Agent 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 Delivery and Paying Agent; and (iii) annually between January 1 and January 31 of each calendar year during the term of this Agreement.

(b) Failure to comply with any requirement contained in subparagraph (a) of this Section shall constitute a material breach by the Delivery and Paying Agent of the terms of this Agreement. If, within thirty days after the Delivery and Paying Agent receives written notice of such a breach, the Delivery and Paying Agent fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, the Delivery and Paying Agent 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 Agreement or under applicable law.

(c) Any Subcontract entered into by the Delivery and Paying Agent shall require the subcontractor to comply, as to the subcontractor's Eligible Employees, with each of the terms of this section.

(d) 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.

12. Preservative-treated Wood Containing Arsenic. The Delivery and Paying Agent may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. The Delivery and Paying Agent may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude the Delivery and Paying Agent from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

13. Nondisclosure of Private Information. The Delivery and Paying Agent 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 Delivery and Paying Agent agrees that any failure of the Delivery and Paying Agent 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 Delivery and Paying Agent pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Delivery and Paying Agent.

14. Proprietary or Confidential Information of City. The Delivery and Paying Agent understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, the Delivery and Paying Agent 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 City. The Delivery and Paying Agent agrees that all information disclosed by City to the Delivery and Paying Agent shall be held in confidence and used only in performance of the Agreement. The Delivery and Paying Agent shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

15. Compliance with Laws. The Delivery and Paying Agent shall keep itself fully informed of the City's Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

16. Works for Hire. If, in connection with services performed under this Agreement, the Delivery and Paying Agent or its subcontractors create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes or any other original works of authorship, such works of authorship shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the City. If it is ever determined that any works created by the Delivery and Paying Agent or its subcontractors under this Agreement are not works for hire under U.S. law, the Delivery and Paying Agent hereby assigns all copyrights to such works to the City, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the approval of the City, the Delivery and Paying Agent may retain and use copies of such works for reference and as documentation of its experience and capabilities.

17. Resource Conservation. Chapter 5 of the San Francisco Environment Code ("Resource Conservation") is incorporated herein by reference. Failure by the Delivery and Paying Agent to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

18. Public Access to Meetings and Records. If the Delivery and Paying Agent receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the San Francisco Administrative Code, the Delivery and Paying Agent shall comply with and be bound by all the applicable provisions of that Chapter. By executing this Agreement, the Delivery and Paying Agent agrees to open its meetings and records to the public in the manner set forth in §§12L.4 and 12L.5 of the Administrative Code. The Delivery and Paying Agent further agrees to make-good faith efforts to promote community membership on its Board of Directors in the manner set forth in §12L.6 of the Administrative Code. The Delivery and Paying Agent acknowledges that its material failure to comply with any of the provisions of this paragraph shall constitute a material breach of this Agreement. The Delivery and Paying Agent further acknowledges that such material breach of this Agreement shall be grounds for the City to terminate and/or not renew the agreement, partially or in its entirety.

19. Guaranteed Maximum Costs.

(a) The City's obligation hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification.

(b) Except as may be provided by laws governing emergency procedures, officers and employees of the City are not authorized to request, and the City is not required to reimburse the Delivery and Paying Agent for, commodities or services beyond the agreed upon contract scope unless the changed scope is authorized by amendment and approved as required by law.

(c) Officers and employees of the City are not authorized to offer or promise, nor is the City required to honor, any offered or promised additional funding in excess of the maximum amount of funding for which the contract is certified without certification of the additional amount by the Controller.

(d) The Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

20. Submitting False Claims; Monetary Penalties. Pursuant to San Francisco Administrative Code §21.35, any contractor, 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. A contractor, 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. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, 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.

21. Ownership of Results. Any interest of the Delivery and Paying Agent or its Subcontractors, in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by the Delivery and Paying Agent or its subcontractors in connection with services to be performed under this Agreement, shall become the property of and will be transmitted to City. However, the Delivery and Paying Agent may retain and use copies for reference and as documentation of its experience and capabilities.

22. Audit and Inspection of Records. The Delivery and Paying Agent agrees to maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its work under this Agreement. The Delivery and Paying Agent will permit City to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. The Delivery and Paying Agent shall maintain such data and records in an accessible location and condition for a period of not less than three years after final payment under this Agreement or until after final audit has been resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Agreement shall have the same rights conferred upon City by this Section.

23. Subcontracting. The Delivery and Paying Agent is prohibited from subcontracting this Agreement or any part of it unless such subcontracting 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. An agreement made in violation of this provision shall confer no rights on any party and shall be null and void.

24. Assignment. The services to be performed by Corporation are personal in character and neither this Agreement nor any duties or obligations hereunder may be assigned or delegated by the Delivery and Paying Agent unless first approved by City by written instrument executed and approved in the same manner as this Agreement.

25. Non-Waiver of Rights. The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Jones Hall, A Professional Law Corporation
650 California Street, 18th Floor
San Francisco, California 94108

Attention: Stephen G. Melikian, Esq.

SITE LEASE

Dated as of ____ 1, 2013

between the

CITY AND COUNTY OF SAN FRANCISCO ,
as lessor,

and

U.S. BANK NATIONAL ASSOCIATION,
in its capacity as Trustee,
as lessee

NO DOCUMENTARY TRANSFER TAX DUE. This Site Lease is recorded for the benefit of the City and County of San Francisco and the recording is exempt under Section 27383 of the California Government Code and Section 11928 of the California Revenue and Taxation Code.

SITE LEASE

THIS SITE LEASE, dated as of ____ 1, 2013 (this "Site Lease"), is made between the CITY AND COUNTY OF SAN FRANCISCO, a charter city and county duly organized and existing under the laws and the Constitution of the State of California (the "City"), as lessor, and the U.S. BANK NATIONAL ASSOCIATION, a national banking association, solely in its capacity as Trustee (the "Trustee") under the Trust Agreement dated as of ____ 1, 2013 (the "Trust Agreement") between the City and the Trustee (the "Trust Agreement"), as lessee.

AGREEMENT:

In consideration of the mutual promises and agreements herein contained, the parties hereto agree and covenant as follows:

Section 1. Definitions.

All capitalized terms used herein without definition have the meanings given to such terms in the Sublease, dated as of the date hereof, between the Trustee and the City (the "Sublease").

Section 2. Property.

The City hereby leases to the Trustee those parcels of real property, together with the buildings and improvements thereon owned by the City, located in the City and County of San Francisco, California, as more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Property"), subject to the terms hereof and subject to any and all covenants, conditions, reservations, exceptions and other matters which are of record.

Section 3. Ownership.

The City represents and covenants that it is the sole owner of and holds fee title to the Property free and clear of any encumbrances other than Permitted Encumbrances, and has full power and authority to enter into this Site Lease and the Sublease.

Section 4. Term.

With respect to each Component, the term of this Site Lease will begin on the date of recordation hereof and end on the earlier to occur of: (a) the date set forth with respect to such Component in Exhibit B to the Sublease; or (b) the date of termination of the Sublease with respect to such Component as provided in Section 2.2 thereof. Notwithstanding anything to the contrary contained herein, if, at any time on or prior to the final maturity of all outstanding Commercial Paper Certificates, there remain outstanding any obligations to the Banks, the term of this Site Lease with respect to each Component subject to this Site Lease at such time will be extended to correspond to the extension of the Sublease as provided in Section 2.2 of the Sublease.

Section 5. Rent.

The Trustee will pay to the City an advance rent of \$1.00 as full consideration for this Site Lease over its term, the receipt of which is hereby acknowledged by the City.

Section 6. Purpose.

The Trustee will use the Property for the purposes described in the Sublease and for such other purposes as may be incidental thereto.

Section 7. Assignment and Lease.

The Trustee will not assign, mortgage, hypothecate or otherwise encumber this Site Lease or any rights hereunder or the leasehold created hereby by trust agreement, indenture or deed of trust or otherwise or sublet the Property or any Component without the written consent of the City (unless a default or Event of Default under the Sublease or the Trust Agreement has occurred and is continuing, in which case the consent of the City is not required), except that the City expressly approves and consents to the Sublease and the Trust Agreement, the pledge of the Trustee's right, title and interest in and to this Site Lease and the Sublease, including the Base Rentals and other payments under the Sublease to the Trustee, the Delivery and Paying Agent and the Banks as provided in the Trust Agreement and the Reimbursement Agreements.

Section 8. Right of Entry.

The City reserves the right for any of its duly authorized representatives to enter upon the Property at any reasonable time.

Section 9. Expiration.

The Trustee agrees, upon the expiration of this Site Lease, to quit and surrender the Property.

Section 10. Quiet Enjoyment.

The Trustee at all times during the term of this Site Lease will peaceably and quietly have, hold and enjoy all of the Property.

Section 11. Taxes.

The City covenants and agrees to pay any and all taxes and assessments levied or assessed upon the Property and improvements thereon.

Section 12. Eminent Domain.

If the Property or any Component is taken under the power of eminent domain, the interest of the Trustee will be recognized and is hereby determined to be the aggregate amount of unpaid Base Rental and Additional Rental with respect to the Property or Component under the Sublease through the remainder of its term (excluding any contingent or potential liabilities), and such proceeds will be paid to the Trustee in accordance with the terms of the Sublease and the Trust Agreement.

Section 13. Default.

In the event that the Trustee defaults in the performance of any obligation on its part to be performed under the terms of this Site Lease, the City may exercise any and all remedies

granted by law, except that no merger of this Site Lease and of the Sublease will be deemed to occur as a result thereof; except that the City has no power to terminate this Site Lease by reason of any default on the part of the Trustee if the termination would prejudice the exercise of the remedies provided in Section 7.2 of the Sublease.

In furtherance of the foregoing, the City and the Trustee agree that: (i) the City will simultaneously mail to the Banks a copy of any notice given by the City to the Trustee; (ii) prior to taking any action upon a default by the Trustee in the performance of any obligation under the terms of this Site Lease, the City will provide written notice thereof to the Banks and thereupon the Banks will have the right, but not the obligation, to cure any such default. In that connection, the City will not take action to effect a termination of this Site Lease or to re-enter or take possession of the Property or any Component as a consequence of such default except upon the prior written direction of the Banks. Furthermore, if this Site Lease is rejected or disaffirmed pursuant to any bankruptcy law or other law affecting creditors' rights or if this Site Lease is terminated for any other reason whatsoever, the City will use its best efforts to enter into a new lease of the Property at the request of the Banks for the remainder of the term of this Site Lease, effective as of the date of such rejection or disaffirmance or termination. So long as any Credit Facility is in effect or any obligations payable by the City to the Banks under the Reimbursement Agreements remain unsatisfied, (i) the City will not accept a voluntary surrender of this Site Lease and (ii) this Site Lease will not be modified in any material respect without, in each case, the prior written consent of the Banks.

Section 14. Notices.

All notices, requests, demands or other communications under this Site Lease by any person must be in writing and will be sufficiently given on the date of service if served personally upon the person to whom notice is to be given or on receipt if sent by telex or other telecommunication facility or courier or if mailed by registered or certified mail, return receipt requested, postage prepaid, and properly addressed as follows:

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

Trustee: U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Corporate Trust Services
Facsimile: (415) 273-4591

or to such other address or addresses as any such person has designated to the other by notice given in accordance with the provisions of this Section 14.

Copies of any such notices, requests, demands or other communications under this Site Lease given by either the City or the Trustee will be provided to each of the Trustee, at the address specified above in this Section 14, and to the Banks as follows:

Bank: State Street Bank and Trust Company
[to come]

or to such other address or addresses as the Banks have designated to the City and the Trustee by notice given in accordance with the provisions of this Section 14.

Section 15. Partial Invalidity.

If any one or more of the terms, provisions, promises, covenants or conditions of this Site Lease is to any extent adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of this Site Lease will not be affected thereby, and will be valid and enforceable to the fullest extent permitted by law.

Section 16. Governing Law; Venue.

This Site Lease is made in the State under the Constitution and laws of the State and is to be so construed. If any party to this Site Lease initiates any legal or equitable action to enforce the terms of this Site Lease, to declare the rights of the parties under this Site Lease or which relates to this Site Lease in any manner, each such party agrees that the place of making and for performance of this Site Lease is the City and County of San Francisco, State of California, and the proper venue for any such action is any court of competent jurisdiction.

Section 17. Amendments.

This Site Lease may be amended only in accordance with and as permitted by the terms of Section 7.02 of the Trust Agreement.

Section 18. Execution in Counterparts.

This Site Lease may be executed in several counterparts, each of which is deemed to be an original and all of which constitute but one and the same agreement.

Section 19. Local Business Enterprise Utilization; Liquidated Damages.

a. The LBE Ordinance

The Trustee will comply with all the requirements of the Disadvantaged Business Enterprise Ordinance set forth in Chapter 14B of the San Francisco Administrative Code as it now exists or as it may be amended in the future (collectively the "LBE Ordinance"), provided such amendments do not materially increase the Trustee's obligations or liabilities, or materially diminish the Trustee's rights, under this Site Lease. Such provisions of the LBE Ordinance are incorporated by reference and made a part of this Site Lease as though fully set forth in this section. The Trustee's willful failure to comply with any applicable provision of the LBE Ordinance is a material breach of the Trustee's obligations under this Site Lease and will entitle City, subject to any applicable notice and cure provisions set forth in this Site Lease, to exercise any of the remedies provided for under this Site Lease, under the LBE Ordinance or otherwise available at law or in equity, which remedies will be cumulative unless this Site Lease expressly provides that any remedy is exclusive. In addition, the Trustee will comply fully with all other applicable local, state and federal laws prohibiting discrimination and requiring equal opportunity in contracting, including subcontracting.

b. Compliance and Enforcement

1. Enforcement

If The Trustee willfully fails to comply with any of the provisions of the LBE Ordinance, the rules and regulations implementing the LBE Ordinance, or the provisions of this Site Lease pertaining to LBE participation, The Trustee will be liable for liquidated damages in an amount equal to The Trustee's net profit on this Site Lease, or 10% of the total amount of this Site Lease, or \$1,000, whichever is greatest. The Director of the City's Human Rights Commission or any other public official authorized to enforce the LBE Ordinance (separately and collectively, the "Director of HRC") may also impose other sanctions against the Trustee authorized in the LBE Ordinance, including declaring the Trustee to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Trustee's DBE certification. The Director of HRC will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to Administrative Code §14B.17.

By entering into this Site Lease, The Trustee acknowledges and agrees that any liquidated damages assessed by the Director of the HRC will be payable to City upon demand. The Trustee further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to the Trustee on any contract with City.

The Trustee agrees to maintain records necessary for monitoring its compliance with the LBE Ordinance for a period of three years following termination or expiration of this Site Lease, and will make such records available for audit and inspection by the Director of HRC or the Controller upon request.

Section 20. Nondiscrimination; Penalties.

a. Trustee Will Not Discriminate

In the performance of this Site Lease, the Trustee agrees not to discriminate against any employee, City and County employee working with such contractor or subcontractor, applicant for employment with such contractor or subcontractor, 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 Trustee will 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 Purchasing) and will require all subcontractors to comply with such provisions. The Trustee's failure to comply with the obligations in this subsection will constitute a material breach of this Site Lease.

c. Nondiscrimination in Benefits

The Trustee does not as of the date of this Site Lease and will not during the term of this Site Lease, in any of its operations in San Francisco, on real property owned by San Francisco, 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 Site Lease, the Trustee will 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 Site Lease as though fully set forth herein. The Trustee will comply fully with and be bound by all of the provisions that apply to this Site Lease under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, the Trustee understands that pursuant to §12B.2(h) 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 Site Lease may be assessed against the Trustee and/or deducted from any payments due the Trustee.

Section 21. MacBride Principles—Northern Ireland. Pursuant to San Francisco Administrative Code §12F.5, the City and County of San Francisco 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 and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this Site Lease on behalf of the Trustee acknowledges and agrees that he or she has read and understood this section.

Section 22. Tropical Hardwood and Virgin Redwood Ban. Pursuant to §804(b) of the San Francisco Environment Code, the City and County of San Francisco 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.

Section 23. Drug-Free Workplace Policy. The Trustee 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 Trustee agrees that any violation of this prohibition by the Trustee, its employees, agents or assigns will be deemed a material breach of this Site Lease.

Section 24. Compliance with Americans with Disabilities Act. The Trustee 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 Trustee will provide the services specified in this Site Lease in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. The Trustee agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Site Lease and further agrees that any violation of this prohibition on the part of the Trustee, its employees, agents or assigns will constitute a material breach of this Site Lease.

Section 25. 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 City and persons or firms seeking contracts, will 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.

Section 26. Limitations on Contributions. Through execution of this Site Lease, the Trustee 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 Trustee 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 Trustee further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of the Trustee's board of directors; the Trustee'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 Trustee; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by the Trustee. Additionally, the Trustee acknowledges that the Trustee must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126.

Section 27. Requiring Minimum Compensation for Covered Employees.

(a) The Trustee 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 Site Lease as though fully set forth. The text of the MCO is available on the web at <http://www.sfgov.org/olse/mco>. A partial listing of some of the Trustee's obligations under the MCO is set forth in this Section. The Trustee is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

(b) The MCO requires the Trustee to pay the Trustee'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 Trustee is obligated to keep informed of the then-current requirements. Any subcontract entered into by the Trustee will require the subcontractor to comply with the requirements of the MCO and will contain contractual obligations substantially the same as those set forth in this Section. It is the Trustee's obligation to ensure that any subcontractors of any tier under this Site Lease comply with the requirements of the MCO. If any subcontractor under this Site Lease fails to comply, City may pursue any of the remedies set forth in this Section against the Trustee.

(c) The Trustee will 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.

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

(e) The City is authorized to inspect the Trustee's job sites and conduct interviews with employees and conduct audits of the Trustee.

(f) The Trustee's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Site Lease. The City in its sole discretion will 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 Trustee fails to comply with these requirements. The Trustee agrees 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 Trustee's noncompliance. The procedures governing the assessment of liquidated damages will be those set forth in Section 12P.6.2 of Chapter 12P.

(g) The Trustee understands and agrees that if it fails to comply with the requirements of the MCO, the City will have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Site Lease for violating the MCO, the Trustee fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Trustee fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City will 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 will be exercisable individually or in combination with any other rights or remedies available to the City.

(h) The Trustee 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.

(i) The City may conduct random audits of the Trustee. Random audits will be (i) noticed in advance in writing; (ii) limited to ascertaining whether Covered Employees are paid at least the minimum compensation required by the MCO; (iii) accomplished through an examination of pertinent records at a mutually agreed upon time and location within ten days of the written notice; and (iv) limited to one audit of the Trustee every two years for the duration of this Site Lease. Nothing in this Site Lease is intended to preclude the City from investigating any report of an alleged violation of the MCO.

Section 28. Requiring Health Benefits for Covered Employees. Unless exempt, the Trustee 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 herein by reference and made a part of this Site Lease as though fully set forth. The text of the HCAO is available on the web at <http://www.sfgov.org/oca/lwlh.htm>. Capitalized terms used in this Section and not defined in this Site Lease will have the meanings assigned to such terms in Chapter 12Q.

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

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

(c) The Trustee's failure to comply with the HCAO will constitute a material breach of this Site Lease. City will notify the Trustee if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Site Lease for violating the HCAO, the Trustee fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Trustee fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City will have the right to pursue the remedies set forth in 12Q.5(f)(1-5). Each of these

remedies will be exercisable individually or in combination with any other rights or remedies available to City.

(d) Any Subcontract entered into by the Trustee will require the Subcontractor to comply with the requirements of the HCAO and will contain contractual obligations substantially the same as those set forth in this Section. The Trustee will notify City's Office of Contract Administration when it enters into such a Subcontract and will 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 Trustee will 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 Trustee based on the Subcontractor's failure to comply, provided that City has first provided the Trustee with notice and an opportunity to obtain a cure of the violation.

(e) The Trustee will not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying the City with regard to the Trustee'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 Trustee 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 Trustee will 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 City Contract.

(h) The Trustee will keep itself informed of the current requirements of the HCAO.

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

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

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

(m) If the Trustee is exempt from the HCAO when this Site Lease is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but the Trustee later enters into an agreement or agreements that cause the Trustee's aggregate amount of

all agreements with City to reach \$75,000, all the agreements will 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 Trustee and the City to be equal to or greater than \$75,000 in the fiscal year.

Section 29. Prohibition on Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, the Trustee 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 Site Lease. The Trustee 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 Trustee violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Site Lease, and (ii) prohibit the Trustee from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider the Trustee's use of profit as a violation of this section.

Section 30. Conflict of Interest. Through its execution of this Site Lease, the Trustee acknowledges that it is familiar with the provisions 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 constitute a violation of said provision and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Site Lease.

Section 31. 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.

(a) The Trustee will provide EIC Forms to each Eligible Employee at each of the following times: (i) within thirty days following the date on which this Site Lease becomes effective (unless the Trustee 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 Trustee; and (iii) annually between January 1 and January 31 of each calendar year during the term of this Site Lease.

(b) Failure to comply with any requirement contained in subparagraph (a) of this Section will constitute a material breach by the Trustee of the terms of this Site Lease. If, within thirty days after the Trustee receives written notice of such a breach, the Trustee fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, the Trustee 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 Site Lease or under applicable law.

(c) Any Subcontract entered into by the Trustee will require the subcontractor to comply, as to the subcontractor's Eligible Employees, with each of the terms of this section.

(d) Capitalized terms used in this Section and not defined in this Site Lease will have the meanings assigned to such terms in Section 12O of the San Francisco Administrative Code.

