

**FEE AGREEMENT**  
**DATED AS OF OCTOBER 8, 2014**

Reference is hereby made to that certain Letter of Credit Reimbursement Agreement dated as of October 1, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the “*Agreement*”), among the City and County of San Francisco (the “*City*”), the City and County of San Francisco Finance Corporation (the “*Corporation*”) and State Street Bank and Trust Company (the “*Bank*”), relating to the City and County of San Francisco City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-1 (Moscone Center Expansion Project) (the “*Bonds*”) and (ii) the certain Irrevocable Letter of Credit dated October 8, 2014, issued by the Bank pursuant to the Agreement, supporting the Bonds. 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 January, April, July and October (each such date referred to herein as a “*Quarterly Payment Date*”) (commencing on January 2, 2015, for the period from and including the Date of Issuance to and including December 31, 2014) occurring prior to the Termination Date and on the 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.

				LETTER OF CREDIT
LEVEL	FITCH RATING	S&P RATING	MOODY’S RATING	FEE RATE
Level 1	AA- or above	AA- or above	Aa3 or above	0.35%
Level 2	A+	A+	A1	0.45%
Level 3	A	A	A2	0.55%
Level 4	A-	A-	A3	0.65%
Level 5	BBB+	BBB+	Baa1	0.80%
Level 6	BBB	BBB	Baa2	1.90%

The term “*Rating*” as used above shall mean the lowest long-term unenhanced debt ratings assigned by each of Fitch, S&P and Moody’s to any the Bonds (without giving effect to

any bond insurance or other credit enhancement thereon). In the event there is a split Rating (i.e., one of the Rating Agency's Ratings is at a different level than the Rating of the other Rating Agency), the Letter of Credit Fee Rate shall be based upon the lowest Rating. 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: \_\_\_\_\_