Section 32. Preservative-treated Wood Containing Arsenic. The Trustee may not purchase preservative-treated wood products containing arsenic in the performance of this Site Lease unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" will mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. The Trustee may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude the Trustee from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" will mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

Section 33. Nondisclosure of Private Information. The Trustee 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 Trustee agrees that any failure of the Trustee to comply with the requirements of Section 12M.2 of this Chapter will be a material breach of this Site Lease. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate this Site Lease, bring a false claim action against the Trustee pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Trustee.

Section 34. Proprietary or Confidential Information of City. The Trustee understands and agrees that, in the performance of the work or services under this Site Lease or in contemplation thereof, the Trustee 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 City. The Trustee agrees that all information disclosed by City to the Trustee will be held in confidence and used only in performance of the Site Lease. The Trustee will exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

Section 35. Compliance with Laws. The Trustee will keep itself fully informed of the City's Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Site Lease, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

Section 36. Works for Hire. If, in connection with services performed under this Site Lease, the Trustee or its subcontractors create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes or any other original works of authorship, such works of authorship will be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the City. If it is ever determined that any works created by the Trustee or its subcontractors under this Site Lease are not works for hire under U.S. law, the Trustee hereby

assigns all copyrights to such works to the City, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the approval of the City, the Trustee may retain and use copies of such works for reference and as documentation of its experience and capabilities.

Section 37. Resource Conservation. Chapter 5 of the San Francisco Environment Code ("Resource Conservation") is incorporated herein by reference. Failure by the Trustee to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

Section 38. Public Access to Meetings and Records. If the Trustee receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the San Francisco Administrative Code, the Trustee will comply with and be bound by all the applicable provisions of that Chapter. By executing this Site Lease, the Trustee agrees to open its meetings and records to the public in the manner set forth in §§12L.4 and 12L.5 of the Administrative Code. The Trustee further agrees to make-good faith efforts to promote community membership on its Board of Directors in the manner set forth in §12L.6 of the Administrative Code. The Trustee acknowledges that its material failure to comply with any of the provisions of this paragraph will constitute a material breach of this Site Lease. The Trustee further acknowledges that such material breach of this Site Lease will be grounds for the City to terminate and/or not renew the agreement, partially or in its entirety.

Section 39. Guaranteed Maximum Costs.

(a) The City's obligation hereunder will not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification.

(b) Except as may be provided by laws governing emergency procedures, officers and employees of the City are not authorized to request, and the City is not required to reimburse the Trustee for, commodities or services beyond the agreed upon contract scope unless the changed scope is authorized by amendment and approved as required by law.

(c) Officers and employees of the City are not authorized to offer or promise, nor is the City required to honor, any offered or promised additional funding in excess of the maximum amount of funding for which the contract is certified without certification of the additional amount by the Controller.

(d) The Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

Section 40. Submitting False Claims; Monetary Penalties. Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim will be liable to the City for three times the amount of damages which the City sustains because of the false claim. A contractor, subcontractor or consultant who submits a false claim will 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. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, 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.

Section 41. Ownership of Results. Any interest of the Trustee or its Subcontractors, in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by the Trustee or its subcontractors in connection with services to be performed under this Site Lease, will become the property of and will be transmitted to City. However, the Trustee may retain and use copies for reference and as documentation of its experience and capabilities.

Section 42. Audit and Inspection of Records. The Trustee agrees to maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its work under this Site Lease. The Trustee will permit City to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Site Lease, whether funded in whole or in part under this Site Lease. The Trustee will maintain such data and records in an accessible location and condition for a period of not less than three years after final payment under this Site Lease or until after final audit has been resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Site Lease will have the same rights conferred upon City by this Section.

Section 43. Subcontracting. The Trustee is prohibited from subcontracting this Site Lease or any part of it unless such subcontracting is first approved by City in writing. Neither party will, on the basis of this Site Lease, contract on behalf of or in the name of the other party. An agreement made in violation of this provision will confer no rights on any party and will be null and void.

Section 44. Assignment. The services to be performed by Trustee are personal in character and neither this Site Lease nor any duties or obligations hereunder may be assigned or delegated by the Trustee unless first approved by City by written instrument executed and approved in the same manner as this Site Lease.

Section 45. Non-Waiver of Rights. The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, will not be a waiver of any such default or right to which the party is entitled, nor will it in any way affect the right of the party to enforce such provisions thereafter.

Section 46. No Merger.

If both the Trustee's and the City's estate under this Site Lease or the Sublease or any other lease relating to any Property or any portion thereof at any time by any reason becomes vested in one owner, this Site Lease and the estate created hereby will not be destroyed or terminated by the doctrine of merger unless the City so elects as evidenced by recording a

written declaration so stating, and, unless and until the City so elects, the City will continue to have and enjoy all of its rights and privileges as to the separate estates.

Section 47. Third Party Beneficiaries.

The Banks are each a third party beneficiary of this Site Lease with the power to enforce the same until the later of (i) the date the Credit Facilities have terminated and been surrendered to the Banks for cancellation and (ii) the date all amounts payable under the Reimbursement Agreements and the Revolving Bank Certificates have been satisfied in full.

Section 48. Limited Liability of Trustee

The Trustee is executing this Site Lease solely in its capacity as Trustee under this Trust Agreement, subject to the protections, indemnities and limitations from liability afforded to the Trustee under the Trust Agreement, (ii) nothing contained herein shall be construed as creating any liability on U.S. Bank National Association ("U.S. Bank") individually or personally, to perform any covenant, duty or obligation of any kind contained in this Site Lease, and (iii) under no circumstances shall U.S. Bank be liable for the payment of any fees, costs, indebtedness or expenses related to or arising from the Site Lease or any documents related hereto.

IN WITNESS WHEREOF, the parties have executed this Site Lease as of the date first above written.

CITY AND COUNTY OF SAN FRANCISCO,
as Lessor

By: _____
Mayor

APPROVED AS TO FORM:

By: _____
City Attorney

U.S. BANK NATIONAL ASSOCIATION, as
Trustee and Lessee

By: _____
Authorized Officer

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

First Component (_____):

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN FRANCISCO,
COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

RECORDING REQUESTED BY:

AND WHEN RECORDED MAIL TO:

**Jones Hall, A Professional Law Corporation
650 California Street, 18th Floor
San Francisco, California 94108**

Attention: Stephen G. Melikian, Esq.

SUBLEASE

Dated as of ____ 1, 2013

between

**U.S. BANK NATIONAL ASSOCIATION,
in its capacity as Trustee,
as Sublessor**

and

**CITY AND COUNTY OF SAN FRANCISCO,
as Sublessee**

NO DOCUMENTARY TRANSFER TAX DUE

**This Sublease is exempt pursuant to
Section 27383 of the California Government Code and
Section 11928 of the California Revenue and Taxation Code.**

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SUBLEASE

This **SUBLEASE**, dated as of ____ 1, 2013 (the "**Sublease**"), is entered into between the **U.S. BANK NATIONAL ASSOCIATION** (the "**Trustee**"), a national banking association, solely in its capacity as Trustee under the Trust Agreement, dated as of ____ 1, 2013 (the "Trust Agreement") between the City and the Trustee, as sublessor, and the **CITY AND COUNTY OF SAN FRANCISCO** (the "**City**"), a charter city and county duly organized and existing under the laws and Constitution of the State of California, as sublessee.

BACKGROUND

1. The Trustee is the lessee of the Property (as hereinafter defined), pursuant to the terms and conditions set forth in the Site Lease, dated of even date herewith, between the City and the Trustee, and desires to sublease to the City the Property, and the City desires to sublease from the Trustee the Property on the terms stated herein.

2. The City is authorized to enter into this Sublease pursuant to applicable law of the State.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree and covenant as follows:

ARTICLE I

DEFINITIONS; RULES OF INTERPRETATION

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this Section 1 will, for all purposes of this Sublease, have the meanings as set forth below. All other capitalized terms used herein without definition will have the meanings as set forth in the Trust Agreement (as hereinafter defined).

"Additional Rental" means the amounts specified as such in Section 3.1(h).

"Assumed Interest Cost" means, as of any date of calculation or for any period of time, the amount that would accrue as interest during such period on the Commercial Paper Certificates Outstanding as of the date of such calculation assuming such Commercial Paper Certificates bore interest during the entirety of such period at the Assumed Interest Rate for the Base Rental Period during which such date of calculation occurs.

"Assumed Interest Rate" means, (A) with respect to Tax-Exempt Commercial Paper Certificates, (i) for purposes of the Base Rental Period beginning on the first date of delivery of Tax-Exempt Commercial Paper Certificates, an interest rate equal to 0.75% per annum; and (ii) for purposes of any Base Rental Period thereafter, the lesser of (a) the Maximum Interest Rate or (b) 125% of (1) the amount of interest accrued with respect to Certificates during the 12 months ended on the April 30 preceding the commencement of such Base Rental Period, divided by (2) the average daily balance of principal amount of Certificates Outstanding during the 12 months ended on the April 30 preceding the commencement of such Base Rental Period;

(B) with respect to Taxable Commercial Paper Certificates, (i) for purposes of the Base Rental Period beginning on the first date of delivery of Taxable Commercial Paper Certificates, an interest rate equal to 1.25% per annum; and (ii) for purposes of any Base Rental Period thereafter, the lesser of (a) the Maximum Interest Rate or (b) 125% of (1) the amount of interest accrued with respect to Certificates during the 12 months ended on the April 30 preceding the commencement of such Base Rental Period, divided by (2) the average daily balance of principal amount of Certificates Outstanding during the 12 months ended on the April 30 preceding the commencement of such Base Rental Period; and

(C) means, with respect to the Revolving Bank Certificates, as of any date of calculation, 1.25 times the Default Rate (as defined in the applicable Reimbursement Agreement) in effect on such date of calculation.

"Component" means, as the context requires, any parcel or parcels constituting a discrete portion of the Property, including any Property added thereto or substituted therefor pursuant to Section 7, but does not include any property released pursuant to Section 7.

"Debt Service Certificate -- Additional Interest and/or Principal" means a certificate substantially in the form of Exhibit C-3.

"Debt Service Certificate -- Additional Commercial Paper Certificates" means a certificate substantially in the form of Exhibit C-2.

"Debt Service Certificate -- Annual" means a certificate substantially in the form of Exhibit C-1.

"Fire Station Components" means the portion of the Components designated as such in Exhibit A.

"Fiscal Year" means the fiscal year of the City, which at the date of this Sublease is the period from July 1 to and including the following June 30.

"Minimum Required Rental Payment" has the meaning set forth in the Debt Service Certificate -- Annual.

"Minimum Supplemental Rental Payment" means an amount determined pursuant to a Debt Service Certificate -- Additional Commercial Paper Certificates or a Debt Service Certificate -- Additional Interest and/or Principal.

"Property" means, collectively, each of the Components, including access to public roads therefrom and parking thereto. "Property" also includes any property, or portion thereof, that by amendment hereto becomes subject to this Sublease and any property, or portion thereof, substituted for any of the Components pursuant to Section 3.8, but "Property" excludes any Component for which new property has been substituted, and any Component or property released, pursuant to Section 3.8.

"Related Documents" means the Trust Agreement, the Delivery and Paying Agent Agreement, the Site Lease, the Dealer Agreement, the Credit Facilities and the Reimbursement Agreements.

"Risk Manager" means the Director of Public Finance of the City or, if the Director of Public Finance of the City is no longer performing the function of risk manager for the City such other person or firm of favorable reputation, qualified and experienced in the field of insurance and risk management consultation as may from time to time be designated by the City, and who may be employed by the City.

"Sublease" means this Sublease, including any amendments or supplements hereto made or entered into in accordance with the terms hereof and Section 7.02 of the Trust Agreement.

"Sublease Term" means the term of this Sublease, as provided in Section 2.2.

Section 1.2. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Sublease; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Sublease as a whole and not to any particular Article, Section or subdivision hereof.

(d) All references herein to a party that "will" take an action is deemed to be a directive to such party to take such action and an agreement by such party to take such action. All references herein to a party that "will not" take an action is deemed to be a directive to such party not to take such action and an agreement by such party not to take such action.

ARTICLE II

SUBLEASE; TERM

Section 2.1. Sublease. The Trustee hereby subleases the Property to the City. During the term hereof, except as hereinafter provided, the City will use the Property for public purposes so as to afford the public the benefits contemplated hereby and so as to permit the Trustee to carry out its agreements and covenants contained herein and in the Trust Agreement, and the City will not abandon or vacate the Property during the term hereof.

Section 2.2. Term. Subject to the next succeeding paragraph of this Section 2.2, with respect to each Component, the term of this Sublease with respect to such Component will begin on the Closing Date and end on the earliest of: (a) the date set forth with respect to such Component in Exhibit B (and in the case of any Property which is substituted for a Component pursuant to Section 7.2 and Section 7.02 of the Trust Agreement, the date set forth in Exhibit B with respect to such substituted Component), (b) the date all Base Rental related to such Component is paid in full, (c) the date of termination of this Sublease with respect to such Component due to casualty or condemnation in accordance with the terms of Section 5.1 or 5.2, or (d) the date of release of such Component in accordance with the terms of Section 3.8 hereof and Section 7.02 of the Trust Agreement.

Notwithstanding anything to the contrary contained herein, including without limitation the provisions of Section 3.1, if, at any time there remains outstanding any obligations payable to the Banks under the Reimbursement Agreements, the term of this Sublease with respect to each Component subject to this Sublease at such time will be extended until such date as all such obligations payable to the Banks under the Reimbursement Agreements have been satisfied; provided, however, in no event will the term of this Sublease with respect to any Component exceed the maximum useful life of such Component or ____ 1, 203 ___, whichever is earlier. During such extension of the term of this Sublease the City will pay Base Rental (including any Maximum Base Rental which accrued during any prior Base Rental Period but was not paid during such prior Base Rental Period) in an amount sufficient to satisfy such obligations to the Banks in full; provided, however, that the Base Rental with respect to any Component during any Base Rental Period will not exceed the then fair rental value with respect to such Component during such Base Rental Period.

Upon the making of any term loan or any default advance under the Reimbursement Agreements and for so long as any reimbursement obligation remains unpaid thereunder, the City and the Trustee will cause the Maximum Base Rental for each Component to be increased so that the annual aggregate rental payments payable with respect to such Component equal the maximum fair market rental for such Component. The City and the Trustee will, solely at the Banks' request, redetermine or cause to be redetermined the maximum fair market rental for such Component as of the date of any such event at the sole expense of the City.

ARTICLE III

RENTAL PAYMENTS; SUBLEASE OF PROPERTY

Section 3.1. Rental Payments. The City will pay to the Trustee Base Rental in an amount up to the Maximum Base Rental, and the Additional Rental, with respect to each Component, as provided herein, for the use, occupancy and possession of the Property for which such Maximum Base Rental is payable, all on the terms and conditions set forth herein. The City will be obligated to pay the Minimum Required Rental Payment for each Base Rental Period, with the interest portion thereof being paid at the applicable Assumed Interest Rate in equal quarterly installments on each February 1, May 1, August 1 and November 1, with an amount equal to the Required Principal Reduction Amount being paid not later than the first day of the calendar quarter during which such amount will be used to reimburse the Banks for any Advances used to retire Commercial Paper Certificates that will not be refunded, renewed or refinanced, and with any principal due under the Revolving Bank Certificates during such Base Rental Period being paid on or prior to the date that is ten days prior to the date such amount is due under the Revolving Bank Certificates. Any Minimum Supplemental Rental Payment and Additional Rental will be paid on the terms, in the amounts, at the times and in the manner hereinafter set forth. The City will make payments of Base Rental directly to the Delivery and Paying Agent, as agent for the Trustee, for deposit into the Base Rental Account of the Delivery and Paying Agent Fund and, to the extent not otherwise paid to the Person to whom any amount constituting Additional Rental is owing, will make payment of Additional Rental to the Delivery and Paying Agent for deposit into the Administrative Expense Account of the Delivery and Paying Agent Fund.

(a) Maximum Base Rental. Subject to Section 2.2 above, the Maximum Base Rental for each Component for each Base Rental Period will be the amount set forth in Exhibit B, as such amount may be adjusted from time to time, and, except as otherwise provided in this Section 3.1, will become due and payable annually in advance on each Base Rental Payment Date during the Sublease Term. The City will pay, from legally available funds, to the extent required hereunder, the aggregate Maximum Base Rental for each Component for each Base Rental Period on the respective Base Rental Payment Date.

(b) Minimum Required Rental Payment. Subject to Section 3.1(g) below, not later than the first day of the commencement of each Base Rental Period, the City will issue to the Trustee a Debt Service Certificate -- Annual. If the Minimum Required Rental Payment set forth on the Debt Service Certificate -- Annual for a Base Rental Period is less than the aggregate Maximum Base Rental for all Components for such Base Rental Period, the City may deposit with the Delivery and Paying Agent such Minimum Required Rental Payment as set forth above. The amount by which the aggregate Maximum Base Rental for said Base Rental Period exceeds the amount so deposited will continue to be an obligation of the City for such Base Rental Period and will be payable by the City if and to the extent that payment is required pursuant to Section 3.1(c) or 3.1(d).

(c) Additional Deposit if Certificates Increase. If the Debt Service Certificate -
- Additional Commercial Paper Certificates issued by the City to the Trustee pursuant to Section 3.01(e)(i)(F) of the Trust Agreement indicates that a Minimum Supplemental Rental Payment is required, the City will promptly pay to the Delivery and Paying Agent such Minimum Supplemental Rental Payment, except as provided in Section 3.1(e)

hereof. The City will not be required to issue the Debt Service Certificate - Additional Commercial Paper Certificates if the delivery of such Additional Certificates was taken into account in completing the Debt Service Certificate - Annual for the current Base Rental Period.

(d) Additional Deposit for Interest and/or Principal. If the Debt Service Certificate -- Additional Interest and/or Principal filed by the City with the Trustee pursuant to Section 6.16 of the Trust Agreement indicates that a Minimum Supplemental Rental Payment is required, the City will promptly pay to the Delivery and Paying Agent such Minimum Supplemental Rental Payment, except as provided in Section 3.1(e).

(e) Alternative to Payment of Minimum Supplemental Rental Payment. The City will not be required to pay any Minimum Supplemental Rental Payment if it has delivered its Commercial Paper Certificates to provide funds in an amount equal to or in excess of the amount of the Minimum Supplemental Rental Payment and the proceeds of the Commercial Paper Certificates have been deposited into the Bank Reimbursement Account within the Delivery and Paying Agent Fund. Additionally, if the City has delivered its Commercial Paper Certificates to provide funds to pay a portion of the amount of any Minimum Supplemental Rental Payment and the proceeds of the Commercial Paper Certificates have been deposited into the Bank Reimbursement Account within the Delivery and Paying Agent Fund, the amount of the Minimum Supplemental Rental Payment may be reduced by the amount of proceeds so deposited.

(f) No Payments in Excess of Aggregate Maximum Base Rental. Notwithstanding any provisions of this or any other document to the contrary, under no circumstances will the City be required to pay during any Base Rental Period amounts (exclusive of Additional Rental) in excess of aggregate Maximum Base Rental, as such amount may be adjusted in accordance with the terms hereof, provided that the City has the right at any time to pay Base Rental in excess of that required hereunder in order to provide for the retirement of Commercial Paper Certificates or amounts payable under the Revolving Bank Certificates.

(g) Delivery of Debt Service Certificate - Annual. Notwithstanding anything herein to the contrary, the City will not be required to deliver a Debt Service Certificate - Annual for the Base Rental Periods ending April 30, 2014 or April 30, 2015 unless the City determines not to fund all of the capitalized interest with respect to the Commercial Paper Certificates from the proceeds of Commercial Paper Certificates for those Base Rental Periods or unless amounts are due and owing on the Revolving Bank Certificates. If the City determines not to fully all of the fund capitalized interest with respect to the Commercial Paper Certificates through April 30, 2015, or if amounts are due and owing on the Revolving Bank Certificates, the City will be obligated to deliver the Debt Service Certificate - Annual, as required by paragraph (b) above, for each Base Rental Period for which capitalized interest is not being fully funded or for which as of the date of delivery of the Debt Service Certificate - Annual there is an amount owing on the Revolving Bank Certificates, and the City will be obligated to budget and appropriate the necessary Base Rental for those Base Rental Periods.

Additionally, the City will take into consideration any amounts on deposit in the Capitalized Interest Account and any capitalized interest it intends to fund for the Base Rental Period ending April 30, 2014 and the Base Rental Period ending April 30, 2015 in

completing the Debt Service Certificate - Annual, for the Base Rental Period ending April 30, 2014 and the Base Rental Period ending April 30, 2015.

(h) Additional Rental. In addition to the Minimum Required Rental Payments and any Minimum Supplemental Rental Payments set forth herein, the City will pay as Additional Rental all of the following:

(i) All taxes and assessments of any nature whatsoever, including but not limited to excise taxes, ad valorem taxes, ad valorem and specific lien special assessments and gross receipts taxes, if any, levied upon any Component or upon any interest of the Trustee, the Banks or the Holders therein or in this Sublease, including taxes and charges contemplated by Section 4.2;

(ii) All costs of maintenance, operation, repair and replacement of the Property as required under Section 4.1;

(iii) Insurance premiums, if any, on all insurance required under the provisions of Section 4.3;

(iv) All fees, costs and expenses (not otherwise paid or provided for out of the proceeds of the sale of the Commercial Paper Certificates) of the Trustee, the Delivery and Paying Agent and the Dealer in connection with the Trust Agreement;

(v) All fees, costs, expenses and other amounts payable to the Banks under the Reimbursement Agreements; and

(vi) Any other fees, costs or expenses incurred by the Trustee and the Delivery and Paying Agent in connection with the execution, performance or enforcement of this Sublease or any assignment hereof or of the Trust Agreement or any of the transactions contemplated hereby or thereby or related to the Property.

Amounts constituting Additional Rental payable hereunder will be paid by the City directly to the person or persons to whom such amounts are payable. The City will pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Trustee or the Banks to the City stating the amount of Additional Rental then due and payable and the purpose thereof.

Section 3.2. Consideration. The Base Rental for each Fiscal Year or portion thereof during the Sublease Term will constitute the total rental for such Fiscal Year or portion thereof and will be payable by the City for and in consideration for the use and possession, and the continued quiet use and enjoyment, of the Property by the City for and during such Fiscal Year or portion thereof. The parties hereto have agreed and determined that the Maximum Base Rental payable in respect of any Component is not in excess of the total fair rental value of such Component. In making such determination, consideration has been given to the uses and purposes served by each such Component and the benefits therefrom that will accrue to the parties by reason of this Sublease and to the general public by reason of the City's use of each such Component.

Section 3.3. Budget. Subject to Section 3.1(g) above, the City hereby covenants to include all Minimum Required Rental Payments and Additional Rental due hereunder 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, subject to Section 3.5. The covenants on the part of the City herein contained are deemed to be and construed to be ministerial duties imposed by law and by the Charter of the City and it is the ministerial duty of each and every public official of the City who bears direct or indirect responsibility for administering this Sublease to take such action and do such things as are required by law in the performance of such official duty of such officials to enable the City to carry out and perform the covenants and agreements on the part of the City contained in this Sublease. The obligation of the City to pay Base Rental and Additional Rental does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Notwithstanding anything to the contrary contained herein, neither the Commercial Paper Certificates nor the obligation of the City to pay Base Rental or Additional Rental constitutes an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction.

Section 3.4. Payment. The City will pay amounts necessary to pay Base Rental and Additional Rental on the dates set forth in Section 3.1 in lawful money of the United States of America, to the Delivery and Paying Agent, care of the Principal Office of the Trustee, or at such other place or places as may be established in accordance herewith or with the Trust Agreement. Except as provided in Section 3.1(g) or 3.5, any amount necessary to pay any Base Rental and Additional Rental which is not so deposited will remain due and payable until received by the Trustee. Notwithstanding any dispute between the City and the Trustee hereunder, the City will make all Rental Payments when due and may not withhold any payments of Base Rental and Additional Rental pending the final resolution of such dispute or for any other reason whatsoever. The City's obligation to pay Base Rental and Additional Rental in the amounts and on the terms and conditions specified hereunder will be absolute and unconditional without any right of set-off or counterclaim, and without abatement, subject only to the provisions of Section 3.5.

Section 3.5. Rental Abatement. Except to the extent of (a) available amounts held by the Delivery and Paying Agent in the Base Rental Account, the Payment Account or the Bank Reimbursement Account of the Delivery and Paying Agent Fund, (b) amounts, if any, received in respect of rental interruption insurance with respect to any Component, and (c) amounts, if any, otherwise legally available to the City for payments in respect of this Sublease or to the Delivery and Paying Agent for payments in respect of the Certificates, Base Rental due hereunder will be subject to abatement in accordance with this Section 3.5 during any period in which, by reason of material damage, destruction or condemnation of any Component, or defects in title to any Component, there is substantial interference with the use, occupancy or possession of any Component by the City. The amount of annual rental abatement will be such that the resulting Base Rental in respect of the Property in any Fiscal Year during which such interference continues, excluding any amounts described in clauses (a), (b) or (c) above, do not exceed the annual fair rental value of the Property with respect to which there has not been substantial interference, as evidenced by a certificate of a Authorized Representative. Such abatement will continue for the period commencing with the date of such damage, destruction, condemnation or discovery of such title defect and ending with the restoration of the affected Component to tenantable condition or correction of the title defect. In the event of any such damage, destruction, condemnation or title defect, this Sublease will continue in full force and effect, except as set forth in Sections 5.1 and 5.2.

Section 3.6. Triple Net Sublease. This Sublease is intended to be a triple net lease. The City agrees that the rentals provided for herein will be an absolute net return to the Trustee free and clear of any expenses, charges or set-offs whatsoever.

Section 3.7. Assignment and Sublease. Except as permitted by Section 3.8, the City will not, after the Closing Date, mortgage, pledge, assign or transfer any interest of the City in this Sublease by voluntary act or by operation of law, or otherwise. However, the City may, with the prior written consent of the Banks, which consent will not be unreasonably withheld, sublease all Property or any Component thereof, or may grant concessions to others involving the use of the Property or any Component, whether such concessions purport to convey a leasehold interest or a license to use such Property or Component, but only if such sublease or grant will be subject to the terms hereof and of the Trust Agreement. Subject to the limitations set forth herein, the City will at all times remain liable for the performance of the covenants and conditions on its part to be performed under this Sublease, notwithstanding any subletting or granting of concessions which may be made. Nothing herein contained will be construed to relieve the City of its obligation to pay Base Rental and Additional Rental with respect to each Component as provided in this Sublease or to relieve the City of any other obligations contained herein. In no event will the City sublease to or permit the use of all or any part of any Component by any person so as to cause interest with respect to the Tax-Exempt Commercial Paper Certificates to be includable in gross income for federal income tax purposes or to be subject to State personal income tax.

Section 3.8. Addition, Substitution or Release of Property. Notwithstanding Section 3.7, if no default or event of default has occurred and is continuing hereunder or under the Reimbursement Agreements, the City may acquire from the Trustee, free and clear of the Trustee's rights under this Sublease and the Site Lease, the release or substitution of any Component, subject to the requirements set forth in Section 7.02 of the Trust Agreement, or the City may add a component or other property to this Sublease and the Site Lease, subject to the requirements set forth in Section 7.02 of the Trust Agreement.

ARTICLE IV

MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 4.1. Replacement, Maintenance and Repairs. The City will, at its own expense, during the Sublease Term, maintain each Component or cause the same to be maintained, in good order, condition and repair and will repair or replace any Component which is destroyed or damaged to such an extent that there is substantial interference with the use and possession of such Component by the City which would result in an abatement of Base Rental or any portion thereof pursuant to Section 3.5, subject to the availability of sufficient insurance proceeds to pay for such repair or replacement. But, the City will not be required to repair or replace any Component pursuant to this Section 4.1 if insurance proceeds or other legally available funds are applied in an amount sufficient to pay and retire (i) all of the Certificates Outstanding and to pay amounts owing to the Banks under the Reimbursement Agreements, or (ii) any portion thereof such that the resulting Base Rental payable pursuant to Section 3.1 in any Fiscal Year following such partial repayment are sufficient to pay in such Fiscal Year the principal of and interest with respect to all Certificates to remain Outstanding and all obligations under the Reimbursement Agreements, to the extent it is due and payable in such Fiscal Year, immediately after such partial repayment.

The City will provide or cause to be provided all security service, custodial service, janitorial service and other services necessary for the proper upkeep and maintenance of each Component. It is understood and agreed that in consideration of the payment by the City of the Base Rental herein provided for, the City is entitled to possession of each Component and the Trustee will have no obligation to incur any expense of any kind or character in connection with the management, operation or maintenance of such Component during the Sublease Term with respect to such Component. The Trustee will not be required at any time to make any improvements, alterations, changes, additions, repairs or replacements of any nature whatsoever in or to any Component. The City hereby expressly waives the right to make repairs or to perform maintenance of any Component at the expense of the Trustee and (to the extent permitted by law) waives the benefit of Sections 1932, 1941 and 1942 of the California Civil Code relating thereto. The City will keep each Component free and clear of all liens, charges and encumbrances other than those existing on or prior to the Closing Date or on or prior to the date any property is substituted for any Component pursuant to Section 3.8 and included in the exceptions and exclusions set forth in the title policies delivered pursuant to Section 4.3 and Permitted Encumbrances, and any liens of mechanics, materialmen, suppliers, vendors or other persons or entities for work or services performed or materials furnished in connection with such Component which are not due and payable or the amount, validity or application of which is being contested in accordance with Section 4.4, subject only to the provisions of Section 4.2.

Section 4.2. Taxes, Other Governmental Charges and Utility Charges. The City contemplates that the Property will be used for a governmental purpose of the City and, therefore, that the Property will be exempt from all taxes presently assessed and levied with respect to the Property. The City will pay during the Sublease Term with respect to each Component as the same respectively become due, all taxes (except for income or franchise taxes, if any, of the Trustee), utility charges and governmental charges of any kind whatsoever, if any, that may at any time be lawfully assessed or levied against or with respect to each such Component. Notwithstanding the forgoing, with respect to any governmental charges that may lawfully be paid in installments over a period of years, (a) the City will be obligated to pay only

such installments as are accrued during such time as this Sublease is in effect with respect to such Component, and (b) the City may contest in good faith the validity or application of any tax, utility charge or governmental charge in any reasonable manner which does not adversely affect the right, title and interest of the Trustee in and to any Component or its rights or interests under this Sublease or subject any portion of any Component to loss or forfeiture. Any such taxes or charges will constitute Additional Rental under Section 3.1(h) and will be payable directly to the entity assessing such taxes or charges.

Section 4.3. Insurance.

(a) The City will maintain or cause to be maintained at all times throughout the Sublease Term:

(1) Comprehensive general liability insurance against damages occasioned by reason of the construction of improvements to, or operation of, the Property. The policy or policies will provide coverage in the following minimum amount: \$5,000,000 combined single limit for bodily and personal injury, death and property damage per occurrence. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the City. Such policies will name the City as an insured party, and will name the Trustee and the Banks and their officers, agents and employees as additional insured parties.

(2) All risk property insurance on all structures, facilities and improvements constituting any part of the Property in an amount at least equal to the aggregate Outstanding principal amount of Certificates and all obligations outstanding under the Reimbursement Agreements, but in no event less than the replacement cost of such structures, facilities and improvements. The insurance will, as nearly as practicable, cover loss or damage by fire, lightning, explosion, windstorm, hail, riot, civil commotion, vandalism, malicious mischief, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance.

(3) To the extent commercially available, earthquake insurance in an amount equal to the lesser of (i) the aggregate Outstanding principal amount of the Certificates or (ii) the replacement cost of the Property; provided that no such earthquake insurance will be required if the Risk Manager files a written recommendation annually with the Trustee that such insurance is not obtainable in reasonable amounts at reasonable costs on the open market from reputable insurance companies.

(4) Rental interruption insurance with the Trustee and the Banks as named additional insureds, as their interests may appear, in an amount not less than the aggregate amount payable by the City pursuant to this Sublease for a period of at least 24 months (such amount to be determined based on the Maximum Principal Amount of Certificates available as of the Closing Date plus interest at the Maximum Interest Rate), to insure against loss of rental income from the Property caused by perils covered by the insurance required by clauses (2) and (3) above.

(5) Boiler and machinery insurance, comprehensive form, insuring against accidents to pressure vessels and mechanical and electrical equipment, with a property damage limit not less than \$5,000,000 per accident.

All policies of insurance required under clauses (2), (3), (4) and (5) above will name the City as the insured party, and the Trustee and the Banks as additional insured parties and will provide that all proceeds thereunder will be payable to the Trustee pursuant to a lender's loss payable endorsement substantially in accordance with the form approved by the Risk Manager, and all amounts so paid to the Trustee will be applied as provided in the Trust Agreement. All policies of insurance required in this Section 4.3 may provide for a deductible amount which is commercially reasonable (as determined by the Risk Manager).

(b) All policies of insurance required by this Sublease will be in a form or forms certified by the Risk Manager (as provided below) to be in compliance with the requirements of this Sublease. The City will pay when due the premiums for all insurance policies required by this Sublease. All insurance under this Sublease is primary to any other insurance available to the City, and applies separately to each insured against whom claim is made or suit is brought and must provide that the Trustee and the Banks will be given 30 days' notice of cancellation (10 days if for nonpayment of premium) or intended non-renewal. All insurance required to be maintained pursuant to this Sublease may be maintained either separately or as a part of any insurance carried by the City, but if maintained as part of other insurance carried by the City, must specifically identify the Property as being covered by such insurance, the amount of coverage applicable to the Property, and the amount of the deductible applicable to the Property. All insurance must be provided by a commercial insurer rated "A-, VIII" or higher by A.M. Best Company.

The City will certify in writing to the Trustee and the Banks by no later than May 15 of each year commencing May 15, 2014, that there is in effect the insurance or self-insurance required by this Section 4.3. The Risk Manager will also, at that time, file the written recommendation required by Section 4.3(a)(3) if no earthquake insurance has been obtained by the City, and will also certify that the insurance the City has obtained pursuant to this Sublease is in a form or forms which are in compliance with the requirements of this Sublease.

(c) Notwithstanding anything herein to the contrary, the City has the right to adopt alternative risk management programs to insure against any of the risks required to be insured against under this Sublease, including a program of self-insurance (other than rental interruption insurance pursuant to clause (4) of subsection (a) and title insurance pursuant to subsection (d)), in whole or in part; provided that (i) any such alternative risk management program has been approved as reasonable and appropriate risk management by the Risk Manager, and (ii) any reserves set aside for such program will be certified at least annually on each May 15, commencing May 15, 2014, as to their adequacy by the Risk Manager in a certificate delivered to the Trustee and the Banks. In addition, any of the Mayor, Controller, Director of Property or Director of Public Finance of the City may, if in the best interests of the City, approve such other types of insurance, including any increases in the insurance coverage required by this Sublease, upon the recommendation of the Risk Manager, or in connection with obtaining or maintaining any rating on the Certificates. The Trustee will not be responsible for the adequacy, sufficiency or coverage of the insurance or self-insurance required or allowed by this Section 4.3.

(d) The City will deliver to the Trustee, on the date of execution and delivery of the Certificates, evidence of the commitment of a title insurance company to issue a CLTA or ALTA

policy of title insurance, in an amount at least equal to the amount available to be drawn under the Credit Facilities under the Reimbursement Agreements, showing fee title of the Property in the name of the City and a leasehold interest in the Property in the name of the Trustee, and naming the insured parties as the City, the Banks and the Trustee, for the benefit of the Holders of the Certificates and the Banks.

Section 4.4. Liens; Permitted Encumbrances. The City will promptly pay or cause to be paid all sums of money that may become due for any labor, services, materials, supplies or equipment alleged to have been furnished or to be furnished to or for, in, upon or about any Component and which may be secured by any mechanic's, materialman's or other lien against such Component, or the interest of the Trustee therein, and will cause each such lien to be fully discharged and released; except, that the City or the Trustee (a) may contest any such claim or lien without payment thereof so long as such non-payment and contest stays execution or enforcement of the lien, but if such lien is reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not stayed, or if stayed and the stay thereafter expires, then and in any such event the City will forthwith pay and discharge such judgment or lien, or (b) delay payment without contest so long as and to the extent that such delay will not result in the imposition of any penalty or forfeiture. Additionally, the Trustee and the City will not create or suffer to be created any lien, charge or encumbrance upon the Property, or upon any real or personal property essential to the operation of the Property, except Permitted Encumbrances. The Trustee and the City will not sell or otherwise dispose of the Property or any other property essential to the proper operation of the Property.

Section 4.5. Laws and Ordinances. The City will observe and comply with all rules, regulations and laws applicable to the City with respect to the Property and the operation thereof. The cost, if any, of such observance and compliance will be borne by the City, and the Trustee will not be liable therefor. The City agrees further to place, keep, use, maintain and operate all Property in such a manner and condition as will provide for the safety of its agents, employees, invitees, subtenants, licensees and the public.

Section 4.6. Additions and Improvements; Removal. The City has the right during the Sublease Term to make any additions or improvements to any Component, to attach fixtures, structures or signs, and to affix any personal property to any Component, so long as the fair rental value of the Component is not thereby reduced. Title to all fixtures, equipment or personal property affixed by the City on any Component will remain in the City. Title to any personal property, improvements or fixtures affixed on any Component by any sublessee or licensee of the City will be controlled by the sublease or license agreement between such sublessee or licensee and the City, which sublease or license agreement will not be inconsistent with this Sublease.

ARTICLE V

USE OF NET PROCEEDS; EMINENT DOMAIN

Section 5.1. Application of Insurance Proceeds.

(a) **General.** The City will transfer proceeds of insurance received in respect of destruction of or damage to any portion of any Component by fire, earthquake or other casualty or event to the Trustee for application in accordance with the provisions of Section 3.10 of the Trust Agreement. If there is an abatement of Base Rental due pursuant to Section 3.5 as a result of such casualty or event, and the City elects pursuant to Section 3.10 of the Trust Agreement to apply such insurance to the payment and retirement of Certificates rather than to the replacement or repair of the destroyed or damaged Component, then this Sublease will terminate with respect to the destroyed or damaged Component as of the later of the date of such election by the City or the date the amount required by Section 3.10 of the Trust Agreement is received by the Trustee. If the City elects, pursuant to Section 3.10 of the Trust Agreement to apply such proceeds to the repair or replacement of the portion of any Component which has been damaged or destroyed, in the event there has been an abatement of Base Rental pursuant to Section 3.5, then Base Rental without any abatement will again begin to accrue with respect thereto upon repair or replacement of such portion of such Component.

(b) **Title Insurance.** The City will transfer proceeds of title insurance received with respect to any Component to the Trustee for application in accordance with the provisions of Section 3.11 of the Trust Agreement.

Section 5.2. Eminent Domain.

(a) **Total Condemnation.** If any Component, or so much thereof as to render the remainder of such Component unusable for the City's purposes under this Sublease, is taken under the power of eminent domain, then this Sublease will terminate with respect to such Component as of the day possession is so taken or as of the date of entry of the interlocutory judgment.

(b) **Partial Condemnation.** If less than a substantial portion of any Component is taken under the power of eminent domain, and the remainder is useable for the City's purposes, then this Sublease will continue in full force and effect as to the remaining portions of such Component, subject only to such rental abatement as is required by Section 3.5. The City and the Trustee hereby waive the benefit of any law to the contrary. The City will transfer any award made in eminent domain proceedings for the taking to the Trustee for application in accordance with the provisions of Section 3.10 of the Trust Agreement. If the City elects, pursuant to Section 3.10 of the Trust Agreement, to apply such proceeds to the replacement of the condemned portion of any Component, in the event there has been an abatement of Base Rental pursuant to Section 3.5, then Base Rental without any abatement will again begin to accrue with respect thereto upon replacement of the Component.

ARTICLE VI

OTHER COVENANTS

Section 6.1. Right of Entry. Representatives of the Trustee and the Banks will, subject to reasonable security precautions, have the right to enter upon any Component during reasonable business hours (and in emergencies and upon the occurrence and continuance of any Event of Default at all times) (a) to inspect the same, (b) for any purpose connected with the rights or obligations of the Trustee under this Sublease or under the Trust Agreement or the Banks under the Reimbursement Agreements, or (c) for all other lawful purposes.

Section 6.2. Quiet Enjoyment. The Trustee covenants and agrees that the City, upon keeping and performing the covenants and agreements herein contained, will, at all times during the Sublease Term, peaceably and quietly have, hold, and enjoy the Property.

Section 6.3. Indemnification. To the extent permitted by law, the City will indemnify the Trustee and its officers and directors from and against any and all costs, claims, expenses or liabilities which might arise out of or are related to this Sublease, the Site Lease, the Property and the Certificates, including without limitation obligations to the Banks, and the City will further defend the Trustee and its directors in any action arising out of or related to the Property and the Certificates.

Section 6.4. Performance of Trustee's Duties and Responsibilities. The City and the Trustee agree that any and all administrative or ministerial actions or determinations that the Trustee is required to do or make pursuant to this Sublease, the Trust Agreement, the Site Lease, the Dealer Agreement, the Reimbursement Agreements, the Credit Facilities or any other related agreement may be performed by the City on behalf of the Trustee, provided the Trustee shall not be liable for any actions performed or not performed by the City on behalf of the Trustee.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.1. Events of Default. The following are "Events of Default" under this Sublease and the terms "Events of Default" and "default" mean, whenever they are used in this Sublease, any one or more of the following events:

(a) Failure by the City to pay to the Trustee any Base Rental payment with respect to any Component as and when the same becomes due and payable

(b) Failure by the City to pay any Additional Rental payment under Section 3.1(h) for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Trustee or to the City and the Trustee by the Holders of not less than a majority in aggregate principal amount of Commercial Paper Certificates then Outstanding or if the failure stated in the notice cannot be corrected within such 30-day period, then the City fails to institute corrective action within such 30-day period and diligently pursue the same to completion.

(c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Sublease, the Trust Agreement, or the Site Lease, other than such failure as may constitute an Event of Default under clause (a) or (b) of this Section 7.1, for a period of 60 days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Trustee or to the City and the Trustee by the Holders of not less than a majority in aggregate principal amount of Commercial Paper Certificates then Outstanding or if the failure stated in the notice cannot be corrected within such 60-day period, then the City fails to institute corrective action within such 60-day period and diligently pursue the same to completion.

(d) The City (i) voluntarily commences any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consents to the institution of, or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) applies for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) files an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) makes a general assignment for the benefit of creditors, (vi) admits in writing its inability generally to pay its debts as they become due or (vii) takes action for the purpose of effecting any of the foregoing.

(e) An involuntary proceeding is commenced or an involuntary petition is filed in a court of competent jurisdiction seeking (i) relief in respect of the City, or of a substantial part of its property, under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law or (ii) the appointment of a receiver, trustee, custodian, sequestrator or similar official for the City or for a substantial part of its property, and such proceeding or petition continues undismissed for 60 days or an order or decree approving or ordering any of the foregoing continues unstayed and in effect for 30 days.

(f) The Trustee receives written notice from either Bank of the occurrence of an event of default under a Reimbursement Agreement.

Section 7.2. Remedies on Default. Subject to Section 7.3, the Trustee has the right, at its option, without any further demand or notice, to pursue the following rights and remedies:

(a) Except as set forth in subsection (c) below, the Trustee may reenter any Component and eject all parties in possession therefrom and, without terminating this Sublease, relet the Component as the agent and for the account of the City upon such terms and conditions as the Trustee may deem advisable, in which event the rents received on such reletting will be applied first to the expenses of reletting and collection, including expenses for repair or restoration of the Component to its original condition (taking into account normal wear and tear), reasonable attorneys' fees and any real estate commissions actually paid, and second to Base Rental with respect to such Component in accordance with this Sublease and the Trust Agreement and third to Additional Rental with respect to such Component in accordance with this Sublease. If a sufficient amount is not realized to pay such sums and other charges then the City will pay to the Trustee any net deficiency existing on the date when the Base Rental or Additional Rental with respect to such Component is due hereunder. Any such reentry and reletting may be done only with the consent of the City, which consent is hereby irrevocably given.

(b) In lieu of the above, so long as the Trustee does not terminate this Sublease or the City's possession of any Component, the Trustee may enforce all of its rights and remedies under this Sublease, including the right to recover Base Rental payments as they become due under this Sublease pursuant to section 1951.4 of the California Civil Code and to otherwise enforce performance by the City, and to pursue any remedy available in law or in equity, except as expressly provided herein.

Any reentry under this Section 7.2 will be allowed by the City without hindrance, and the Trustee will not be liable in damages for any reentry or be guilty of trespass. NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBLEASE OR THE TRUST AGREEMENT, IN NO EVENT WILL THE TRUSTEE HAVE THE RIGHT TO ACCELERATE THE PAYMENT OF ANY BASE RENTAL WITH RESPECT TO THE PROPERTY HEREUNDER.

Each and every remedy of the Trustee hereunder is cumulative and the exercise of one remedy will not impair the right of the Trustee to any or all other remedies. If any statute or rule validly limits the remedies given to the Trustee hereunder, the Trustee nevertheless will be entitled to whatever remedies are allowable under any statute or rule of law.

The Trustee will apply all damages and other payments received by the Trustee pursuant to this Section 7.2 in the manner set forth in Section 3.12 of the Trust Agreement.

(c) With respect to the Fire Station Components, the remedies set forth in subparagraph (a) above are not applicable, and the Trustee may proceed solely under subparagraph (b).

Section 7.3. Rights of Banks upon Default. In furtherance of the foregoing, the City and the Trustee agree that: (i) the City will simultaneously mail to each Bank a copy of any notice given by the City to the Trustee; (ii) prior to taking any action by the Trustee or its assignee upon a default by the City in the performance of any obligation under the terms of this

Sublease, the Trustee will provide written notice thereof to each Bank and thereupon the Banks will have the right, but not the obligation, to cure any such default. In that connection, the Trustee will not take action to effect a termination of this Sublease or to re-enter or take possession of the Property or any Component as a consequence of such default except upon the prior written direction of the Banks. Furthermore, if this Sublease is rejected or disaffirmed pursuant to any bankruptcy law or other law affecting creditors' rights or if this Sublease is terminated for any other reason whatsoever, the City will use its best efforts to enter into a new lease of the Property at the request of the Banks for the remainder of the term of this Sublease, effective as of the date of such rejection or disaffirmance or termination. So long as the Credit Facilities are in effect or any obligations payable by the City to the Banks under the Reimbursement Agreements remain unsatisfied, (i) neither the City nor the Trustee will accept a voluntary surrender of this Sublease and (ii) this Sublease will not be amended, supplemented or modified in any material respect without, in each case, the prior written consent of the Banks. Anything herein to the contrary notwithstanding, in the event a Bank has failed to honor a properly presented and conforming drawing under its Credit Facility, such Bank will be excluded from the term "Banks" for purposes of determining any required consent or written direction of the Banks as provided for in this Section 7.3.

Section 7.4. Waiver. The waiver by the Trustee of any breach by the City, and the waiver by the City of any breach by the Trustee of any term, covenant or condition hereof will not operate as a waiver of any subsequent breach of the same or any other term, covenant or condition hereof.

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES OF THE CITY

Section 8.1. Representations and Warranties of the City. The City represents and warrants that, as of the Closing Date:

(a) **Existence.** The City is validly existing as a charter city and county, duly organized and created and validly existing under the Constitution of the State, with full right and power to execute, deliver and perform its obligations hereunder and under the Related Documents (as defined in the Reimbursement Agreements) to which it is a party.

(b) **Authorization; Contravention.** The execution, delivery and performance by the City of this Sublease and the Related Documents to which it is a party are within the City's powers, have been duly authorized by all necessary action, require no action by or in respect of, or filing with, any governmental body, agency or official applicable to the City 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, decree or material instrument binding upon the City 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).

(c) **Binding Effect.** Assuming due authorization, execution and delivery by each of the other parties hereto and thereto, this Sublease and each Related Document to which the City is a party, constitutes the legal, valid and binding obligation of the City enforceable against the City in accordance with its respective terms, subject, as to enforceability, to applicable bankruptcy, moratorium, insolvency or similar laws affecting the rights of creditors generally and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) **No Default.** The City is not, in any material respect, in violation of any applicable law or administrative regulation of the State or of the United States, relating, in each case, to the issuance or delivery of debt securities by it, or any applicable judgment, decree, loan agreement, note, resolution, ordinance or other material agreement to which it is a party or is otherwise subject, which violation would materially adversely affect the City's ability to perform its obligations under this Sublease. Late delivery of financial statements or other reporting documentation will not be deemed material for purposes of this subsection.

(e) **Litigation.** Except as previously disclosed in writing to the Banks, there is no action, suit or proceeding pending with service of process 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 in which there is a reasonable possibility of an adverse decision which could materially adversely affect the City's ability to perform its obligations under this Sublease or which in any manner draws into question the validity or enforceability of this Sublease or any Related Document to which the City is a party.

(f) **No Sovereign Immunity.** The City is subject to civil and commercial law in respect of its obligations under this Sublease, and the Related Documents to which it is a party, and the execution, delivery and performance of such instruments and agreements constitute commercial acts rather than public or governmental acts; however, (i) the substantive provisions and procedural requirements of California civil law and commercial law which apply to the City are, in many respects, different from the substantive provisions and procedural requirements

which would apply to other Persons under similar circumstances; (ii) California law limits the exercise of prejudgment and postjudgment remedies against public entities, including the City; and (iii) a court may not strictly enforce certain covenants if it concludes that enforcement would be unreasonable under the circumstances. To the extent that the City is entitled to any immunity from suit, it hereby waives such immunity to the fullest extent permitted by law.

(g) Incorporation of Representations and Warranties by Reference. The City hereby makes to the Banks the same representations and warranties made by the City as are set forth in the Related Documents, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference with the same effect as if fully set forth herein.

(h) Legislation. To the best knowledge of the City, no legislation has been enacted which would materially adversely affect or prohibit (i) the execution and delivery of this Sublease or the Related Documents to which the City is a party, or (ii) the performance by the City of its obligations under this Sublease or the Related Documents to which the City is a party.

ARTICLE IX

MISCELLANEOUS

Section 9.1. Disclaimer of Warranties. NEITHER THE TRUSTEE NOR ANY PERSON ACTING ON ITS BEHALF HAS MADE OR MAKES ANY WARRANTY OR REPRESENTATION AS TO THE PAST, PRESENT OR FUTURE CONDITION OF THE PROPERTY NOT HEREIN EXPRESSED, AND THE CITY HAS ENTERED INTO THIS SUBLEASE WITHOUT REPRESENTATIONS OR WARRANTIES WITH RESPECT THERETO ON THE PART OF THE TRUSTEE, ITS AGENTS, REPRESENTATIVES OR EMPLOYEES.

Section 9.2. Notices. Except as otherwise specifically provided in this Sublease, all notices, requests, demands and other communications under this Sublease will be in writing (unless otherwise specified herein) and will be sufficiently given on the date of service if served personally upon the person to whom notice is to be given or on receipt if sent by telex or other telecommunication facility or courier or if mailed by registered or certified mail, return receipt requested, postage prepaid, and properly addressed as follows:

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 Trustee: U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Corporate Trust Services
Facsimile: (415) 273-4591

If to the Delivery and Paying Agent:

U.S. Bank National Association
Corporate Trust Services
100 Wall Street, Suite 1600
New York, New York 10005
Facsimile: (212) 514-6841

If to the Bank: State Street Bank and Trust Company
[to come]

or to such other address or addresses as any such person has designated to the others by notice given in accordance with the provisions of this Section 9.2.

Section 9.3. Validity. If any one or more of the terms, provisions, promises, covenants or conditions of this Sublease will to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, then each and all of the remaining terms, provisions, promises, covenants and conditions of this Sublease will not be affected thereby and will be valid and enforceable to the fullest extent permitted by law.

If for any reason this Sublease will be held by a court of competent jurisdiction to be void, voidable or unenforceable by the Trustee or by the City, or if for any reason it is held by such a court that any of the covenants and agreements of the City hereunder, including the covenant to pay Base Rental and Additional Rental hereunder, is unenforceable for the full term hereof, then and in such event for and in consideration of the right of the City to possess, occupy and use the Property, which right in such event is hereby granted, this Sublease will thereupon become and will be deemed to be a sublease from year to year under which the annual Base Rental payments and Additional Rental payments herein specified will be paid by the City.

Section 9.4. Execution in Counterparts. This Sublease may be executed in several counterparts, each of which is deemed to be an original, and all of which together constitute but one and the same agreement.

Section 9.5. Law Governing; Venue. The formation, interpretation and performance of this Sublease is governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Sublease is in San Francisco.

Section 9.6. Amendment. This Sublease may be amended only in accordance with and as permitted by the terms of Section 7.02 of the Trust Agreement.

Section 9.7. Excess Payments. Notwithstanding anything contained herein or in the Trust Agreement to the contrary, if for any reason, including but not limited to damage, destruction, condemnation, transfer, sale or disposition, the City or the Trustee receive payments, proceeds or awards with respect to any Component in excess of the amount necessary to pay or prepay or provide in accordance with the Trust Agreement for the payment or redemption of all of the Outstanding Certificates and all amounts payable to the Banks under the Reimbursement Agreements, such excess will represent the City's equity interest in such Component and will all be paid to the City.

Section 9.8. No Merger. If both the Trustee's and the City's estate under this Sublease or the Site Lease or any other lease relating to any Component at any time by any time by any reason become vested in one owner, this Component and the estate created hereby will not be destroyed or terminated by the doctrine of merger unless the City so elects as evidenced by recording a written declaration so stating, and, unless and until the City so elects, the City will continue to have and enjoy all of its rights and privileges as to the separate estates.

Section 9.9. Further Assurances and Corrective Instruments. The City and the Trustee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property or any Component leased hereby or intended to be so leased or for carrying out the express intention of the Sublease.

Section 9.10. Refinancing of Trustee Obligations. In the event that any Advance or any other amount under the Revolving Bank Certificates is not paid by the Trustee when due under the Reimbursement Agreements, the City will use its best efforts to issue long-term bonds or certificates of participation or other obligations in an aggregate principal amount, or to substitute the applicable Credit Facility or Facilities with credit facilities of one or more Alternate Banks, in each case so as to obtain funds sufficient in amount to pay the same in full.

Section 9.11. Third Party Beneficiaries. Each Bank is a third party beneficiary of this Sublease with the power to enforce the same until the later of (i) the date the applicable Credit Facility has terminated and been surrendered to the applicable Bank for cancellation and (ii) the date all amounts payable under the applicable Reimbursement Agreement and Revolving Bank Certificate have been satisfied in full.

Section 9.12. Limited Liability of Trustee. The Trustee is executing this Sublease solely in its capacity as Trustee under the Trust Agreement, subject to the protections, indemnities and limitations from liability afforded to the Trustee under the Trust Agreement, (ii) nothing contained herein will be construed as creating any liability on U.S. Bank National Association ("U.S. Bank") individually or personally, to perform any covenant, duty or obligation of any kind contained in this Sublease, and (iii) under no circumstances will U.S. Bank be liable for the payment of any fees, costs, indebtedness or expenses related to or arising from the Sublease or any documents related hereto.

ARTICLE X

CITY REQUIREMENTS

Section 10.1. Local Business Enterprise Utilization; Liquidated Damages.

(a) **The LBE Ordinance.** The Trustee will comply with all the requirements of the Disadvantaged Business Enterprise Ordinance set forth in Chapter 14B of the San Francisco Administrative Code as it now exists or as it may be amended in the future (collectively the "LBE Ordinance"), provided such amendments do not materially increase the Trustee's obligations or liabilities, or materially diminish the Trustee's rights, under this Sublease. Such provisions of the LBE Ordinance are incorporated by reference and made a part of this Sublease as though fully set forth in this section. The Trustee's willful failure to comply with any applicable provision of the LBE Ordinance is a material breach of the Trustee's obligations under this Sublease and will entitle City, subject to any applicable notice and cure provisions set forth in this Sublease, to exercise any of the remedies provided for under this Sublease, under the LBE Ordinance or otherwise available at law or in equity, which remedies will be cumulative unless this Sublease expressly provides that any remedy is exclusive. In addition, the Trustee will comply fully with all other applicable local, state and federal laws prohibiting discrimination and requiring equal opportunity in contracting, including subcontracting.

(b) **Compliance and Enforcement.** If the Trustee willfully fails to comply with any of the provisions of the LBE Ordinance, the rules and regulations implementing the LBE Ordinance, or the provisions of this Sublease pertaining to LBE participation, The Trustee will be liable for liquidated damages in an amount equal to The Trustee's net profit on this Sublease, or 10% of the total amount of this Sublease, or \$1,000, whichever is greatest. The Director of the City's Human Rights Commission or any other public official authorized to enforce the LBE Ordinance (separately and collectively, the "Director of HRC") may also impose other sanctions against the Trustee authorized in the LBE Ordinance, including declaring the Trustee to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Trustee's DBE certification. The Director of HRC will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to Administrative Code §14B.17.

By entering into this Sublease, the Trustee acknowledges and agrees that any liquidated damages assessed by the Director of the HRC will be payable to City upon demand. The Trustee further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to the Trustee on any contract with City.

The Trustee will maintain records necessary for monitoring its compliance with the LBE Ordinance for a period of three years following termination or expiration of this Sublease, and will make such records available for audit and inspection by the Director of HRC or the Controller upon request.

Section 10.2. Nondiscrimination; Penalties.

(a) **Trustee Will Not Discriminate.** In the performance of this Sublease, the Trustee agrees not to discriminate against any employee, City and County employee working with such contractor or subcontractor, applicant for employment with such contractor or subcontractor, 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 Trustee will 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 Purchasing) and will require all subcontractors to comply with such provisions. The Trustee's failure to comply with the obligations in this subsection will constitute a material breach of this Sublease.

(c) Nondiscrimination in Benefits. The Trustee does not as of the date of this Sublease and will not during the term of this Sublease, in any of its operations in San Francisco, on real property owned by San Francisco, 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 Sublease, the Trustee will 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 Sublease as though fully set forth herein. The Trustee will comply fully with and be bound by all of the provisions that apply to this Sublease under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, the Trustee understands that pursuant to §12B.2(h) 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 Sublease may be assessed against the Trustee and/or deducted from any payments due the Trustee.

Section 10.3. 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 Sublease on behalf of the Trustee acknowledges and agrees that he or she has read and understood this section.

Section 10.4. Tropical Hardwood and Virgin Redwood Ban. 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.

Section 10.5. Drug-Free Workplace Policy. The Trustee 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 Trustee agrees that any violation of this prohibition by the Trustee, its employees, agents or assigns will be deemed a material breach of this Sublease.

Section 10.6. Compliance with Americans with Disabilities Act. The Trustee 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 Trustee will provide the services specified in this Sublease in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. The Trustee agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Sublease and further agrees that any violation of this prohibition on the part of the Trustee, its employees, agents or assigns will constitute a material breach of this Sublease.

Section 10.7. 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, will 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.

Section 10.8. Limitations on Contributions. Through execution of this Sublease, the Trustee 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 Trustee 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 Trustee further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of the Trustee's board of directors; the Trustee'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 Trustee; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by the Trustee. Additionally, the Trustee acknowledges that the Trustee must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126.

Section 10.9. Requiring Minimum Compensation for Covered Employees.

(a) The Trustee will 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 Sublease as though fully set forth. The text of the MCO is available on the web at <http://www.sfgov.org/olse/mco>. A partial listing of some of the Trustee's obligations under the MCO is set forth in this Section. The Trustee is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

(b) The MCO requires the Trustee to pay the Trustee'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 Trustee is obligated to keep informed of the then-current requirements. Any subcontract entered into by the Trustee will require the subcontractor to comply with the requirements of the MCO and will contain contractual obligations substantially the same as those set forth in this Section. It is the Trustee's obligation to ensure that any subcontractors of any tier under this Sublease comply with the requirements of the MCO. If any subcontractor under this Sublease fails to comply, City may pursue any of the remedies set forth in this Section against the Trustee.

(c) The Trustee will 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.

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

(e) The City is authorized to inspect the Trustee's job sites and conduct interviews with employees and conduct audits of the Trustee.

(f) The Trustee's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Sublease. The City in its sole discretion will 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 Trustee fails to comply with these requirements. The Trustee agrees 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 Trustee's noncompliance. The procedures governing the assessment of liquidated damages will be those set forth in Section 12P.6.2 of Chapter 12P.

(g) The Trustee understands and agrees that if it fails to comply with the requirements of the MCO, the City will have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Sublease for violating the MCO, the Trustee fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Trustee fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City will 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 will be exercisable individually or in combination with any other rights or remedies available to the City.

(h) The Trustee 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.

(i) The City may conduct random audits of the Trustee. Random audits will be (i) noticed in advance in writing; (ii) limited to ascertaining whether Covered Employees are paid at least the minimum compensation required by the MCO; (iii) accomplished through an examination of pertinent records at a mutually agreed upon time and location within ten days of the written notice; and (iv) limited to one audit of the Trustee every two years for the duration of this Sublease. Nothing in this Sublease is intended to preclude the City from investigating any report of an alleged violation of the MCO.

Section 10.10. Requiring Health Benefits for Covered Employees. Unless exempt, the Trustee will 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 herein by reference and made a part of this Sublease as though fully set forth. The text of the HCAO is available on the web at <http://www.sfgov.org/oca/lwlh.htm>. Capitalized terms used in this Section and not defined in this Sublease will have the meanings assigned to such terms in Chapter 12Q.

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

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

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

(d) Any Subcontract entered into by the Trustee will require the Subcontractor to comply with the requirements of the HCAO and will contain contractual obligations substantially the same as those set forth in this Section. The Trustee will notify City's Office of Contract Administration when it enters into such a Subcontract and will 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 Trustee will 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 Trustee based on the

Subcontractor's failure to comply, provided that City has first provided the Trustee with notice and an opportunity to obtain a cure of the violation.

(e) The Trustee will not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to the Trustee'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 Trustee 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 Trustee will 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 City Contract.

(h) The Trustee will keep itself informed of the current requirements of the HCAO.

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

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

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

(m) If the Trustee is exempt from the HCAO when this Sublease is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but the Trustee later enters into an agreement or agreements that cause the Trustee's aggregate amount of all agreements with City to reach \$75,000, all the agreements will 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 Trustee and the City to be equal to or greater than \$75,000 in the fiscal year.

Section 10.11. Prohibition on Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, the Trustee 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 Sublease. The Trustee will 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 Trustee

violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Sublease, and (ii) prohibit the Trustee from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider the Trustee's use of profit as a violation of this section.

Section 10.12. Conflict of Interest. Through its execution of this Sublease, the Trustee acknowledges that it is familiar with the provisions 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 constitute a violation of said provision and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Sublease.

Section 10.13. 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.

(a) The Trustee will provide EIC Forms to each Eligible Employee at each of the following times: (i) within thirty days following the date on which this Sublease becomes effective (unless the Trustee 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 Trustee; and (iii) annually between January 1 and January 31 of each calendar year during the term of this Sublease.

(b) Failure to comply with any requirement contained in subparagraph (a) of this Section will constitute a material breach by the Trustee of the terms of this Sublease. If, within thirty days after the Trustee receives written notice of such a breach, the Trustee fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, the Trustee 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 Sublease or under applicable law.

(c) Any Subcontract entered into by the Trustee will require the subcontractor to comply, as to the subcontractor's Eligible Employees, with each of the terms of this section.

(d) Capitalized terms used in this Section and not defined in this Sublease will have the meanings assigned to such terms in Section 12O of the San Francisco Administrative Code.

Section 10.14. Preservative-treated Wood Containing Arsenic. The Trustee may not purchase preservative-treated wood products containing arsenic in the performance of this Sublease unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" will mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. The Trustee may purchase preservative-treated wood products on the list of environmentally preferable alternatives

prepared and adopted by the Department of the Environment. This provision does not preclude the Trustee from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" will mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

Section 10.15. Nondisclosure of Private Information. The Trustee has read and will 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 Trustee agrees that any failure of the Trustee to comply with the requirements of Section 12M.2 of this Chapter will be a material breach of this Sublease. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate this Sublease, bring a false claim action against the Trustee pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Trustee.

Section 10.16. Proprietary or Confidential Information of City. The Trustee understands and agrees that, in the performance of the work or services under this Sublease or in contemplation thereof, the Trustee 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 City. The Trustee agrees that all information disclosed by City to the Trustee will be held in confidence and used only in performance of the Sublease. The Trustee will exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

Section 10.17. Compliance with Laws. The Trustee will keep itself fully informed of the City's Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Sublease, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

Section 10.18. Works for Hire. If, in connection with services performed under this Sublease, the Trustee or its subcontractors create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes or any other original works of authorship, such works of authorship will be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the City. If it is ever determined that any works created by the Trustee or its subcontractors under this Sublease are not works for hire under U.S. law, the Trustee hereby assigns all copyrights to such works to the City, and will provide any material and execute any documents necessary to effectuate such assignment. With the approval of the City, the Trustee may retain and use copies of such works for reference and as documentation of its experience and capabilities.

Section 10.19. Resource Conservation. Chapter 5 of the San Francisco Environment Code ("**Resource Conservation**") is incorporated herein by reference. Failure by the Trustee to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

Section 10.20. Guaranteed Maximum Costs.

(a) The City's obligation hereunder will not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification.

(b) Except as may be provided by laws governing emergency procedures, officers and employees of the City are not authorized to request, and the City is not required to reimburse the Trustee for, commodities or services beyond the agreed upon contract scope unless the changed scope is authorized by amendment and approved as required by law.

(c) Officers and employees of the City are not authorized to offer or promise, nor is the City required to honor, any offered or promised additional funding in excess of the maximum amount of funding for which the contract is certified without certification of the additional amount by the Controller.

(d) The Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

Section 10.21. Submitting False Claims; Monetary Penalties. Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim will be liable to the City for three times the amount of damages which the City sustains because of the false claim. A contractor, subcontractor or consultant who submits a false claim will 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. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, 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.

Section 10.22. Ownership of Results. Any interest of the Trustee or its Subcontractors, in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by the Trustee or its subcontractors in connection with services to be performed under this Sublease, shall become the property of and will be transmitted to City. However, the Trustee may retain and use copies for reference and as documentation of its experience and capabilities.

Section 10.23. Audit and Inspection of Records. The Trustee will maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its work under this Sublease. The Trustee will permit City to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Sublease, whether funded in whole or in part under this Sublease. The Trustee shall maintain such data and records in an accessible location and condition for a period of not less than three years after final payment under this Sublease or until after final audit has been

resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Sublease shall have the same rights conferred upon City by this Section.

Section 10.24. Subcontracting. The Trustee is prohibited from subcontracting this Sublease or any part of it unless such subcontracting is first approved by City in writing. Neither party shall, on the basis of this Sublease, contract on behalf of or in the name of the other party. An agreement made in violation of this provision shall confer no rights on any party and shall be null and void.

Section 10.25. Assignment. The services to be performed by Trustee are personal in character and neither this Sublease nor any duties or obligations hereunder may be assigned or delegated by the Trustee unless first approved by City by written instrument executed and approved in the same manner as this Sublease.

Section 10.26. Non-Waiver of Rights. The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

IN WITNESS WHEREOF, the parties hereto have executed this Sublease as of the date first above written.

U.S. BANK NATIONAL ASSOCIATION, as
Sublessor

By: _____
Authorized Officer

**CITY AND COUNTY OF SAN
FRANCISCO**, as Sublessee

By: _____
Mayor

APPROVED AS TO FORM:

By: _____
City Attorney

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

First Component (_____):

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN FRANCISCO,
COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

EXHIBIT B

BASE RENTAL PAYMENT SCHEDULE

EXHIBIT C-1

FORM OF DEBT SERVICE CERTIFICATE -- ANNUAL

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

U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111

State Street Bank and Trust Company
[Address]

Pursuant to Section 3.1(b) of the Sublease (the "Sublease"), dated as of ____ 1, 2013, between the **U.S. Bank National Association** (the "Trustee") as Sublessor, and the **City and County of San Francisco** (the "City"), as Sublessee, the undersigned, based on information available as of _____, 20__ [no earlier than April 1 of such year] hereby certifies that for the Base Rental Period commencing May 1, 20__:

- (a) the average principal amount of Commercial Paper Certificates Outstanding during the current Base Rental Period commencing May 1, 20__, is expected to be \$_____;
- (b) the Assumed Interest Rate for the Base Rental Period commencing on May 1, 20__ is, with respect to the Tax-Exempt Commercial Paper Certificates, __% per annum, with respect to the Taxable Commercial Paper Certificates, __% per annum, and, with respect to the Revolving Bank Certificates, __% per annum, as calculated pursuant to the Trust Agreement;
- (c) based upon the expected average principal amount of Commercial Paper Certificates Outstanding during the current Base Rental Period and the applicable Assumed Interest Rate, the Assumed Interest Cost required during the Base Rental Period commencing May 1, 20__, will be \$_____, with \$_____ of such amount expected to be paid from capitalized interest pursuant to Section 3.2(g) of the Sublease;
- (d) the Required Principal Reduction Amount for the Base Rental Period commencing May 1, 20__, is \$_____;
- (e) the amount of interest coming due on the Revolving Bank Certificates at the Assumed Interest Rate during the Base Rental Period commencing May 1, 20__ is \$_____;
- (f) the amount of principal coming due on the Revolving Bank Certificates during the Base Rental Period commencing May 1, 20__ is \$_____;
- (g) the Minimum Required Rental Payment is \$_____, which represents the sum of the amounts set forth in paragraphs (c) (excluding the amount of capitalized interest set forth in (c) above), (d), (e) and (f); and
- (h) the City agrees that it is obligated to pay the Minimum Required Rental Payment as provided in Section 3.1 of the Sublease.

Dated: _____

CITY AND COUNTY OF SAN FRANCISCO

BY: _____
Authorized Representative

EXHIBIT C-2

FORM OF DEBT SERVICE CERTIFICATE -- ADDITIONAL
COMMERCIAL PAPER CERTIFICATES

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

U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111

State Street Bank and Trust Company
[to come]

Pursuant to Section 3.1(c) of the Sublease (the "Sublease"), dated as of ____ 1, 2013, between the **U.S. Bank National Association** (the "Trustee") as Sublessor, and the **City and County of San Francisco** (the "City"), as Sublessee, the undersigned hereby certifies that as of the date of delivery (the "Date of Calculation") of Commercial Paper Certificates referred to in Section 3.01.e(i)(F) of the Trust Agreement dated as of ____ 1, 2013, between the City and the Trustee (the "Trust Agreement"):

- (a) the expected average principal amount of Commercial Paper Certificates Outstanding during the current Base Rental Period after such delivery is expected to be \$ _____;
- (b) the Assumed Interest Rate for the Base Rental Period during which the Date of Calculation occurs, as calculated pursuant to the Trust Agreement and as evidenced by the Debt Service Certificate--Annual filed by the Trustee in respect of that Base Rental Period during which the Date of Calculation occurs is ____% per annum;
- (c) based upon the expected average principal amount of Commercial Paper Certificates Outstanding during the current Base Rental Period after such delivery and the Assumed Interest Rate for the Base Rental Period during which the Date of Calculation occurs, the Assumed Interest Cost with respect to the Commercial Paper Certificates during the portion of the Base Rental Period from and after the Date of Calculation, will be \$ _____, with \$ _____ of such amount expected to be paid from capitalized interest pursuant to Section 3.2(g) of the Sublease;
- (d) the interest accrued with respect to Commercial Paper Certificates during the Base Rental Period prior to the Date of Calculation is \$ _____;
- (e) the Required Principal Reduction Amount for the Base Rental Period during which the Date of Calculation occurs which remains unpaid is \$ _____;
- (f) the amount of Minimum Required Rental Payment and Minimum Supplemental Rental Payment relating to the Commercial Paper Certificates previously paid by

the City for the Base Rental Period during which the Date of Calculation occurs is \$_____;

- (g) the Minimum Supplemental Rental Payment is the sum of the amounts set forth in paragraphs (c) (excluding the amount of capitalized interest set forth in (c) above), (d) and (e), less the amount set forth in paragraph (f), which is \$_____; and
- (h) if the amount set forth in paragraph (g) is greater than zero, demand is hereby made that the City pay the Minimum Supplemental Rental Payment.

Dated:_____

CITY AND COUNTY OF SAN FRANCISCO

BY:_____
Authorized Representative

EXHIBIT C-3

FORM OF DEBT SERVICE CERTIFICATE - - ADDITIONAL INTEREST AND/OR PRINCIPAL

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

U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111

State Street Bank and Trust Company
[to come]

Pursuant to Section 3.1(d) of the Sublease (the "Sublease"), dated as of ____ 1, 2013, between the **U.S. Bank National Association** (the "**Trustee**") as Sublessor, and the **City and County of San Francisco** (the "**City**"), as Sublessee, the undersigned hereby certifies that as of the date hereof (the "Date of Calculation"):

- (a) the amount of interest required to be paid with respect to Commercial Paper Certificates scheduled to mature during the portion of the Base Rental Period after the Date of Calculation is \$_____, with \$_____ of such amount expected to be paid from capitalized interest pursuant to Section 3.2(g) of the Sublease;
- (b) the amount of interest required to be paid with respect to the Revolving Bank Certificates (based on the Assumed Interest Rate as of the Date of Calculation) during the portion of the Base Rental Period after the Date of Calculation is \$_____;
- (c) the interest actually paid with respect to Commercial Paper Certificates during the Base Rental Period prior to the Date of Calculation is \$_____, with \$_____ of such amount having been paid from capitalized interest pursuant to Section 3.2(g) of the Sublease;
- (d) the interest actually paid with respect to the Revolving Bank Certificates during the Base Rental Period prior to the Date of Calculation is \$_____;
- (e) the Required Principal Reduction Amount for the Base Rental Period during which the Date of Calculation occurs which remains unpaid is \$_____;
- (f) the amount of principal due with respect to the Revolving Bank Certificates for the Base Rental Period during which the Date of Calculation occurs which remains unpaid is \$_____;
- (g) the amount of Minimum Required Rental Payment and Minimum Supplemental Rental Payment previously paid by the City for the Base Rental Period during which the Date of Calculation occurs is \$_____;

- (h) the Minimum Supplemental Rental Payment is the sum of the amounts set forth in paragraphs (a), (b), (c), (d), (e) and (f), less the amount set forth in paragraph (g), which is \$_____, and taking into account both the capitalized interest paid and expected to be paid pursuant to Section 3.2(g) of the Sublease; and
- (i) if the amount set forth in paragraph (h) is greater than zero, demand is hereby made that the City pay the Minimum Supplemental Rental Payment.

Dated:_____

CITY AND COUNTY OF SAN FRANCISCO

BY:_____

Authorized Representative

FEE AGREEMENT
DATED AS OF _____, 2013

Reference is hereby made to that certain Letter of Credit Reimbursement Agreement dated as of _____, 2013 (the "*Agreement*"), by and between the City and County of San Francisco (the "*City*") and State Street Bank and Trust Company (the "*Bank*"), relating to the City and County of San Francisco Tax-Exempt Lease Revenue Commercial Paper Certificates of Participation, Series 3, the City and County of San Francisco Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 3-T, the City and County of San Francisco Tax-Exempt Lease Revenue Commercial Paper Certificates of Participation, Series 4 and the City and County of San Francisco Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 4-T (the "*Certificates*") and (ii) the certain Irrevocable Letter of Credit dated _____, 2013; issued by the Bank pursuant to the Agreement, supporting the Certificates. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement.

The purpose of this Fee Agreement is to confirm the agreement between the Bank and the City with respect to the Letter of Credit Fees (as defined below) and certain other fees payable by the City to the Bank. This Fee Agreement is the Fee Agreement referenced in the Agreement and the terms hereof are incorporated by reference into the Agreement.

ARTICLE I. FEES.

Section 1.1. Letter of Credit Fee. The City hereby agrees to pay to the Bank a non-refundable Letter of Credit Fee quarterly in arrears on the first Business Day of each February, May, August and November (each such date referred to herein as a "*Quarterly Payment Date*") (commencing on August 1, 2013, for the period from and including the Date of Issuance to and including July 31, 2013) occurring prior to the Letter of Credit Termination Date and on the Letter of Credit Termination Date in an amount equal to the rate per annum associated with the Rating (as defined below), as specified below (the "*Letter of Credit Fee Rate*") on the average daily Stated Amount of the Letter of Credit (without giving effect to any temporary reductions thereto that may be subject to reinstatement) and actual number of days elapsed (the "*Letter of Credit Fee*") during each related period.

LEVEL	FITCH RATING	S&P RATING	MOODY'S RATING	LETTER OF CREDIT FEE RATE
Level 1	AA- or above	AA- or above	Aa3 or above	0.50%
Level 2	A+	A+	A1	0.60%

LEVEL	FITCH RATING	S&P RATING	MOODY'S RATING	LETTER OF CREDIT
				FEE RATE
Level 3	A	A	A2	0.70%
Level 4	A-	A-	A3	0.80%
Level 5	BBB+	BBB+	Baa1	0.95%
Level 6	BBB	BBB	Baa2	1.10%

The term "*Rating*" as used above shall mean the long-term unenhanced debt ratings assigned by each of Fitch, S&P and Moody's to any unenhanced Lease Obligation Debt of the City (without giving effect to any bond insurance or other credit enhancement thereon). In the event of a split Rating (i.e. one of the foregoing Rating Agency's Rating is at a different level than the Rating of either of the other Rating Agencies), the Letter of Credit Fees shall be based upon the Level in which the lowest rating appears. Any change in the Letter of Credit Fee Rate resulting from a change in a Rating shall be and become effective as of and on the date of the announcement of the change in such Rating. References to Ratings above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating City, including, without limitation, any recalibration or realignment of the long-term unenhanced debt rating of any unenhanced Lease Obligation Debt of the City in connection with the adoption of a "global" rating scale, each of the Ratings from the Rating City in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. The City represents that as of the Date of Issuance, the Letter of Credit Fee Rate is that specified above for Level 1. Upon the occurrence and during the continuance of an Event of Default or in the event any Rating is suspended or withdrawn, the Letter of Credit Fee Rate shall increase by 1.00% per annum over the Letter of Credit Fee Rate that would otherwise be applicable. The Letter of Credit Fees shall be payable quarterly in arrears, together with interest on the Letter of Credit Fees from the date **[three (3) Business Days after]** payment is due until payment in full at the Default Rate. Such Letter of Credit Fees shall be payable in immediately available funds and computed on the basis of a 360-day year and the actual number of days elapsed.

Section 1.2. Fee. The City agrees to pay to the Bank, on the date of any drawing under the Letter of Credit, a draw fee (each, a "*Draw Fee*") of \$250 for each draw under the Letter of Credit; *provided, however*, that in no event shall the aggregate amount of all Draw Fees paid in any one calendar year exceed \$2,000.

Section 1.3. Transfer Fee. Upon each transfer of the Letter of Credit in accordance with its terms, the City agrees to pay to the Bank a transfer fee in an amount equal to \$5,000, plus, in each case, the reasonable fees and expenses of counsel to the Bank, payable on the date of such transfer.

Section 1.4. Amendment Fee. The City shall pay to the Bank an amendment fee in an amount equal to \$5,000 (or such other amount reasonably determined by the Bank and agreed to

by the City) for any change in the terms of pledged security, collateral, covenants or provisions in the Letter of Credit, the Agreement or the Related Documents requested by the City, plus the Bank's reasonable costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) which the Bank may incur by reason of or in connection with such change, payable not later than the effective date of each such amendment.

Section 1.5. Termination Fee. Notwithstanding anything set forth herein or in the Agreement to the contrary, the City agrees not to terminate or replace the Letter of Credit prior to the one (1) year anniversary of the Date of Issuance, without the payment by the City to the Bank of a termination fee in an amount equal to the product of (A) the Letter of Credit Fee Rate in effect on the date of termination or replacement, (B) the Stated Amount (without giving effect to any temporary reductions thereto that may be subject to reinstatement) as of the date of termination, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such termination to and including the one (1) year anniversary of the Date of Issuance, and the denominator of which is 360; *provided further, however*, that no termination fee shall become payable under this Section 1.5 if the City terminates or replaces the Letter of Credit pursuant to the terms hereof and of the Agreement as the result of (i) the Bank's senior unsecured short-term ratings having been reduced below "A-1" (or its equivalent) by S&P, "P-1" (or its equivalent) by Moody's, or "F-1" (or its equivalent) by Fitch or (ii) the Bank's imposition of increased costs pursuant to Section 2.8 of the Agreement.

Section 1.6. Reduction Fees. Notwithstanding the foregoing and anything set forth herein or in the Agreement to the contrary, the City agrees not to permanently reduce the Stated Amount of the Letter of Credit prior to the one (1) year anniversary of the Date of Issuance, without the payment by the City to the Bank of a reduction fee in connection with each and every permanent reduction of the Stated Amount in an amount equal to the product of (A) the Letter of Credit Fee Rate in effect on the date of such reduction, (B) the difference between the Stated Amount (without giving effect to any temporary reductions thereto that may be subject to reinstatement) prior to such reduction and the Stated Amount after (without giving effect to any temporary reductions thereto that may be subject to reinstatement) such reduction, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such reduction to and including the one (1) year anniversary of the Date of Issuance, and the denominator of which is 360; *provided, however*, that no reduction fee shall become payable under this Section 1.6 if the City reduces the Stated Amount of the Letter of Credit pursuant to the terms hereof and of the Agreement as the result of (i) the Bank's senior unsecured short-term ratings having been reduced by any Rating City below "A-1" (or its equivalent) by S&P, "P-1" (or its equivalent) by Moody's, or "F-1" (or its equivalent) by Fitch or (ii) the Bank's imposition of increased costs pursuant to Section 2.8 of the Agreement.

ARTICLE II. MISCELLANEOUS.

Section 2.1. Out-of-Pocket Expenses; Administration. (a) The City shall pay to the Bank promptly upon receipt of invoice any and all reasonable fees and expenses of the Bank (including the out-of-pocket expenses of the Bank, and the reasonable fees of domestic and foreign counsel to the Bank, plus disbursements of domestic and foreign counsel to the Bank), all payable in accordance with this Fee Agreement. The reasonable fees of counsel to the Bank shall be paid

directly to Chapman and Cutler LLP in accordance with the instructions provided by Chapman and Cutler LLP.

(b) The City further agrees to pay all of the Bank's out-of-pocket expenses (including, without limitation, reasonable fees and disbursements of counsel for the Bank) arising in connection with the administration and enforcement of, preservation of rights in connection with a workout, restructuring or default under, or amendment or waiver with respect to the Agreement, the Letter of Credit and the other Related Documents.

Section 2.2. Amendments. No amendment to this Fee Agreement shall become effective without the prior written consent of the City and the Bank.

Section 2.3. Governing Law. THIS FEE AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA.

Section 2.4. Counterparts. This Fee Agreement may be executed in two or more counterparts, each of which shall constitute an original but both or all of which, when taken together, shall constitute but one instrument.

Section 2.5. Severability. Any provision of this Fee 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 non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

[Signature pages to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Fee Agreement to be duly executed and delivered by their respective officers as of date first set forth above.

CITY AND COUNTY OF SAN FRANCISCO

By: _____

Name: _____

Title: _____

APPROVED AS TO FORM:

CITY ATTORNEY

By: _____

Name: _____

Title: _____

STATE STREET BANK AND TRUST COMPANY

By: _____

Name: _____

Title: _____

COMMERCIAL PAPER DEALER AGREEMENT

Between the

CITY AND COUNTY OF SAN FRANCISCO

and

**[Dealer],
CP Dealer**

Dated as of ____ 1, 2013

Relating to

City and County of San Francisco

**Tax-Exempt Lease Revenue
Commercial Paper Certificates of
Participation, Series 3**

and

**Taxable Lease Revenue
Commercial Paper Certificates of
Participation, Series 3-T**

**Tax-Exempt Lease Revenue
Commercial Paper Certificates of
Participation, Series 4**

and

**Taxable Lease Revenue
Commercial Paper Certificates of
Participation, Series 4-T**

(6) any governmental authority imposes, as to the Certificates, or obligations of the general character of the Certificates, any material restrictions regarding the ownership or transfer of the Certificates not now in force, or increase materially those now in force;

(7) any of the representations and warranties of the City made hereunder were not materially true and correct on the date made;

(8) the City fails to observe any of the covenants or agreements made herein and such failure continues for a period of not to exceed thirty days from the time the CP Dealer notifies the City of such failure;

(9) with respect to a series of the Certificates, any of the rating agencies then rating the Certificates or the Bank will either (i) downgrade the ratings assigned to either the Certificates or the Bank issuing the Facility securing such Certificates so that such Certificates are not "Eligible Securities" as defined under Rule 2a-7 of the Investment Company Act of 1940, as amended or (ii) suspend or withdraw each of the then current ratings assigned to either the Certificates or the Bank issuing the Facility securing such Certificates; or

(10) an actual or imminent default or a moratorium in respect of payment of any U.S. Treasury bills, bonds or notes the effect of which in the CP Dealer's reasonable judgment makes it impractical to market the Certificates or to enforce contracts for the sale of the Certificates.

Section 4. Transactions in Certificates. All transactions in Certificates between the CP Dealer and the City will be in accordance with the Authorizing Document, this Agreement, the Reimbursement Agreements and with the customs and practices in the commercial paper market regarding settlement and delivery formally adopted in writing from time to time by the New York Clearinghouse, to the extent not inconsistent with the Authorizing Document. All Certificates will be evidenced either by (i) a global certificate immobilized with The Depository Trust Company of New York or (ii) if not, will be executed in the manner provided for in the Authorizing Document. As early as possible, but not later than 12:30 p.m. (New York City time) on the day on which any Certificates are to be issued, the CP Dealer will notify the City of the proposed final maturities, prices and interest rates (which interest rates may not exceed 12% per annum unless the City otherwise notifies the CP Dealer in writing that the Authorizing Documents, the Reimbursement Agreements, and the Credit Facilities have been amended to provide for a higher maximum interest rate for the Certificates) at which the CP Dealer will purchase or cause the purchase of the Certificates, and provide the City with any other information as required for delivery of such Certificates. Except as described below, the CP Dealer will not be obligated to purchase or cause the purchase of any Certificates unless and until agreement has been reached in each case on the foregoing points and the CP Dealer has agreed to such purchase. Not later than 1:00 p.m. (New York City time) on the date of each transaction the CP Dealer will either (a) confirm each transaction made with or arranged by it or (b) notify the City and the Delivery and Paying Agent of the difference, if any, between the amount of maturing Certificates and the amount of Certificates which the CP Dealer has arranged to sell or has agreed to purchase. The CP Dealer will give such confirmation or notification by telephone (or by other telecommunications medium acceptable to the City) and in writing to the City and the Delivery and Paying Agent.

Section 5. Payment for Certificates. The CP Dealer will pay the Delivery and Paying Agent for the Certificates sold by the CP Dealer (or purchased by the CP Dealer for its own account) in immediately available funds by 3:00 p.m. (New York City time) on the Business Day such Certificates are delivered to the CP Dealer (provided that such Certificates are to be delivered to the CP Dealer by no later than 3:00 p.m. (New York City time) on such Business Day).

Section 6. Designated Representative. Certificate transactions with the City, pursuant to Section 4 hereof, will be with any one of the officers or employees of the City who are designated as a Designated Representative by certificate signed by the Director of Public Finance of the City. The initial written designation of the Designated Representatives is appended hereto as Appendix A. The City will provide the CP Dealer with revised written designations in the form of Appendix A when and as required by changes in the Designated Representatives. The CP Dealer may rely upon such designation unless and until otherwise notified in writing by the City.

Section 7. Resignation and Removal of CP Dealer. The CP Dealer may at any time resign and be discharged of its duties and obligations hereunder upon providing the City, Delivery and Paying Agent and the Banks with not less than sixty (60) days' prior written notice. The City will use its best efforts to appoint a successor CP Dealer within 60 days after receipt of notice of the CP Dealer's resignation. The CP Dealer may be removed at any time, at the direction of the City, with the prior written consent of the Banks, upon not less than fourteen (14) days' prior written notice to the CP Dealer and the Delivery and Paying Agent. Upon removal or resignation of the CP Dealer, the City will promptly cause the Delivery and Paying Agent to give notice thereof by mail to all owners of the Certificates and to any rating agency that has assigned a rating to the Certificates. The CP Dealer will assign and deliver this Agreement to its successor if requested by the City.

Section 8. Furnishing of Disclosure Materials.

(a) The City will furnish the CP Dealer with as many copies as the CP Dealer may reasonably request of the offering memoranda dated ____, 2013 of the City relating to the Series 3 and Series 3-T Certificates and the Series 4 and Series 4-T Certificates (collectively, the "Offering Memorandum"), and such other information with respect to the City and the Certificates as the CP Dealer reasonably requests from time to time.

(b) The City will cooperate with the CP Dealer in the preparation from time-to-time of a new Offering Memorandum of the City for the Certificates in the event the CP Dealer reasonably determines that the preparation and distribution of such Offering Memorandum is necessary or desirable in connection with offering and sale on behalf of the City of the Certificates, and to furnish or to cause to be furnished to the CP Dealer as many copies of such new Offering Memorandum as the CP Dealer requests.

(c) Notwithstanding that the Certificates are exempt from the continuing disclosure requirements of Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934, as amended (the "1934 Act"), the City will provide prompt notice to the CP Dealer of the occurrence of any event with respect to the Certificates referred to in Rule 15c2-12(b)(5)(i)(C) promulgated under the 1934 Act, as amended, except that such notice is not required to be given with respect to draws on the Letter of Credit.

(d) The City will promptly furnish to the CP Dealer a copy of each filing or notice made to anyone (whether in connection with the Certificates or not) pursuant to any undertaking or other agreement of the City made with respect to general fund debt of the City under any provision of Rule 15c2-12 promulgated under the 1934 Act.

(e) It is expressly understood and agreed by the City and the CP Dealer that, after the initial delivery of the Certificates, the City will not undertake to determine or to inform any person (including the CP Dealer) whether or not the Offering Memorandum omits to state any fact necessary to make the Offering Memorandum not misleading. The City will have no obligation to provide any ongoing information to the CP Dealer regarding corrections to the Offering Memorandum other than as expressly provided herein.

Section 9. Fees and Expenses. For the CP Dealer's services under this Agreement, the City will pay the CP Dealer a fee of ___ basis points per annum of the weighted average of the principal amount of Certificates outstanding during each three month period, computed on the basis of a 365 or 366 day year. The City will pay the fee quarterly in arrears commencing [October 1, 2013], and each July 1, October 1, January 1 and April 1 thereafter. The City will also pay the reasonable out-of-pocket expenses of the CP Dealer, incurred in connection with the performance of its obligations hereunder.

Section 10. Representations and Warranties of the City. The City, by its acceptance hereof, represents and warrants that:

(a) It is a charter city and county organized and existing under the laws of the State of California.

(b) The Certificates have been duly authorized and, when executed and delivered as provided in the Authorizing Document and paid for, will be duly and validly issued and delivered and will constitute legal, valid and binding obligations of the City in accordance with their terms.

(c) It has full power and authority to take all actions required or permitted to be taken by the City by or under, and to perform and observe the covenants and agreements on its part contained in, this Agreement, the Authorizing Document, the Reimbursement Agreements, and any other instrument or agreement relating thereto to which the City is a party (the "Financing Documents").

(d) The Financing Documents have been duly authorized, executed and delivered by the City and constitute legal, valid and binding obligations of the City, enforceable against the City in accordance with their terms, except to the extent enforceability may be limited by the City's bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally, and by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(e) There are no consents, authorizations or approvals of, or filings with, any Federal or state government authority (other than the City) required in connection with the delivery or sale by the City of the Certificates or the performance of its obligations thereunder except as may be required by state securities laws and those which have already been obtained or made.

(f) To the knowledge of the Director of Public Finance, after reasonable due inquiry, the execution, delivery and performance by the City of the Certificates and the Financing Documents will not result in a breach or violation of, conflict with, or constitute a default under any law, regulation, order, judgment, agreement or instrument to which the City is a party or by which the City or any of its property is bound.

(g) Each delivery of Certificates to the CP Dealer will be deemed a representation and warranty by the City, as of the date thereof, that (i) the Certificates issued on such date have been duly authorized, issued and delivered and, upon payment therefor, will constitute legal, valid and binding obligations of the City, enforceable against the City in accordance with their terms, except to the extent enforceability may be limited by the City's bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally, and by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law, and (ii) the representations and warranties of the City set forth in paragraphs (b) through (g) of this Section 10 are true and correct as if made on such date.

Section 11. Covenants and Agreements of the City.

(a) The City will provide [Dealer] at its address set forth below, as promptly as available, and in no 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 generally accepted accounting principles by a recognized firm of independent certified public accountants.

(b) The City will promptly notify the CP Dealer of any fact or circumstance that may constitute, or with the passage of time will constitute, an event of default under the Certificates, the Authorizing Document or one or both of the Reimbursement Agreements.

(c) The City will notify the CP Dealer in the event that the Treasurer has received actual notice that opinions from Special Counsel delivered in connection with the initial delivery of the Certificates have been withdrawn, adversely modified or retracted.

(d) The City will take all action within its control necessary to maintain the exclusion of interest with respect to the Tax-Exempt Certificates from the gross income of the Holders thereof for Federal income tax purposes.

(e) The City will notify the CP Dealer of the replacement or substitution of any Credit Facility provider in accordance with Section 6.02 of the Trust Agreement.

Section 12. Conditions Precedent. At or promptly following the execution of this Agreement and as a condition precedent to any obligations of the CP Dealer hereunder, the City will furnish to the CP Dealer the following documents, in form and substance satisfactory to the CP Dealer.

- (1) Certified copies of the Trust Agreement and documents authorizing the execution and delivery of this Agreement.
- (2) An opinion of Special Counsel to the City substantially in the form attached as Appendix A to the Offering Memorandum for the Certificates.
- (3) All other pertinent legal documents supporting this transaction.

Section 13. Term of Agreement. This Agreement will become effective on the date hereof and will continue in full force and effect until the cessation of the Certificates program, subject to the right of suspension and termination as provided herein.

Section 14. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of California.

Section 15. Dealing in Certificates by the CP Dealer; No Obligation to Purchase Certificates.

(a) The CP Dealer, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Certificates, including, without limitation, any Certificates offered and sold by the CP Dealer pursuant to this Agreement, and may join in any action which any Owner may be entitled to take with like effect as if it did not act in any capacity hereunder. The CP Dealer, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the City and may act as depository, Account Party, or agent for any committee or body of owners of the Certificates or other obligations of the City as freely as if it did not act in any capacity hereunder.

(b) Nothing in this Agreement will be deemed to constitute the CP Dealer an underwriter of the Certificates or to obligate the CP Dealer to purchase any Certificates for its own account at any time.

Section 16. City Requirements.

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

(b) Subcontracts. The CP Dealer will incorporate by reference in all subcontracts made in fulfillment of its obligations hereunder the provisions of Section 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from purchasing) and will require all subcontractors to comply with such provisions. The CP Dealer's failure to comply with the obligations in this subsection will constitute a material breach of this Agreement.

(c) Non-Discrimination in Benefits. The CP Dealer does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco, California, or on real property owned by San Francisco, California, or where the work is being performed for the City elsewhere within 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 Section 12B.2(b) of the San Francisco Administrative Code.

(d) HRC Form. The CP Dealer will 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 CP Dealer will comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, the CP Dealer understands that pursuant to Section 12B.2(h) 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 CP Dealer and/or deducted from any payments due the CP Dealer; provided, however that such damages will not be set off against the payment of rental or other contract related to bonds, certificates of participation or other debt obligation of the City.

(f) Drug-Free Workplace Policy. The CP Dealer 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 CP Dealer agrees that any violation of this prohibition by the CP Dealer, its employees, agents or assigns will be deemed a material breach of this Agreement.

(g) Compliance with Americans with Disabilities Act. Without limiting any other provisions of this Agreement, the CP Dealer will provide the services specified in this Agreement in a manner that complies with the Americans with Disabilities Act (ADA) Title 24, and any and all other applicable federal, state and local disability rights legislation. The CP Dealer 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 CP Dealer, its employees, agents or assigns will constitute a material breach of this Agreement.

(h) 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, will 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.

(i) Prohibition on Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, the CP Dealer may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure in the performance of the services provided under this Agreement. The CP Dealer 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 CP Dealer 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 CP Dealer from bidding on or receiving any new City contract for a period of two (2) years.

(j) MacBride Principles—Northern Ireland. 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 as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

(k) Tropical Hardwood and Virgin Redwood Ban. The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood product or any virgin redwood or virgin redwood product.

(l) Repeal of Administrative Code Provisions. To the extent that the City repeals any provision of the Administrative Code incorporated, set forth or referenced in this Section 15, other than pursuant to a restatement or amendment of any such provision, such provision, as incorporated, set forth or referenced herein, will no longer apply to this Agreement or the CP Dealer.

Section 17. Miscellaneous. Except as otherwise specifically provided in this Agreement, all notices, requests, demands and other communications under this Agreement will be in writing (unless otherwise specified herein) and will be sufficiently given on the date of service if served personally upon the party to whom notice is to be given or on receipt if sent by telex or other telecommunication facility or courier or if mailed by registered or certified mail, postage prepaid, and properly addressed as follows:

The CP Dealer:

[Dealer]
383 Madison Avenue, 8th Floor
New York, New York 10179
Attention: Peter McCarthy/Kyle Pulling/Brian Gonor
Telephone: (212) 834-7224
Telecopier: (917) 456-3541
Email: Peter.Mccarthy@jpmorgan.com
Kyle.Pulling@jpmorgan.com
Brian.Gonor@jpmorgan.com

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

The Delivery and Paying Agent:

U.S. Bank National Association
Corporate Trust Services
100 Wall Street, Suite 1600
New York, New York 10005
Facsimile: (212) 514-6841

The Bank:

Wells Fargo Bank, National Association
[To come]

or to such other address or addresses as any such Person has designated to the others by notice given in accordance with the provisions of this Section.

(b) This Agreement inures to the benefit of and is binding upon the parties hereto and their respective successors and assigns. The terms "successors" and "assigns" do not include any purchaser of any of the Certificates merely because of such purchase. Except as provided in (c) below, neither Bank nor any owner of the Certificates or other third party has any rights or privileges hereunder.

(c) The Bank is a third party beneficiary of this Agreement only for the purpose of enforcing the rights and obligations of the CP Dealer and the City pursuant to Sections 3, 4, 5 and 7 of this Agreement.

(d) All of the representations and warranties of the City and the CP Dealer in this Agreement will remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the CP Dealer or the City, (ii) the offering and sale of and any payment for any Certificates hereunder, or (iii) suspension, termination or cancellation of this Agreement.

(e) This Agreement and each provision hereof may be amended, changed, waived, discharged or terminated only by an instrument in writing signed by the parties hereto. If such an amendment, change, waiver discharging or termination affects the Banks, the prior written consent of the Banks will be required.

(f) Nothing herein will be construed to make any party an employee of the other or to establish any fiduciary relationship between the parties except as expressly provided herein.

(g) If any provision of this Agreement is held or deemed to be or is, in fact, invalid, inoperative or unenforceable for any reason, such circumstances will not have the effect of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatsoever.

(h) This Agreement may be executed in several counterparts, each of which is regarded as an original and all of which constitute one and the same document.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

City and County of San Francisco

By: _____
Controller

[Dealer]

By: _____
Authorized Officer

APPROVED AS TO FORM:

By: _____
City Attorney

APPENDIX A

CERTIFICATE OF DESIGNATED REPRESENTATIVE

I am the Director of Public Finance of the City and County of San Francisco (the "City") duly authorized pursuant to the Trust Agreement, dated as of ____ 1, 2013, by and between the City and County of San Francisco and U.S. Bank National Association (the "Authorizing Document") to appoint Designated Representatives of the City in connection with the delivery, from time to time, by the City of lease revenue commercial paper (the "Certificates") in accordance with the Authorizing Document. I hereby designate the following persons to act on my behalf in accordance with the Authorizing Document and specimen signatures of such persons are set forth beside their names.

Designated Persons

Specimen Signature

Executed this ____ day of June, 2013.

Director of Public Finance
of the City and County of San Francisco

DRAFT DATED: JUNE 10, 2013

OFFERING MEMORANDUM

Dated: _____, 2013



NOT TO EXCEED \$_____,000,000

**CITY AND COUNTY OF SAN FRANCISCO
TAX-EXEMPT LEASE REVENUE COMMERCIAL
PAPER CERTIFICATES OF PARTICIPATION,
SERIES 3**

**CITY AND COUNTY OF SAN FRANCISCO
TAXABLE LEASE REVENUE COMMERCIAL
PAPER CERTIFICATES OF PARTICIPATION,
SERIES 3-T**

Secured by an irrevocable direct-pay letter of credit issued by:



STATE STREET.

State Street Bank and Trust Company

Ratings: Moody's "____"

S&P "____"

Fitch "____"

Dealer: _____

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OFFERING MEMORANDUM DATED: _____, 2013

Aggregate Principal Amount Not to Exceed \$ __,000,000

City and County of San Francisco
Tax-Exempt Lease Revenue Commercial Paper
Certificates of Participation, Series 3

City and County of San Francisco
Taxable Lease Revenue Commercial Paper
Certificates of Participation, Series 3-T

The purpose of this Offering Memorandum is to provide certain general information in connection with the delivery and sale by the City and County of San Francisco (the "City") of City and County of San Francisco Tax-Exempt Lease Revenue Commercial Paper Certificates of Participation, Series 3 (the "Series 3 Certificates"), and City and County of San Francisco Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 3-T (the "Series 3-T Certificates"). The Series 3 Certificates and the Series 3-T Certificates, are collectively referred to herein as the "Commercial Paper Certificates". Capitalized terms used but not defined herein shall have the meanings set forth in the Trust Agreement (as hereinafter defined).

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel to the City, subject, however, to continuing compliance with certain tax covenants described herein, interest with respect to the first Series 3 Certificates executed and delivered after _____, 2013 and interest with respect to any Series 3 Certificates executed and delivered from time to time by the City through the date that is 18 months after the date of execution and delivery of the first Series 3 Certificates executed and delivered after _____, 2013 that the City elects to treat as part of the same issue of Series 3 Certificates is excluded from gross income of the owners thereof for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. Interest with respect to the Series 3-T Certificates is not excluded from gross income for federal income tax purposes. In addition, in the opinion of Special Counsel to the City, interest with respect to the Commercial Paper Certificates is exempt from personal income taxes of the State of California under present state law. See "TAX MATTERS".

State Street Bank and Trust Company (the "Bank"), will issue an irrevocable direct-pay letter of credit (the "Letter of Credit") to secure payment of the Commercial Paper Certificates. If for any reason the Bank fails to make a payment due under the Letter of Credit, the City would have no obligation to make any payments with respect to the Commercial Paper Certificates apart from the City's obligation to make Base Rental payments, and it is in any event unlikely that the City would have sufficient funds on hand and available to make the corresponding payment of principal of and/or interest on the Commercial Paper Certificates. Prospective investors therefore should base their investment decision on the credit standing of the Bank, rather than of the City.

The City will also deliver and sell City and County of San Francisco Tax-Exempt Lease Revenue Commercial Paper Certificates of Participation, Series 4 (the "Series 4 Certificates"), and City and County of San Francisco Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 4-T (the "Series 4-T Certificates"). The Series 4 Certificates and the Series 4-T Certificates are not being offered pursuant to this Offering Memorandum.

The information in this Offering Memorandum has been obtained from the City, the Bank and other sources believed to be reliable. The references herein to the Trust Agreement, the Commercial Paper Certificates, the Letter of Credit, the Reimbursement Agreement and the Delivery and Paying Agent Agreement (all as hereinafter defined) do not purport to be complete or definitive, do not constitute summaries thereof, and are qualified in their entirety by reference to the provisions thereof. The information and expressions of opinion in this Offering Memorandum are subject to change without notice after the date hereof and future use of this Offering Memorandum shall not otherwise create any implication that there has been no change in the matters referred to in this Offering Memorandum since the date hereof.

This Offering Memorandum is not to be construed as a contract between the City and the purchasers of the Commercial Paper Certificates. Prospective purchasers of the Commercial Paper Certificates are expected to conduct their own review and analysis before making an investment decision.

THE CITY AND COUNTY OF SAN FRANCISCO

The City is the economic and cultural center of the San Francisco Bay Area and northern California. The corporate limits of the City encompass over 93 square miles, of which 49 square miles are land, with the balance consisting of tidelands and a portion of the San Francisco Bay (the "Bay"). The City is located at the northern tip of the San Francisco Peninsula, bounded by the Pacific Ocean to the west, the Bay and the San Francisco-Oakland Bay Bridge to the east, the entrance to the Bay and the Golden Gate Bridge to the north, and San Mateo County to the south. Silicon Valley is about a 40-minute drive to the south, and the wine country is about an hour's drive to the north. The City's most recently completed and adopted Comprehensive Annual Financial Report (the "CAFR") for fiscal year 2011-12 estimated the City's fiscal year 2011-12 population at 820,466.

The San Francisco Bay Area consists of the nine counties contiguous to the Bay: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma Counties (collectively, the "Bay Area"). The economy of the Bay Area includes a wide range of industries, supplying local needs as well as the needs of national and international markets. Major business sectors in the Bay Area include retail, entertainment and the arts, conventions and tourism, service businesses, banking, professional and financial services, corporate headquarters, international and wholesale trade, multimedia and advertising, biotechnology and higher education.

The City is a major convention and tourist destination. According to the San Francisco Travel Association, a nonprofit membership organization, during the calendar year 2011, approximately 16.35 million people visited the City and spent an estimated \$8.46 billion during their stay. The City is also a leading center for financial activity in the State and is the headquarters of the Twelfth Federal Reserve District, the Eleventh District Federal Home Loan Bank, and the San Francisco regional Office of Thrift Supervision.

The City benefits from a highly skilled, educated and professional labor force. The CAFR estimates that per-capita personal income of the City for fiscal year 2011-12 was \$74,040. The San Francisco Unified School District operates 71 elementary and K-8 school sites, 13 middle schools, 17 senior high schools (including two continuation schools and an independent study school), and 36 state-funded preschool sites, and sponsors 9 independent charter schools. Higher education institutions located in the City include the University of San Francisco, California State University – San Francisco, University of California – San Francisco (a medical school and health science campus), the University of California Hastings College of the Law, the University of the Pacific's School of Dentistry, Golden Gate University, City College of San Francisco (a public community college), the Art Institute of California – San Francisco, the San Francisco Conservatory of Music, the California Culinary Academy, and the Academy of Art University.

San Francisco International Airport ("SFO"), located 14 miles south of downtown San Francisco in an unincorporated area of San Mateo County and owned and operated by the City, is the principal commercial service airport for the Bay Area and one of the nation's principal gateways for Pacific traffic. In fiscal year 2011-12, SFO serviced approximately 43.1 million passengers and handled 385,113 metric tons of cargo. The City is also served by the Bay Area Rapid Transit District (electric rail commuter service linking the City with the East Bay and the San Francisco Peninsula, including SFO), Caltrain (a conventional commuter rail line linking the City with the San Francisco Peninsula), and bus and ferry services between the City and residential areas to the north, east and south of the City. San Francisco Municipal Railway, operated by the City, provides bus and streetcar service within the City. The Port of San Francisco (the "Port"), which administers 7.5 miles of Bay waterfront held in "public trust" by the Port on behalf of the people of the State, promotes a balance of maritime-related commerce, fishing, recreational, industrial and commercial activities and natural resource protection.

The City is governed by a Board of Supervisors elected from eleven districts to serve four-year terms, and a Mayor, who serves as chief executive officer, elected citywide to a four-year term. Edwin M. Lee is the 43rd and current Mayor of the City, having been elected by the voters of the City in November 2011. The City's fiscal year 2012-13 adopted budget includes \$7.35 billion of expenditures and reserves, of which \$3.49 billion was allocated to the General Fund of the City and \$3.86 billion was allocated to all other funds, including enterprise fund

departments, such as SFO, the San Francisco Municipal Transportation Agency, the Port and the San Francisco Public Utilities Commission. The CAFR estimates that the City employed 28,073 full-time-equivalent employees at the end of fiscal year 2011-12. According to the Controller of the City (the "Controller"), fiscal year 2012-13 total net assessed valuation of taxable property in the City is approximately \$165.04 billion.

THE COMMERCIAL PAPER CERTIFICATES

The Commercial Paper Certificates represent interests in Base Rental payments required to be made by the City under a Sublease, dated as of _____, 2013 (the "Sublease"), between the City and U.S. Bank National Association, as Trustee (the "Trustee"), entered into pursuant to the Charter of the City and Resolution No. _____, adopted by the Board of Supervisors of the City on _____, 2013, and approved by the Mayor of the City on _____, 2013, providing for the lease by the City from the Trustee of certain real property (the "Property"). Under the Sublease, the City is required, so long as it has the benefit of the use and occupancy of the Property, to pay to the Trustee specified rental payments (the "Base Rental") and to pay certain "Additional Rental" (which is not pledged to the payment of principal and interest evidenced by the Commercial Paper Certificates).

The City has covenanted in the Sublease that so long as the Property is available for its use, the City will take such action as may be necessary to include the Base Rental payments in its annual budget and to make the necessary annual appropriations therefor. The obligation of the City to make Base Rental payments (other than from certain sources specified in the Sublease) may be abated in whole or in part during any period in which by reason of material damage to or destruction of the Property, or condemnation of or defects in the title of the Property, there is substantial interference with the use and occupancy by the City of any portion of the Property. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. The Base Rental and Additional Rental payments will be payable from the City's general fund.

The Commercial Paper Certificates will be executed and delivered pursuant to a Trust Agreement, dated as of _____, 2013 (the "Trust Agreement"), between the City and the Trustee, and a Delivery and Paying Agent Agreement, dated as of _____, 2013 (the "Delivery and Paying Agent Agreement"), between the City and U.S. Bank National Association, as Delivery and Paying Agent (the "Delivery and Paying Agent"). The aggregate principal amount of Commercial Paper Certificates at any time outstanding may not exceed \$_____,000,000. The Series 4 Certificates and the Series 4-T Certificates will also be executed and delivered pursuant to the Trust Agreement and will also represent interests in Base Rental required to be paid by the City under the Sublease.

The Commercial Paper Certificates will be delivered from time to time to provide moneys to pay Project Costs, to fund capitalized interest and capital fees and expenses with respect to Commercial Paper Certificates, to pay costs incurred in connection with the delivery of Commercial Paper Certificates and to pay principal and interest evidenced by maturing Commercial Paper Certificates, all as set forth in the Trust Agreement. The Trust Agreement defines "Project Costs" as the costs of the acquisition, construction, development and financing of capital facilities and improvements thereto, capital expenditures and extraordinary costs, and includes, without limitation, the costs of engineering, architectural services, plans, specification, surveys and estimates of costs, the costs of any taxes or assessments paid or to be paid in connection with the transfer of any property related to the capital facilities; the costs of any indemnity or surety bonds or other insurance with respect to the acquisition, construction, development or financing of any capital facilities; the costs of software, computer upgrades and consulting fees related thereto; costs of issuance of the Commercial Paper Certificates, including without limitation, expenses relating to registering or qualifying the Commercial Paper Certificates for distribution in any jurisdiction of the United States, discounts, commissions, financing charges and fees and expenses of underwriters, dealers, remarketing agents, rating agencies, attorneys, accountants, advisors and consultants, letter of credit fees payable with respect to the Commercial Paper Certificates, the premium payable with respect to any insurance policy with respect to the Commercial Paper Certificates, the costs of audit and any credit enhancement facility; the cost of title insurance; any reimbursements payments to the City; fees and expenses of the Trustee and the Delivery and Paying Agent; the administrative expenses of the City attributable to the capital facilities, including, without limitation, compensation of officers, directors, employees, agents, attorneys, accountants and consultants of the City and any fees and expenses of the Trustee and the Delivery and Paying Agent during construction; and such other costs, whether or not specified herein, as may be necessary or incidental to the acquisition, construction, development or financing of the capital

facilities and any improvements thereto and the placing of the same in operation, and such other costs and expenses for changes, alterations and additions to the capital facilities requested by the City.

The Commercial Paper Certificates will be dated the date of their respective authentication, execution and delivery, will be issued in book-entry form only, in denominations of \$100,000 and in integral multiples of \$1,000 in excess of \$100,000, and will each bear interest at a separately stated interest rate not to exceed 12% per annum.

The Commercial Paper Certificates will be delivered as fully registered certificates and registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership interests in the Commercial Paper Certificates will be available in book-entry form only, and purchasers of the Commercial Paper Certificates will not receive certificates representing their interests in the Commercial Paper Certificates purchased. While held in book-entry only form, the Trustee will make all payments of principal and interest with respect to the Commercial Paper Certificates by wire transfer to DTC or its nominee as the sole registered owner of the Commercial Paper Certificates. Payments to the beneficial owners are the responsibility of DTC and its participants. See Appendix B—"INFORMATION REGARDING DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Each Commercial Paper Certificate (i) will evidence interest payable at maturity at an annual rate calculated on the basis of a year of 365/366 days and actual days elapsed with respect to the Series 3 Certificates and a year of 360 days and actual days elapsed with respect to the Series 3-T Certificates, (ii) will mature not more than 270 days after its date, but not later than five days prior to the Stated Expiration Date (defined below) of the Letter of Credit, and (iii) will mature on a Business Day. No Commercial Paper Certificates can be delivered by the Delivery and Paying Agent if such delivery would result in the aggregate principal amount of the Commercial Paper Certificates to be outstanding together with interest accrued or to accrue thereon being in excess of the amount available to be drawn under the Letter of Credit. *The Letter of Credit may not be terminated while any Commercial Paper Certificates secured by the Letter of Credit remain outstanding.*

THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

Capitalized terms used in this section "THE LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT" and not otherwise defined shall have the meaning given to such terms as set forth in the Reimbursement Agreement. Reference is made to Appendix C for the form of the Letter of Credit.

The Letter of Credit

The following is a summary of certain provisions of the Letter of Credit. The Letter of Credit is issued pursuant to the terms and conditions of a Letter of Credit and Reimbursement Agreement, dated as of _____, 2013 (the "Reimbursement Agreement"), between the Bank and the City. This summary is not to be considered a full statement of the terms of the Letter of Credit and accordingly is qualified by reference thereto and is subject to the full text thereof.

At the request and for the account of the City, the Bank will issue the Letter of Credit in favor of the Delivery and Paying Agent in the maximum available amount equal to \$_____,000,000, (the "Stated Amount") which may be drawn upon from time to time in respect of the principal and actual interest accrued on the Commercial Paper Certificates. The Stated Amount of the Letter of Credit in effect from time to time shall be subject to reductions and reinstatements as set forth in the Letter of Credit. The Delivery and Paying Agent will draw moneys under the Letter of Credit to the extent necessary to pay principal of and interest on Commercial Paper Certificates. Drawings by the Delivery and Paying Agent under the Letter of Credit will reduce the amounts available for subsequent drawings under the Letter of Credit, subject to reinstatement as provided in the Letter of Credit. All drawings under the Letter of Credit will be paid with the Bank's 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, the Bank by the City. The Bank will seek reimbursement for payments made pursuant to drawings under the Letter of Credit only after such payments have been made.

Under the Trust Agreement, the Delivery and Paying Agent may not cause the issuance of Commercial Paper Certificates unless the City has certified to the Delivery and Paying Agent that the Letter of Credit will, upon the issuance of such Commercial Paper Certificates, be in an amount sufficient to pay the principal of all outstanding Commercial Paper Certificates and interest thereon at the rates then in effect, with respect to the Commercial Paper Certificates through the maturity dates thereof.

The Letter of Credit shall expire at 5:00 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 later of the date on which the Bank receives a specified written notice from the Delivery and Paying Agent that an Alternate Credit Facility has been substituted for the Letter of Credit in accordance with the Trust Agreement or the effective date of any such Alternate Credit Facility, (ii) the date on which the Bank receives a specified written notice from the Delivery and Paying Agent that there are no longer any Commercial Paper Certificates Outstanding within the meaning of the Trust Agreement and that the Delivery and Paying Agent elects to terminate the Letter of Credit, (iii) the earlier of (a) the fifteenth (15th) calendar day after the date on which the Delivery and Paying Agent receives a specified written notice from the Bank that an event of default has occurred under the Reimbursement Agreement, instructing the Delivery and Paying Agent to cease issuing Commercial Paper Certificates, the amount available to be drawn under the Letter of Credit will not be reinstated, and instructing the Delivery and Paying Agent to honor the final payment drawing delivered pursuant to the Letter of Credit to provide for the payment of Commercial Paper Certificates Outstanding which are maturing or are to thereafter mature (the "Final Drawing Notice"), and (b) the date on which the final payment drawing resulting from the Final Drawing Notice is honored by the Bank, or (iv) _____, 2018 (the "Stated Expiration Date"). The Stated Expiration Date of the Letter of Credit may be extended as provided in the Letter of Credit and the Reimbursement Agreement.

The Reimbursement Agreement

The City and the Bank have entered into the Reimbursement Agreement, pursuant to which the Letter of Credit was issued. Among other things, the Reimbursement Agreement provides for (a) the repayment to the Bank of all draws made under the Letter of Credit, together with specified interest thereon; (b) the payment or reimbursement to the Bank of certain specified fees, costs and expenses; (c) affirmative and negative covenants to be observed on the part of the City; and (d) certain indemnification obligations on the part of the City.

The occurrence of any of the following events shall constitute an "Event of Default" under the Reimbursement Agreement:

(a) The City shall fail to pay (i) any Reimbursement Obligation (as defined in the Reimbursement Agreement) or interest thereon as and when due thereunder, (ii) any commitment fee or draw fee with respect to the Letter of Credit as and when due thereunder and the continuance of such failure for a period of three (3) Business Days or (iii) any other Obligation as and when due thereunder and the continuance of such failure for a period of [five (5)] days after written notice thereof;

(b) The City shall default in the performance of certain covenants set forth in the Reimbursement Agreement;

(c) The City shall default in the performance of any other term, covenant or agreement set forth in the Reimbursement Agreement and such failure shall continue for a period of thirty (30) days after written notice thereof shall have been given to the City by the Bank;

(d) Any representation, warranty, certification or statement made by the City (or incorporated by reference) in the Reimbursement Agreement or by the City in any other Related Document (as defined in the Reimbursement Agreement) or in any certificate, financial statement or other document delivered pursuant to the Reimbursement 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 (as defined in the Reimbursement Agreement) (other than the Commercial Paper 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 under the Reimbursement Agreement 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;

(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 the Reimbursement 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 under the Reimbursement Agreement or the Trust Agreement to secure any amounts due under the Reimbursement Agreement shall fail to be valid or fully enforceable;

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

(k) [The long-term unenhanced rating by Moody's or S&P on any General Obligation Debt (as defined in the Reimbursement Agreement) of the City shall be withdrawn, suspended or otherwise unavailable for credit related reasons or reduced below "Baa2" (or its equivalent) or "BBB" (or its equivalent), respectively];

(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 (as defined in the Reimbursement Agreement)].

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 (15th) 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 (as defined in the Reimbursement Agreement) under the Reimbursement Agreement due and payable in the manner set forth in the Reimbursement Agreement, 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 clause (f) or (g) above, the remedies described in clauses (ii) and (iii) of the paragraph shall occur immediately and automatically without notice or further action on the part of the Bank or any other person. From and after the occurrence of an Event of Default, all Obligations shall bear interest at the Default Rate (as defined in the Reimbursement Agreement). 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 Commercial Paper 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 Commercial Paper Certificates that are outstanding at the time of the occurrence of such Event of Default.

Substitution of the Letter of Credit

The City may obtain a substitute Letter of Credit to replace the Letter of Credit then in effect; provided, no such substitution may result in the termination of the Letter of Credit then in effect so long as Commercial Paper Certificates secured by such Letter of Credit remain outstanding.

THE BANK

The information in this section has been furnished by the Bank for inclusion herein. The City cannot and does not make any representation as to the accuracy or completeness of such information or the absence of material adverse changes in such information subsequent to December 31, 2012, the dated date of such disclosure. The delivery of this Offering Memorandum shall not create any implication that there has been no change in the affairs of the Bank since December 31, 2012, or that the information contained or referred to in this section is correct as of any time subsequent to December 31, 2012.

State Street Bank and Trust Company (the "Bank") is a wholly-owned subsidiary of State Street Corporation (the "Corporation"). The Corporation (NYSE: STT) is the world's leading provider of financial services to institutional investors including investment servicing, investment management and investment research and trading. With \$24.37 trillion in assets under custody and administration and \$2.09 trillion in assets under management, the Corporation operates in more than 100 geographic markets worldwide. The consolidated total assets of the Bank as of December 31, 2012 accounted for approximately 98% of the consolidated total assets of the Corporation as of the same date. As of December 31, 2012, the Corporation had consolidated total assets of \$222.23 billion, total deposits (including deposits in non-U.S. offices) of \$164.18 billion, total investment securities of \$121.22 billion, total loans and leases, net of unearned income and allowance for loan losses, of \$12.29 billion and total shareholders' equity of \$20.87 billion.

The Bank's Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices Only -- FFIEC 031 (the "Call Reports") through December 31, 2012, as submitted through the Federal Financial Institutions Examination Council and provided to the Federal Reserve, are incorporated by reference in this Appendix and shall be deemed to be a part hereof.

In addition, all Call Reports filed by the Bank pursuant to 12 U.S.C. §324 after the date of this Offering Memorandum shall be deemed to be incorporated herein by reference and shall be deemed to be a part hereof from the date of filing of any such report.

Additional information, including financial information relating to the Corporation and the Bank, is set forth in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2012. The Form 10-K can be found on the Corporation's web site, www.statestreet.com. Such report and all reports filed by the Corporation pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this Offering Memorandum are incorporated herein by reference and shall be deemed a part hereof from the date of filing of any such report. The Letter of Credit is an obligation of the Bank and not of the Corporation.

Any statement contained in any document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Offering Memorandum to the extent that a statement contained herein or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Memorandum.

The Bank hereby undertakes to provide, without charge to each person to whom a copy of this Offering Memorandum has been delivered, on the written request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Offering Memorandum by reference, other than exhibits to such documents. Written requests for such copies should be directed to Investor Relations, State Street Corporation, One Lincoln Street, Boston, Massachusetts 02111, telephone number 617-786-3000.

Neither the Bank nor its affiliates make any representation as to the contents of this Offering Memorandum (except as to this Appendix to the extent it relates to the Bank), the suitability of the Notes for any investor, the feasibility or performance of any project or compliance with any securities or tax laws or regulations.

THE DELIVERY AND PAYING AGENT

U.S. Bank National Association has been appointed and is serving as Issuing and Paying Agent for the Commercial Paper Certificates pursuant to the Trust Agreement and the Delivery and Paying Agent Agreement.

THE DEALER

The City has appointed _____ as dealer with respect to the offering and sale of the Commercial Paper Certificates.

TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however, to the qualifications set forth below, interest with respect to the Series 3 Certificates executed and delivered after _____, 2013 and interest with respect to any Series 3 Certificates executed and delivered from time to time that is 18 months after the date of execution and delivery of the first Series 3 Certificates executed and delivered after _____, 2013 that the City elects to treat as part of the same issue of Series 3 Certificates is excluded from gross income of the owners for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986 (the "Code") that must be satisfied subsequent to the execution and delivery of the Series 3 Certificates in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the original date of execution and delivery of the Series 3 Certificates, being _____, 2013.

Interest with respect to the Series 3-T Certificates is not intended by the City to be excluded from gross income for purposes of all applicable federal income taxation.

In addition, Special Counsel is of the opinion that interest with respect to both the Series 3 Certificates and the Series 3-T Certificates is exempt from personal income taxes of the State of California under present state law.

Circular 230 Disclaimer. To ensure compliance with requirements imposed by the Internal Revenue Service, Special Counsel informs owners of the Series 3-T Certificates that any U.S. federal tax advice contained in this Official Statement (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed in this Offering Memorandum.

NO LITIGATION

Upon the initial delivery of the Commercial Paper Certificates, the City will execute a certificate to the effect that there is no litigation pending which has been formally served upon the City or of which the City has formally been given notice, in any way restraining or enjoining the execution or delivery of the Commercial Paper Certificates.

LEGAL MATTERS

Certain legal matters in connection with the authorization, issuance and sale of the Commercial Paper Certificates have been passed upon by Jones Hall, A Professional Law Corporation, San Francisco, California, as Special Counsel. Certain legal matters in connection with the Reimbursement Agreement and the Letter of Credit were passed upon by Chapman and Cutler LLP, Chicago, Illinois, as counsel for the Bank. Certain legal matters were passed upon for the City by the City Attorney for the City and County of San Francisco and by Amira Jackson, Attorney at Law, Berkeley, California, Disclosure Counsel.

FINANCIAL ADVISORS

The City has retained KNN Public Finance, A Division of Zions First National Bank ("KNN Public Finance"), as a financial advisor with respect to the execution and delivery of the Commercial Paper Certificates. KNN Public Finance is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Offering Memorandum.

The City has retained Backstrom McCarley Berry & Co., LLC as a financial advisor with respect to the execution and delivery of the Commercial Paper Certificates. Backstrom McCarley Berry & Co., LLC is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Offering Memorandum.

NO CONTINUING DISCLOSURE

The Commercial Paper Notes are exempt from the continuing disclosure requirements of Securities and Exchange Commission Rule 15c2-12.

RATINGS

Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. ("S&P") and Fitch Inc. ("Fitch") have assigned ratings on the Commercial Paper Certificates of "___", "___" and "___" respectively. Each of such ratings is based on the issuance of the Letter of Credit by the Bank. Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained only from the respective rating agencies. The City furnished to such rating agencies certain City information regarding the Commercial Paper Certificates. In addition, the Bank furnished certain information to such rating agencies regarding the Bank and the Letter of Credit. Generally, rating agencies base their ratings on the information and materials furnished to them and on their own investigations, studies and assumptions. There is no assurance such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such change in or withdrawal of such ratings could have an adverse effect on the market price of the Commercial Paper Certificates. The City undertakes no responsibility to oppose any such

change or withdrawal. The above ratings are not recommendations to buy, sell or hold the Commercial Paper Certificates.

OTHER MATTERS

The Dealer has provided the following sentence for inclusion in this Offering Memorandum. The Dealer has reviewed the information in this Offering Memorandum in accordance with, and as part of, their responsibility to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Dealer does not guarantee the accuracy or completeness of such information.

The information and expressions of opinion in this Offering Memorandum are subject to change without notice and neither the delivery of this Offering Memorandum nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in such information or expressions of opinion since the date hereof.

APPENDIX A

FORM OF OPINION OF SPECIAL COUNSEL

SERIES 3 CERTIFICATES
AND
SERIES 4 CERTIFICATES

_____, 2013

Board of Supervisors
City and County of San Francisco
City Hall, 1 Dr. Carlton B. Goodlett Place,
San Francisco, California 94102

OPINION: City of County of San Francisco Tax-Exempt Lease Revenue Commercial Paper
Certificates of Participation, Series 3

and

City of County of San Francisco Tax-Exempt Lease Revenue Commercial Paper
Certificates of Participation, Series 4

Ladies and Gentlemen:

We have acted as special counsel in connection with the execution and delivery of the City and County of San Francisco (the "City") of a Sublease, dated as of _____, 2013 (the "Sublease") between U.S. Bank National Association, as trustee under the hereinafter mentioned Trust Agreement (the "Trustee") and the City, as lessee. Pursuant to the Trust Agreement, dated as of _____, 2013 (the "Trust Agreement") between the City and the Trustee, and the Delivery and Paying Agent Agreement dated as of _____, 2013 (the "Delivery and Paying Agent Agreement") between the Trustee, as paying agent, and the City, the Trustee will execute and deliver City and County of San Francisco Tax-Exempt Lease Revenue Commercial Paper Certificates of Participation, Series 3 and Series 4 (together, the "Tax-Exempt Certificates"). Pursuant to the Trust Agreement, the Trustee will also execute and deliver City and County of San Francisco Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 3-T and Series 4-T (the "Taxable Certificates" and, with the Tax-Exempt Certificates, the "Certificates"). The Certificates evidence proportionate interests of the owners thereof in Base Rental payments made by the City under the Sublease and may be delivered in the not-to-exceed aggregate principal amount of \$_____,000,000. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Trust Agreement.

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Authority and the City contained in the Trust Agreement, the Sublease and in the certified proceedings, and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon our examination we are of the opinion, under existing law, that:

1. The City is duly created and validly existing as a charter city and county with the power to enter into the Trust Agreement, the Delivery and Paying Agent Agreement, the Sublease and the Site Lease, and to perform the agreements on its part contained therein.

2. The Trust Agreement, the Delivery and Paying Agent Agreement, the Sublease and the Site Lease have been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the Trustee, the Trust Agreement, the Delivery and Paying Agent Agreement, the Sublease and the Site Lease are obligations of the City valid, binding and enforceable against the City in accordance with their terms.

3. Subject to the terms and provisions of the Sublease, the Base Rental payments are payable from all legally available funds of the City. By virtue of the Trust Agreement, the owners of the Tax-Exempt Certificates are entitled to receive their proportionate share of the Base Rental payments in accordance with the provisions of the Trust Agreement.

4. Interest with respect to the first Tax-Exempt Certificates executed and delivered after the date hereof, and interest with respect to any Tax-Exempt Certificates executed and delivered from time to time by the City through the date that is 18 months after the date of execution and delivery of the first Tax-Exempt Certificates executed and delivered after the date hereof that the City elects to treat as part of the same issue of Tax-Exempt Certificates, is excluded from gross income of the owners for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986 (the "Code") that must be satisfied subsequent to the execution and delivery of the Tax-Exempt Certificates in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the original date of execution and delivery of the Tax-Exempt Certificates.

5. Interest with respect to the Tax-Exempt Certificates is exempt from personal income taxes of the State of California under present state law.

The rights of the owners of the Tax-Exempt Certificates, and the enforceability of the Trust Agreement, the Delivery and Paying Agent Agreement, the Sublease and the Site Lease may be subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Respectfully submitted,

A Professional Law Corporation

**SERIES 3-T CERTIFICATES
AND
SERIES 4-T CERTIFICATES**

_____, 2013

Board of Supervisors
City and County of San Francisco
City Hall, 1 Dr. Carlton B. Goodlett Place,
San Francisco, California 94102

OPINION: City of County of San Francisco Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 3-T

and

City of County of San Francisco Taxable Lease Revenue Commercial Paper
Certificates of Participation, Series 4-T

Ladies and Gentlemen:

We have acted as special counsel in connection with the execution and delivery of the City and County of San Francisco (the "City") of a Sublease, dated as of _____, 2013 (the "Sublease") between U.S. Bank National Association, as trustee under the hereinafter mentioned Trust Agreement (the "Trustee") and the City, as lessee. Pursuant to the Trust Agreement, dated as of _____, 2013 (the "Trust Agreement") between the City and the Trustee, and the Delivery and Paying Agent Agreement dated as of _____, 2013 (the "Delivery and Paying Agent Agreement") between the Trustee, as paying agent, and the City, the Trustee has executed and delivered City and County of San Francisco Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 3-T (the "Series 3-T Certificates"), and City and County of San Francisco Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 4-T (together with the Series 3-T Certificates, the "Taxable Certificates"). Pursuant to the Trust Agreement, the Trustee will also execute and deliver City and County of San Francisco Tax-Exempt Lease Revenue Commercial Paper Certificates of Participation, Series 3 and Series 4 (the "Tax-Exempt Certificates" and, with the Taxable Certificates, the "Certificates"). The Certificates evidence proportionate interests of the owners thereof in Base Rental payments made by the City under the Sublease and may be delivered in the not-to-exceed aggregate principal amount of \$_____,000,000. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Trust Agreement.

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon representations of the Authority and the City contained in the Trust Agreement, the Sublease and in the certified proceedings, and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon our examination we are of the opinion, under existing law, that:

1. The City is duly created and validly existing as a charter city and county with the power to enter into the Trust Agreement, the Delivery and Paying Agent Agreement, the Sublease and the Site Lease, and to perform the agreements on its part contained therein.
2. The Trust Agreement, the Delivery and Paying Agent Agreement, the Sublease and the Site Lease have been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the Trustee, the Trust Agreement, the Delivery and Paying Agent Agreement, the Sublease and the Site Lease are obligations of the City valid, binding and enforceable against the City in accordance with their terms.

3. Subject to the terms and provisions of the Sublease, the Base Rental payments are payable from all legally available funds of the City. By virtue of the Trust Agreement, the owners of the Taxable Certificates are entitled to receive their proportionate share of the Base Rental payments in accordance with the provisions of the Trust Agreement.

4. Interest with respect to the Taxable Certificates is not intended by the City to be excluded from gross income for purposes of all applicable federal income taxation.

5. Interest with respect to the Taxable Certificates is exempt from personal income taxes of the State of California under present state law.

To ensure compliance with requirements imposed by the Internal Revenue Service, we inform owners of the Taxable Certificates that any U.S. federal tax advice contained in this opinion is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

The rights of the owners of the Taxable Certificates, and the enforceability of the Trust Agreement, the Delivery and Paying Agent Agreement, the Sublease and the Site Lease may be subject to bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Respectfully submitted,

A Professional Law Corporation

APPENDIX B

INFORMATION REGARDING DTC AND THE BOOK-ENTRY ONLY SYSTEM

Neither the City, the Trustee nor the Delivery and Paying Agent will have any responsibility or obligation to DTC Participants, Indirect Participants or Beneficial Owners with respect to the payments or the providing of notice to DTC Participants, Indirect Participants or Beneficial Owners. Neither the City nor the Issuing and Paying Agent can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of and interest on the Commercial Paper Certificates paid to DTC or its nominee, as the registered Owner, or any notices, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Offering Memorandum.

The following information regarding DTC and its book-entry only system has been furnished by DTC for inclusion herein. The City cannot and does not make any representation as to the accuracy or completeness thereof, or the absence of material adverse changes therein subsequent to the date hereof. Beneficial Owners should confirm the following information with DTC or the Participants, as the case may be.

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing corporations. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange City. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

To facilitate subsequent transfers, all Commercial Paper Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Commercial Paper Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Commercial Paper Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Commercial Paper Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Commercial Paper Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Commercial Paper Certificates, such as tenders, defaults, and proposed amendments to the authorizing documents. For example, Beneficial Owners of the Commercial Paper Certificates may wish to ascertain that the nominee holding the Commercial Paper Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

DTC may discontinue providing its services as depository with respect to the Commercial Paper Certificates at any time by giving reasonable notice to the City, the Trustee or the Delivery and Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Commercial Paper Certificate certificates are required to be printed and delivered, as described in the Trust Agreement.

The City may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Commercial Paper Certificate certificates will be printed and delivered to DTC as described in the Trust Agreement.

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

The foregoing description of the procedures and record-keeping with respect to beneficial ownership interests in the Commercial Paper Certificates, payment of the principal, interest and other payments with respect to the Commercial Paper Certificates to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in such Commercial Paper Certificates and other related transactions by and between

DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

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

So long as Cede & Co. is the registered owner of the Commercial Paper Certificates, as nominee of DTC, references herein to the Owners or registered holders of the Commercial Paper Certificates, shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Commercial Paper Certificates.

APPENDIX C

FORM OF LETTER OF CREDIT

[TO BE ATTACHED]

LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

Dated as of September 1, 2013

between

CITY AND COUNTY OF SAN FRANCISCO

and

STATE STREET BANK AND TRUST COMPANY

relating to

CITY AND COUNTY OF SAN FRANCISCO

TAX-EXEMPT LEASE REVENUE

COMMERCIAL PAPER CERTIFICATES OF PARTICIPATION, SERIES 3

and

CITY AND COUNTY OF SAN FRANCISCO

TAXABLE LEASE REVENUE

COMMERCIAL PAPER CERTIFICATES OF PARTICIPATION, SERIES 3-T

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LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT, dated as of September 1, 2013, between the CITY AND COUNTY OF SAN FRANCISCO (the "*City*") and STATE STREET BANK AND TRUST COMPANY (together with its successors and assigns, the "*Bank*").

WHEREAS, pursuant to a Trust Agreement, dated as of September 1, 2013, 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 3 and Taxable Lease Revenue Certificates of Participation, Series 3-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 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* two percent (2.00%); *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 (1.00%) per annum, (ii) the sum of the Federal Funds Rate, plus two percent (2.00%) per annum and (iii) six percent (6.00%) per annum.

"Base Rental" shall have the meaning 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 September [19], 2013, 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.

"Dealer Agreement" means (i) the Commercial Paper Dealer Agreement, dated as of September 1, 2013, between the City and _____, as a 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* three percent (3.00%) per annum.

"Delivery and Paying Agent Agreement" means the Delivery and Paying Agent Agreement, dated as of September 1, 2013, by and between the City and _____, 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 September [19], 2013, 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 have the meaning set forth in the Sublease.

"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 substantially 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*" means State Street Bank and Trust Company, Boston, MA, ABA #: 011-000-028, A/C # 4867-932-8, in favor of the Bank, Account Name: Municipal Finance Fee Receivables, Attention: _____, Ref: City of County of San Francisco Commercial Paper Certificates of Participation or such other office as the Bank may designate from time to time.

"*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 substantially in the form of Exhibit C attached hereto.

"Revolving Bank Certificate" means the revolving bank certificate, substantially 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 division of The McGraw-Hill Companies, 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 "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 September 1, 2013, 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" has the meaning assigned that term in the Letter of Credit.

"Sublease" means the Sublease dated as of September 1, 2013, 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 September 1, 2013, by and between the City and the Trustee, as from time to time amended or supplemented in accordance therewith.

"Trustee" shall mean U.S. Bank National Association, 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 September __, 2018; *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, substantially 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 therefore 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) 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.

(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.

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, 2012, 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 "A" (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) 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;

(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 _____, _____, and _____ of the City having 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) 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 shall be reduced below "Baa2" (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 **[voter approved Lease Obligation Debt]**);

(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 (15th) 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 to the contrary notwithstanding, from and after the occurrence of 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:

State Street Bank and Trust Company
Loan Operation Department
Mailstop: CPH0453
100 Huntington Ave
Tower 1, 4th Floor
Boston, Massachusetts 02116
Attention: Standby Letter of Credit Operation - David Pennybaler
Telephone: (617) 937-8805
Facsimile: (617) 988-6674

With a copy to:

State Street Bank and Trust Company
One Lincoln Street, 5th Floor
Boston, Massachusetts 02111
Attention: Mimi Li
Telephone: (617) 664-3196
Facsimile: (617)-946-0188

If to the Delivery and Paying Agent:

Attention: _____
Facsimile: _____

If to the Trustee:

Attention: _____
Facsimile: _____

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 Chapman and Cutler LLP, 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.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

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: _____

STATE STREET BANK AND TRUST COMPANY

By _____
Name: _____
Title: _____

EXHIBIT A

[FORM OF IRREVOCABLE LETTER OF CREDIT]

IRREVOCABLE LETTER OF CREDIT NO. _____

September __, 2013.

U.S. Bank National Association,
as Delivery and Paying Agent

Attention: _____

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 3 and the City and County of San Francisco Taxable Lease Revenue Commercial Paper Certificates of Participation, Series 3-T (the "*Certificates*"), executed and delivered pursuant to the Trust Agreement dated as of September 1, 2013 (as amended, supplemented and otherwise modified from time to time, the "*Trust Agreement*"), by and between the City and U.S. Bank National Association, as trustee (the "*Trustee*") pursuant to which the Certificates are being executed and delivered, our Irrevocable Letter of Credit No. _____ in the maximum available amount of _____ MILLION U.S. DOLLARS (\$ _____) (as more fully described below) (the "*Stated Amount*"), which may be drawn upon from time to time in respect of the principal of and actual interest accrued on the Certificates, effective on the date hereof and expiring at 5:00 p.m. (New York time), at our office in Boston, Massachusetts on September __, 2018, unless extended by us in our sole discretion by delivery of a certificate in the form of Annex E 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 September 1, 2013 (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 Payment Certificates (as hereinafter defined) (subject to the provisions contained in

the second following paragraph), payable as set forth herein on 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 Massachusetts 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 (a "*Business Day*"), signed by you in the form of (A) Annex A-1 (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 (B) Annex A-2 (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 "*Payment Certificate*"), in each case in an aggregate amount not exceeding the Stated Amount of this Letter of Credit.

Upon our honoring any Payment Certificate, the Stated Amount and the amount available to be drawn hereunder by you pursuant to any subsequent Payment Certificate shall be automatically decreased by an amount equal to the amount of such Payment Certificate. In connection therewith, the Stated Amount and the amounts from time to time available to be drawn by you hereunder by any Payment Certificate (except in the case of a Payment Certificate 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 Payment Certificate 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 Payment Certificate, 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 Payment Certificate 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.

Each Payment Certificate shall be dated the date of its presentation, and shall be presented by facsimile (at facsimile number (617) 988-6674, Attention: Standby Letter of Credit Unit Re: 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 Payment Certificate so submitted is to be the sole operative instrument of drawing. Each Payment Certificate shall be immediately confirmed by telephone (telephone number: (617) 662-8588), notifying us of such Payment Certificate; *provided*, that, the failure to confirm such Payment Certificate by telephone shall not affect the validity or effectiveness of the Payment Certificate. If we receive any Payment Certificate at such office, in strict conformity with the terms and conditions of this Letter of Credit, not later than 11:00 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 Payment Certificate at such office, all in strict conformity with the terms and conditions of the Letter of Credit, after 11:00 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 Payment Certificate. 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 5:00 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 (15th) calendar day after the date on which you receive the Final Drawing Notice, and (b) the date on which the Payment Certificate 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. 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 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.

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 Payment Certificate referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such Payment Certificates.

If a Payment Certificate 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 State Street Bank and Trust Company, Loan Operations Department, Mailstop: CPH0453, 100 Huntington Ave., Tower 1, 4th Floor, Boston, Massachusetts 02116, Attention: Standby Letter

of Credit Unit, specifically referring to the number of this Letter of Credit, or as otherwise provided in writing by us.

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

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,

STATE STREET BANK AND TRUST COMPANY

By _____

Name: _____

Title: _____

By _____

Name: _____

Title: _____

ANNEX A-1

[FORM OF CERTIFICATE FOR PAYMENT CERTIFICATE]

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

IRREVOCABLE LETTER OF CREDIT NO. _____

State Street Bank and Trust Company
Loan Operations Department
Standby Letter of Credit Unit
Mail Stop: CPH0453
100 Huntington Ave., Tower 1, Floor 4
Boston, MA 02116
Facsimile Number: (617) 988-6674

The undersigned, a duly authorized officer of the undersigned Delivery and Paying Agent (the "*Delivery and Paying Agent*"), hereby certifies to State Street Bank and Trust Company (the "*Bank*"), with reference to Irrevocable 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 Payment Certificate is equal to \$ _____. Such amount was computed in compliance with the terms and conditions of the Certificates and the Trust Agreement. The amount of the Payment Certificate 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 PAYMENT CERTIFICATE]

CERTIFICATE FOR DRAWING IN CONNECTION WITH THE
PAYMENT OF PRINCIPAL AND INTEREST AFTER FINAL DRAWING NOTICE
IRREVOCABLE LETTER OF CREDIT NO. _____

State Street Bank and Trust Company
Loan Operations Department
Standby Letter of Credit Unit
Mail Stop: CPH0453
100 Huntington Ave., Tower 1, Floor 4
Boston, MA 02116
Facsimile Number: (617) 988-6674

The undersigned, a duly authorized officer of the undersigned Delivery and Paying Agent (the "*Delivery and Paying Agent*"), hereby certifies to State Street Bank and Trust Company (the "*Bank*"), with reference to Irrevocable 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 Payment Certificate 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 Payment Certificate is equal to \$ _____. Such amount was computed in compliance with the terms and conditions of the Certificates and the Trust Agreement. The amount of the Payment Certificate 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 has 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 (15th) 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

Date: _____

State Street Bank and Trust Company
Loan Operations Department
Standby Letter of Credit Unit
Mail Stop: CPH0453
100 Huntington Ave., Tower 1, Floor 4
Boston, MA 02116
Facsimile Number: (617) 988-6674

Re: State Street Bank and Trust Company Irrevocable Letter of Credit No. _____
dated September __, 2013

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. \$5,000 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:

(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)

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 LETTER OF CREDIT No. _____

State Street Bank and Trust Company
Loan Operations Department
Standby Letter of Credit Unit
Mail Stop: CPH0453
100 Huntington Ave., Tower 1, Floor 4
Boston, MA 02116
Facsimile Number: (617) 988-6674

The undersigned, a duly authorized signatory of the undersigned Delivery and Paying Agent (the "*Delivery and Paying Agent*"), hereby certifies to State Street Bank and Trust Company (the "*Bank*"), with reference to Irrevocable 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 LETTER OF CREDIT NO. _____

State Street Bank and Trust Company
Loan Operations Department
Standby Letter of Credit Unit
Mail Stop: CPH0453
100 Huntington Ave., Tower 1, Floor 4
Boston, MA 02116
Facsimile Number: (617) 988-6674

The undersigned, a duly authorized signatory of the undersigned Delivery and Paying Agent (the "*Delivery and Paying Agent*"), hereby certifies to State Street Bank and Trust Company (the "*Bank*"), with reference to Irrevocable 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 Payment Certificates 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 LETTER OF CREDIT NO. _____

as Delivery and Paying Agent

Attention: _____

The undersigned, duly authorized signatory of State Street Bank and Trust Company (the "Bank"), hereby certifies to _____ (the "Delivery and Paying Agent"), with reference to Irrevocable 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 September 1, 2013 (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 _____, _____.

STATE STREET BANK AND TRUST COMPANY

By _____
Name: _____
Title: _____

By _____
Name: _____
Title: _____

Acknowledged as of _____, _____

_____ ,
as Delivery and Paying Agent

By _____
Name: _____
Title: _____

ANNEX F

[FORM OF NO-DELIVERY NOTICE]

NO-DELIVERY NOTICE

IRREVOCABLE LETTER OF CREDIT NO. _____

_____,
as Delivery and Paying Agent

Attention: _____

The undersigned, duly authorized signatories of State Street Bank and Trust Company (the "Bank"), hereby certify to _____ (the "Delivery and Paying Agent"), with reference to Irrevocable 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 September 1, 2013 (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 _____, _____.

STATE STREET BANK AND TRUST COMPANY

By _____
Name: _____
Title: _____

By _____
Name: _____
Title: _____

ANNEX G

[FORM OF CERTIFICATE RE: FINAL DRAWING]

CERTIFICATE RE: FINAL DRAWING

Attention: _____

Reference is made to Irrevocable 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 Payment Certificate 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 (15th) calendar day after the date of receipt by the Delivery and Paying Agent of this notice, and (b) the date on which the Payment Certificate resulting from the delivery of this Notice is honored by us.

STATE STREET BANK AND TRUST COMPANY

By _____
Name: _____
Title: _____

By _____
Name: _____
Title: _____

Acknowledged as of _____, ____ by
_____ 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 STATE STREET BANK AND TRUST COMPANY (the "*Bank*"), or registered assigns, at the principal office of the Bank in Boston, Massachusetts, the sum of _____ Million 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 September 1, 2013 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 ____ day of _____, 2013.

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 State Street Bank and Trust Company (the "*Bank*"), with reference to Irrevocable 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 September 1, 2013 (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. *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.

6. *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.

7. *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. 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.

8. *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. 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 City Contract.

(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.

9. *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.

10. *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.

11. *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.

12. *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.

13. *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. An underwriter, 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.

14. *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.

15. *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.

16. *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.

FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors

Contractor Information <i>(Please print clearly.)</i>	
Name of contractor: State Street Bank and Trust Co	
<p><i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i></p> <p>Mimi K. Li, Director</p> <p>Board of Directors Joseph (Jay) L. Hooley Kennett F. Burnes Peter Coym Patrick de Saint-Aignan Dame Amelia C. Fawcett Linda A. Hill Robert S. Kaplan Richard P. Sergel Ronald L. Skates Gregory L. Summe Thomas J. Wilson</p> <p>Chairman, President and Chief Executive Officer: Joseph (Jay) L. Hooley Chief Financial Officer: Edward Resch and Michael W. Bell Vice Chairman: Joseph C. Antonellis</p>	
Contractor address: One Lincoln Street, 5 th Fl, Boston, MA 02111	
Date that contract was approved: <i>(By the SF Board of Supervisors)</i>	Amount of contracts: \$500,000
Describe the nature of the contract that was approved: Resolution authorizing the execution and delivery from time to time of Tax-Exempt (Series 3 and Series 4) and Taxable Lease Revenue Commercial Paper Certificates of Participation (Series 3-T and Series 4-T), in an aggregate principal amount not to exceed \$100,000,000, to provide interim financing for certain City capital projects; and approving and authorizing execution of a trust agreement, a site lease, a sublease, a letter of credit, and reimbursement agreement, a fee agreement and certain other financing documents, and authorizing other related actions. RECEIVED AND ASSIGNED to Budget and Finance Committee.	
Comments: N/A	

This contract was approved by (check applicable):

☐ the City elective officer(s) identified on this form

☒ a board on which the City elective officer(s) serves: San Francisco Board of Supervisors
Print Name of Board

☐ the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed