

Committee Item No. 17  
Board Item No. 7

## AGENDA PACKET CONTENTS LIST

**Date** September 17 2014

Date 9/23/14

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input type="checkbox"/>	<input type="checkbox"/>	Resolution
<input checked="" type="checkbox"/>	<input checked="" 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 checked="" 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 type="checkbox"/>	<input type="checkbox"/>	Form 126 – Ethics Commission
<input type="checkbox"/>	<input type="checkbox"/>	Award Letter
<input type="checkbox"/>	<input type="checkbox"/>	Application
<input type="checkbox"/>	<input type="checkbox"/>	Public Correspondence

[illegible]

**Date** September 12, 2014

Date 9/18/14

[Remarketing of Finance Corporation Lease Revenue Bonds Series 2008-1 and 2008-2 (Moscone Center Expansion Project)]

Ordinance approving the remarketing of the City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-1 (Moscone Center Expansion Project) and City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-2 (Moscone Center Expansion Project); approving the form of a reimbursement agreement among the City and County of San Francisco, the City and County of San Francisco Finance Corporation and State Street Bank and Trust Company; approving the form of an amended and restated reimbursement agreement; approving the form of a fee agreement; approving the form of an amended and restated fee agreement; approving the form of a remarketing supplement; approving the form of custodian agreement; approving the form of amended and restated custodian agreement; granting general authority to City officials to take necessary actions in connection with the remarketing of the Bonds; approving modifications to documents; approving the execution and delivery of certain documents described herein and ratifying previous actions taken in connection therewith.

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.  
**Additions to Codes** are in single-underline italics Times New Roman font.  
**Deletions to Codes** are in ~~strikethrough italics Times New Roman font~~.  
**Board amendment additions** are in double-underlined Arial font.  
**Board amendment deletions** are in ~~strikethrough Arial font~~.  
**Asterisks (\* \* \* \*)** indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Findings. The Board of Supervisors (the "Board") of the City hereby finds and declares as follows:

1           A.     The San Francisco Finance Corporation (the "Corporation") has previously  
2 issued its San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-  
3 1 (Moscone Center Expansion Project) (the "Series 2008-1 Bonds") and City and County of  
4 San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-2  
5 (Moscone Center Expansion Project) (the "Series 2008-2 Bonds" and, together with the Series  
6 2008-1 Bonds, the "Bonds"), of which \$116,020,000 are currently outstanding, to finance the  
7 expansion of the Moscone Convention Center (the "Project"); and

8           B.     The Bonds are secured primarily by base rental to be paid by the City and  
9 County of San Francisco (the "City") to the Corporation for the City's use and occupancy of  
10 the Project; and

11           C.     The Series 2008-1 Bonds are currently supported by a direct-pay letter of credit  
12 issued by Bank of America, N.A. and the Series 2008-2 Bonds are currently supported by a  
13 direct-pay letter of credit issued by State Street and Trust Company; and

14           D.     Upon remarketing of the Bonds, all of the Bonds will be supported by direct-pay  
15 letters of credit issued by State Street and/or such other credit provider, if any, selected by the  
16 Director of Public Finance of the City or her designee (collectively, the "Director of Public  
17 Finance" and such credit provider(s) being referred to herein collectively as the "Credit  
18 Provider").

19                 Section 2.   File Documents. The foregoing documents presented to the Board  
20 of Supervisors of the City (the "Board") and on file with the Clerk of the Board or her designee  
21 (collectively, the "Clerk") are contained in File No. 140917.

22                 Section 3.   Approval of the Reimbursement Agreement. The form of the letter  
23 of credit and reimbursement agreement with respect to the Series 2008-1 Bonds (the "Letter  
24 of Credit and Reimbursement Agreement") among the City, the Corporation and the Credit  
25 Provider, as presented to this Board, a copy of which is on file with the Clerk in File No.

1 140917, is hereby approved. The Mayor, the Controller or the Director of Public Finance, or  
2 any of their respective designees (each an "Authorized Representative") is hereby authorized  
3 to execute and deliver the Letter of Credit and Reimbursement Agreement, in substantially the  
4 form presented to this Board, with such changes, additions, modification or deletions as such  
5 Authorized Representative may make or approve in accordance with Section 11 hereof.

6           Section 4.   Approval of the Amended and Restated Reimbursement  
7 Agreement. The form of the amended and restated letter of credit and reimbursement  
8 agreement with respect to the Series 2008-2 Bonds (the "Amended and Restated  
9 Reimbursement Agreement" and, together with the Letter of Credit and Reimbursement  
10 Agreement, the "Reimbursement Agreements") among the City, the Corporation and the  
11 Credit Provider, as presented to this Board, a copy of which is on file with the Clerk in File No.  
12 140917, is hereby approved. Any Authorized Representative is hereby authorized to execute  
13 and deliver the Amended and Restated Reimbursement Agreement, in substantially the form  
14 presented to this Board, with such changes, additions, modification or deletions as such  
15 Authorized Representative may make or approve in accordance with Section 11 hereof.

16           Section 5.   Approval of the Fee Agreement. The form of the fee agreement  
17 with respect to the Series 2008-1 Bonds (the "Fee Agreement") among the City, the  
18 Corporation and the Credit Provider, as presented to this Board, a copy of which is on file with  
19 the Clerk in File No. 140917, is hereby approved. Any Authorized Representative is hereby  
20 authorized to execute the Fee Agreement, in substantially the form presented to this Board,  
21 with such changes, additions, modification or deletions as such Authorized Representative  
22 may make or approve in accordance with Section 11 hereof.

23           Section 6.   Approval of the Amended and Restated Fee Agreement. The form  
24 of the amended and restated fee agreement with respect to the Series 2008-2 Bonds (the  
25 "Amended and Restated Fee Agreement" and, together with the Fee Agreement, the "Fee



1 Agreements”) among the City, the Corporation and the Credit Provider, as presented to this  
2 Board, a copy of which is on file with the Clerk in File No. 140917, is hereby approved. Any  
3 Authorized Representative is hereby authorized to execute and deliver the Amended and  
4 Restated Fee Agreement, in substantially the form presented to this Board, with such  
5 changes, additions, modification or deletions as such Authorized Representative may make or  
6 approve in accordance with Section 11 hereof.

7           Section 7. Approval of the Remarketing Supplement. The form of the  
8 remarketing supplement (the “Remarketing Supplement”), as presented to this Board, a copy  
9 of which is on file with the Clerk in File No. 140917, is hereby approved. Any Authorized  
10 Representative is hereby authorized to cause the publication and distribution of the  
11 Remarketing Supplement, in substantially the form presented to this Board, with such  
12 changes, additions, modification or deletions as such Authorized Representative may make or  
13 approve in accordance with Section 11 hereof.

14           Section 8. Approval of Custodian Agreement. The form of the custodial  
15 agreement for the Series 2008-1 Bonds (the “Custodial Agreement”), among the City, State  
16 Street Bank and Trust Company and Wells Fargo Bank, National Association, as presented to  
17 this Board, a copy of which is on file with the Clerk in File No. 140917, is hereby approved.  
18 Any Authorized Representative is hereby authorized to execute and deliver the Custodial  
19 Agreement, in substantially the form presented to this Board, with such changes, additions,  
20 modification or deletions as such Authorized Representative may make or approve in  
21 accordance with Section 11 hereof.

22           Section 9. Approval of Amended and Restated Custodian Agreement. The  
23 form of the amended and restated custodian agreement for the Series 2008-2 Bonds (the  
24 “Custodian Agreement”), among the City, State Street Bank and Trust Company and Wells  
25 Fargo Bank, National Association, as presented to this Board, a copy of which is on file with

1 the Clerk in File No. 140917, is hereby approved. Any Authorized Representative is hereby  
2 authorized to execute and deliver the Custodial Agreement, in substantially the form  
3 presented to this Board, with such changes, additions, modification or deletions as such  
4 Authorized Representative may make or approve in accordance with Section 11 hereof.

5 Section 10. General Authority. The Mayor, the City Attorney, the Controller,  
6 the City Administrator, the Director of Public Finance, the Clerk and other officers of the City  
7 and their duly authorized deputies and agents are hereby authorized and directed, jointly and  
8 severally, to take such actions and to execute and deliver such certificates, agreements,  
9 requests or other documents, as they may deem necessary or desirable to facilitate the  
10 remarketing of the Bonds and, to obtain letters of credit or other credit enhancements with  
11 respect to the Bonds and otherwise to carry out the provisions of this Ordinance.

12 Section 11. Modifications, Changes, Additions or Deletions. Any Authorized  
13 Representative is hereby authorized to approve and make such changes, additions,  
14 modifications or deletions to the Reimbursement Agreements, the Fee Agreements, the  
15 Remarketing Supplement and the Custodian Agreements, upon consultation with the City  
16 Attorney, as may be necessary or desirable in the interests of the City, and which changes do  
17 not materially increase the obligations of the City under the Reimbursement Agreements, Fee  
18 Agreements or Custodian Agreements. An Authorized Representative's approval of such  
19 modifications, changes, additions or deletions shall be conclusively evidenced by the  
20 execution and delivery by such Authorized Representative of the Reimbursement  
21 Agreements, Fee Agreements and Custodian Agreements.

1                   Section 12. Ratification of Prior Actions. All actions authorized and directed by  
2 this Ordinance and heretofore taken are hereby ratified, approved and confirmed by this  
3 Board.

4 APPROVED AS TO FORM:  
5 DENNIS J. HERRERA, City Attorney

6 By: 

7                   Mark D. Blake  
8                   Deputy City Attorney

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**Item 17**  
**File 14-0917****Department:**  
**Office of Public Finance****EXECUTIVE SUMMARY****Legislative Objectives**

- Ordinance approving the (a) remarketing of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-1 and 2008-2 for the Moscone Center Expansion Project related to West Moscone; (b) form of a reimbursement agreement among the City and County of San Francisco, the San Francisco Finance Corporation, and State Street Bank and Trust Company; (c) form of amended and restated reimbursement agreement, fee agreement and custodian agreement; and (d) general authority for City officials to take necessary actions in connection with the remarketing of the Bonds, approving modifications to these documents and the execution, delivery and ratifying subsequent actions taken.

**Key Points**

- Moscone Convention Center (Moscone) was originally constructed in 1981 (Moscone South), expanded in 1992, with the addition of Moscone North and again expanded in 2003 with the addition of Moscone West.
- In 1996, San Francisco voters authorized the lease financing of up to \$157.5 million for the Moscone West expansion, which were approved by the Board of Supervisors in 2000 through the San Francisco Finance Corporation. On August 12, 2008, the Board of Supervisors approved the re-issuance of the previously issued 2000 variable rate lease revenue bonds for the expansion of Moscone West, selecting the Bank of America and State Street Bank and Trust Corporation (State Street) to provide for principal and interest payments through letters of credit and related reimbursement agreements, which expire in October 2014. On September 11, 2008, the San Francisco Finance Corporation issued a total of \$145,340,000 Lease Revenue Refunding Bonds, Series 2008-1 and Series 2008-2.

**Fiscal Impacts**

- Based on a competitive proposal process, State Street Bank submitted the lowest cost proposal to the City.
- As of September 2, 2014, the 2008 Bonds had a total outstanding balance of \$116,020,000. Currently, the City is paying commitment fees of 0.70% to Bank of America and 0.72% to State Street, total costs of approximately \$823,742 annually. Under the proposed new letter of credit and related agreements with State Street, the City would pay 0.35% commitment fees, or total annual costs of approximately \$406,070, an annual savings of \$417,672,
- Dedicated Hotel Tax revenues are used to repay these long term lease revenue debt obligations related to Moscone.

**Recommendation**

- Approve the proposed ordinance.

**MANDATE STATEMENT**

Charter Section 9.118 requires any agreement with a term of more than ten years or expenditures of more than \$10,000,000 be subject to approval by the Board of Supervisors.

**BACKGROUND****Moscone Convention Center**

The George Moscone Convention Center (Moscone) was originally constructed in 1981 as a single 300,000 square foot convention facility on Howard Street, now known as Moscone South between 3<sup>rd</sup> and 4<sup>th</sup> Streets, adjacent to Yerba Buena Gardens. In 1992, Moscone expanded with the addition of Moscone North across from Moscone South and again expanded in 2003 with the addition of Moscone West, at Howard and 4<sup>th</sup> Streets. Moscone now encompasses over 900,000 gross square feet of convention facility space on three adjacent blocks<sup>1</sup>.

Moscone is owned by the City and County of San Francisco and the Office of Community Investment and Infrastructure (the successor agency the San Francisco Redevelopment Agency). The Convention Facilities Department within the General Services Agency operates and maintains Moscone through contracts with (a) San Francisco Travel<sup>2</sup>, and (b) Moscone Joint Venture<sup>3</sup>, a private firm to manage the daily operations of Moscone.

**Moscone West Expansion Existing Lease Revenue Bonds**

In 1996, San Francisco voters approved Proposition A, which authorized the lease financing of a not-to-exceed \$157.5 million for the acquisition, construction and improvements for the Moscone West expansion. On October 16, 2000, the Board of Supervisors approved the issuance of a not-to-exceed \$157.5 million of variable rate lease revenue bonds (Series 2000-1, 2000-2 and 2000-3) through the San Francisco Finance Corporation (Ordinance No. 241-00). The San Francisco Finance Corporation is a nonprofit public benefit corporation, formed by the City in 1991, in response to San Francisco voter's approval in 1990, to provide lease financing for the acquisition, construction and installation of facilities, equipment and other real and personal property for the City's purposes.

On August 12, 2008, the Board of Supervisors (a) approved the issuance of Variable Rate Lease Revenue Refunding Bonds (Series 2008-1 and 2008-2) to replace the previously issued 2000 variable rate lease revenue bonds for the expansion of Moscone West and (b) based on a competitive process, approved new letters of credit and reimbursement agreements with Bank of America N.A. (Bank of America) for Series 2008-1 and State Street Bank and Trust

<sup>1</sup> Moscone is currently undergoing another expansion of 340,000 square feet.

<sup>2</sup> San Francisco Travel, previously the San Francisco Convention and Visitors Bureau, is a nonprofit organization which has an annual \$1.2 million agreement with the City to promote San Francisco as a premier destination for travel, funded through Grants for the Arts Hotel Tax revenues and the Office of Economic and Workforce Development General Fund revenues.

<sup>3</sup> Moscone Joint Venture, a private consortium of Spectator Management Group, has an eight-year agreement with the City, through June 30, 2017, to manage the day-to-day operations of Moscone Convention Center.

Corporation (State Street) for Series 2008-2, to provide for the specified principal and interest payments (Ordinance No. 203-08). These letters of credit and related reimbursement agreements with Bank of America and State Street were for an initial three years with a three year renewal option which was approved, and which now expire in October 2014. On September 11, 2008, the San Francisco Finance Corporation issued a total of \$145,340,000 Lease Revenue Refunding Bonds, Series 2008-1 and Series 2008-2, to refund the outstanding \$144,300,000 from the prior 2000 lease revenue bonds.

Dedicated Hotel Tax revenues are used to repay these long term lease revenue debt obligations related to Moscone. As of September 2, 2014, the Bond Series 2008-1 and 2008-2 had a total remaining outstanding balance of \$116,020,000.

#### DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would approve the (a) remarketing<sup>4</sup> of San Francisco Finance Corporation Lease Revenue Refunding Bonds (Bonds), Series 2008-1 and 2008-2 for the Moscone Center Expansion Project related to West Moscone; (b) form of a reimbursement agreement among the City and County of San Francisco, the San Francisco Finance Corporation, and State Street Bank and Trust Company; (c) form of amended and restated reimbursement agreement, fee agreement and custodian agreement; and (d) general authority for City officials to take necessary actions in connection with the remarketing of the Bonds, approving modifications to these documents and the execution, delivery and ratifying subsequent actions taken.

The proposed ordinance would not authorize the reissuance of the existing 2008 lease revenue bonds for the Moscone West expansion project, but rather approve new supporting bank agreements, for the existing 2008 lease revenue bonds. As noted above, the existing letter of credit and reimbursement agreements with Bank of America (Series 2008-1) and State Street Bank (Series 2008-2) Moscone Bonds expire in October of 2014. According to Mr. Anthony Ababon, Bond Associate in the Controller's Office of Public Finance, the Office of Public Finance issued a request for proposals from banks to provide new letters of credit, reimbursement agreements and related documents for the 2008 Bonds. Based on responses from six banks<sup>5</sup>, the Office of Public Finance is requesting the Board of Supervisors approve the proposed ordinance to enter into new letter of credit, reimbursement, fee and custodian agreements with State Street Bank, which submitted the lowest cost proposal to the City.

Mr. Ababon notes that the existing lease revenue bonds for the Moscone West expansion project are variable rate bonds that are remarketed or resold weekly. Currently, these Series 2008-1 and 2008-2 bonds are budgeted at 3.25% annual interest rate. At 3.25%, the annual

<sup>4</sup> Because these San Francisco Finance Corporation lease revenue bonds have variable interest rates, these bonds are re-sold or remarketed weekly.

<sup>5</sup> The six responses were from (1) Bank of America, (2) Bank of the West, (3) JP Morgan, (4) Wells Fargo, (5) Bank of Tokyo, Mitsubishi, and (6) State Street.

debt service on the outstanding \$116,020,000 is \$3,771,000. Dedicated Hotel Tax revenues are used to repay these 2008 variable rate lease revenue bonds.

### FISCAL IMPACT

As noted above, the existing outstanding debt on the combined Series 2008-1 and 2008-2 Bonds is \$116,020,000. Currently, the City is paying commitment fees of 0.70% to Bank of America for Series 2008-1 and 0.72% to State Street for Series 2008-2 or total costs of approximately \$823,742 annually. Under the proposed new letter of credit and related agreements with State Street, the City would pay 0.35% in commitment fees to State Street for both Series 2008-1 and 2008-2, or a total annual cost of approximately \$406,070, an annual savings of \$417,672, as summarized in the Table below.

2008	Outstanding Debt at Existing Rate	Existing Annual Cost
Series 2008-1 (Bank of America)	\$58,010,000 @ 0.70%	\$406,070
Series 2008-2 (State Street)	\$58,010,000 @ 0.72%	417,672
<b>Existing Annual Fees</b>	<b>\$116,020,000</b>	<b>\$823,742</b>
	Outstanding Debt at Proposed Rate	Proposed Annual Cost
Series 2008-1 (State Street)	\$58,010,000 @ 0.35%	\$203,035
Series 2008-2 (State Street)	\$58,010,000 @ 0.35%	203,035
<b>Proposed Annual Fee</b>	<b>\$116,020,000</b>	<b>\$406,070</b>
<b>Annual Savings</b>		<b>\$417,672</b>

Similar to the existing letter of credit and related agreement's structure, the proposed agreements with State Street provide that if the City's credit ratings are downgraded, the commitment fees to be paid to State Street would increase, resulting in higher fees and costs to the City. The proposed term of the agreements with State Street Bank is for five years, commencing in October 2014 through October 2019. For illustrative purposes, over the five year term, the City would realize savings of approximately \$2,088,360 (\$417,672 x 5 years), as compared to the existing agreements, assuming \$116,020,000 remains outstanding for the term of the agreement. However, as the outstanding principle is reduced over time, as the fees are on a percent basis, the actual fees paid to State Street will decrease.

**RECOMMENDATION**

Approve the proposed ordinance.





**CITY AND COUNTY OF SAN FRANCISCO**  
**OFFICE OF THE CONTROLLER**

**Ben Rosenfield**  
**Controller**

**Monique Zmuda**  
**Deputy Controller**

**Nadia Sesay**  
**Director**  
**Office of Public Finance**

**MEMORANDUM**

**TO:** Honorable Members, Board of Supervisors

**FROM:** Nadia Sesay, Director of Public Finance

**SUBJECT:** City and County of San Francisco Finance Corporation,  
Lease Revenue Refunding Bonds (Moscone Expansion Project),  
Series 2008-1 and 2008-2

**DATE:** Tuesday, September 2, 2014

I respectfully request that the Board of Supervisors consider for review and adoption an ordinance (the "Ordinance") that (1) authorizes the remarketing of the City and County of San Francisco Finance Corporation (the "City") Lease Revenue Refunding Bonds, Series 2008-1 and Series 2008-2 (the "Bonds"); (2) approves the form of Reimbursement Agreement, Fee Agreement, Custody Agreement, and Remarketing Supplement; and (3) other necessary actions in connection with the remarketing of the Bonds.

In connection with this request, the Ordinance and related supporting documents will be introduced at the Board of Supervisors meeting on Tuesday, September 2, 2014 and I respectfully request that the item be heard at the Wednesday, September 17, 2014 meeting of the Budget and Finance Committee.

**Background**

In 1996, the City's voters approved Proposition A which authorized the lease financing of an expansion of the City's George R. Moscone Convention Center (Moscone Center West) through the issuance by the City and County of San Francisco Finance Corporation (the "Corporation") on behalf of the City of lease revenue bonds in an aggregate principal amount not to exceed \$157.5 million.

On October 16, 2000 the Board of Supervisors adopted Ordinance No. 241-00 (the "2000 Ordinance") which approved the issuance of not to exceed \$157.5 million of aggregate principal

amount of the City and County of San Francisco Finance Corporation Lease Revenue Bonds, Series 2000-1, Series 2000-2, and Series 2000-3 (collectively, the "Prior Bonds"). Proceeds from the Prior Bonds along with other City monies financed the acquisition, construction, and improvements to a free-standing expansion of the City's George R. Moscone Convention Center known as Moscone West located on the northwest corner of Howard and Fourth Streets in the City. Moscone West added approximately 300,000 square feet of exhibit and meeting space to the Moscone Center and brought the total to approximately 900,000 square feet of exhibit space and meeting rooms.

The Board of Supervisors adopted on August 12, 2008 and the Mayor approved on August 22, 2008 Ordinance No. 203-08 approving the issuance, execution and delivery of the City's Variable Rate Lease Revenue Refunding Bonds, (Moscone Center Expansion Project) Series 2008-1 and Series 2008-2 (the "2008 Bonds") to replace credit enhancement previously provided by the Ambac bond insurance company on the Prior Bonds. In 2008, Ambac's credit ratings were downgraded and caused the variable interest rates on the 2008 Bonds to rise sharply.

On September 11, 2008, the City issued \$145,340,000 of 2008 Bonds to refund \$144,300,000 of the Prior Bonds. Simultaneous with the issuance of the 2008 Bonds, the City replaced Ambac with letters of credit, one from Bank of America N.A. and the other from State Street Bank and Trust Corporation pursuant to separate but identical reimbursement agreements for Series 2008-1 and Series 2008-2. As of September 2, 2014, the remaining outstanding principal balance of the 2008 Bonds is \$116,020,000. The existing reimbursement agreements provide support for the payment of principal and interest on the 2008 Bonds that will expire in October 2014.

## **Plan of Finance**

Following a competitive solicitation, the Controller's Office of Public Finance selected and has reached agreement with State Street Bank and Trust Corporation ("State Street") on the terms and conditions of substitute direct-pay letters of credit. The following is a general summary of the terms and conditions of the Reimbursement Agreements and Fee Agreements in connection with proposed remarketing of the Bonds:

1. Commitment Fee: The annualized commitment fee to be paid by the City for the State Street letter of credit is 0.35% of the principal amount of the facility, payable annually in arrears through the expiration of the renewal letter of credit on October 8, 2019. The current commitment fee for the existing direct pay letters of credit is 0.70% for Series 2008-1 and 0.72% for Series 2008-2.
2. Commitment Fee Schedule: In the event the City's credit ratings are downgraded, the Commitment Fee payable by the City for the letter of credit increases according the following schedule:

Level	Moody's	S&P	Fitch Rating	LOC Commitment Fee Rate
LEVEL 1	Aa3 or above	AA- or above	AA- or above	0.35%
LEVEL 2	A1	A+	A+	0.45%
LEVEL 3	A2	A	A	0.55%
LEVEL 4	A3	A-	A-	0.65%
LEVEL 5	Baa1	BBB+	BBB+	0.80%
LEVEL 6	Baa2	BBB	BBB	0.95%
LEVEL 7	Below Baa2	Below BBB	Below BBB	Default
WITHDRAWAL OR CANCELLATION				Default

3. Interest Rate: In the event the letter of credit is drawn, the interest rate for such drawing has been revised to the greater of: i) each Bank's respective prime rate plus 1.0%; ii) the federal funds rate plus 2.0%; and iii) 6.00%.

Upon their remarketing, the Series 2008-1 and Series 2008-2 Bonds will be supported by direct-pay letters of credit issued by State Street. The Fee Agreement and the Remarketing Supplement further describe and summarize the substitute letters of credit contained in the Reimbursement Agreement.

The Controller's Office of Public Finance will continue to monitor market conditions to determine the most cost effective and economical structure for the bonds financing the expansion of the Moscone Convention Center known as Moscone Center West.

### Financing Timeline

The Bonds are expected to be remarketed in October 2014. Schedule milestones in connection with the financing may be summarized as follows:

Milestone	Date*
Introduction of legislation and supporting materials to the Board	September 2, 2014
Consideration by the Budget and Finance Committee	September 17
Consideration by the Board of Supervisors	September 30
Remarketing of the Bonds	October 8

\*Please note that dates are estimated unless otherwise noted.

### **Additional Information**

The Ordinance is expected to be introduced at the Board of Supervisors meeting on Tuesday, September 2, 2014. The related financing documents—including the Reimbursement Agreement, Fee Agreement, Custodian Agreement and Remarketing Supplement—will also be submitted.

As a condition to the provision of the Letter of Credit, Wells Fargo and State Street have been appointed to act as custodian and agent with respect to Bank Bonds, if any, for the letter of credit bank. The Custodian Agreement sets forth the terms and conditions upon which the Bank Bonds will be held, remarketed, and/or released. It also specifies that the Custodian will only take direction with respect to such Bank Bonds from the letter of credit bank rather than the City or the Corporation.

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

Cc (via email):     Angela Calvillo, Clerk of the Board of Supervisors  
                         Kate Howard, Mayor's Budget Office  
                         Harvey Rose, Budget Analyst  
                         Ben Rosenfield, Controller  
                         Mark Blake, Deputy City Attorney

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LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

Dated as of October 1, 2014

among

CITY AND COUNTY OF SAN FRANCISCO,

CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION

and

STATE STREET BANK AND TRUST COMPANY

relating to

City and County of San Francisco Finance Corporation  
Lease Revenue Refunding Bonds, Series 2008-1  
(Moscone Center Expansion Project)

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## LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT, dated as of October 1, 2014, 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 (together with its successors and assigns, the "*Bank*").

WHEREAS, pursuant to an Indenture of Trust, dated as of September 1, 2008, by and between the Corporation and Wells Fargo 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 (as amended, restated, supplemented or otherwise modified from time to time, the "*Indenture*"), the Corporation issued its City of County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-1 (Moscone Center Expansion Project) (the "*Bonds*" and each, a "*Bond*"), of which \$\_\_\_\_\_ are outstanding as of the hereinafter defined Date of Issuance;

WHEREAS, the City and the Corporation have requested the Bank to issue the Letter of Credit (as hereinafter defined) for the payment by the Trustee, when and as due, of the principal of and interest on the Bonds and to provide a liquidity facility in the form of the Letter of Credit; and

WHEREAS, the Bank is willing to issue the Letter of Credit and to provide such liquidity facility upon the terms and conditions provided herein;

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:

"*Acceleration Drawing*" shall mean a drawing under the Letter of Credit resulting from a presentation of a certificate by the Trustee to the Bank in the form of Exhibit K to the Letter of Credit.

"*Additional Rental*" shall have the meaning set forth in the Indenture.

"*Advance Rate*" means, for any day, a rate per annum equal to (i) for the period from and including the date the related Liquidity Advance was made to but not including the earlier to occur of (x) the thirty-first (31st) day immediately succeeding the date the related Liquidity 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 Liquidity 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 Bond.

*"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 Indenture.

*"Authorized Representative"* shall have the meaning set forth in the Indenture.

*"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.

*"Bank Bonds"* means all Bonds which, from time to time, have been purchased by the Bank with proceeds of Liquidity Drawings under the Letter of Credit.

*"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 Indenture.

*"Bondholder," "Holder of Bonds" or "Holder"* or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the bearer of any Outstanding Bonds not registered, or the registered owner of any Outstanding Bond which shall at the time be registered other than to bearer as provided in the Indenture.

*"Bond"* and *"Bonds"* each has the meaning assigned in the first recital of this 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.

“*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.

“*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.

“*Corporation*” shall have the meaning set forth in the introductory paragraph hereof.

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

“*Custody Agreement*” means the Custody Agreement dated as of October 8, 2014, between Wells Fargo Bank, National Association, as custodian, and the Bank, together with any amendments or supplements thereto.

“*Daily Rate*” has the meaning set forth in the Indenture.

“*Date of Issuance*” means October 8, 2014 subject to the satisfaction of the conditions precedent set forth in Section 3.1 hereof.

"*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) lease revenue bonds or commercial paper 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.

"*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.

"*Drawing*" means and includes an Acceleration Drawing, an Interest Drawing, a Liquidity Drawing, a Redemption Drawing or a Stated Maturity Drawing, as applicable.

"*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. § 191 0.1001 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 7.1.

“*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 October 8, 2014, between the City and the Bank, as the same may be supplemented and amended.

“*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.

*"Indenture"* means the Indenture of Trust dated as of September 1, 2008, by and between the Corporation and the Trustee, as from time to time amended or supplemented in accordance therewith.

*"Ineligible Bonds"* means Bank Bonds, Bonds owned by or on behalf of the City or the Corporation and Bonds bearing interest at a rate other than the Daily Rate or the Weekly Rate.

*"Interest Drawing"* means a drawing under the Letter of Credit resulting from a presentation of a certificate by the Trustee to the Bank in the form of Exhibit C to the Letter of Credit.

*"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 with appropriate insertions, as it may be amended from time to time.

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

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

*"Liquidity Drawing"* means a drawing under the Letter of Credit resulting from a presentation of a certificate by the Trustee to the Bank in the form of Exhibit E to the Letter of Credit.

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

*"Maximum Base Rental"* shall mean maximum amount of Base Rentals that the City can pay in any given year.

*"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 Project Lease.

*"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.

*"Notice of Extension"* shall mean a notice from the Bank to the Trustee in the form of Exhibit I to the Letter of Credit.

*"Obligations"* means the Reimbursement Obligations which includes amounts owing to the Bank for unreimbursed Drawings, including Liquidity Drawings evidenced by Bank Bonds, the Letter of Credit Fees and other 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 Document"* means the Remarketing Supplement dated October \_\_, 2014, relating to the Bonds, and any supplements and amendments thereto, and the documents, if any, incorporated therein by reference.

*"Original Stated Amount"* means [\_\_\_\_\_].

*"Outstanding"* has the meaning set forth in the Indenture.

*"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 Office"* has the meaning set forth in Section 8.2 hereof.

*"Permitted Encumbrances"* shall have the meaning set forth in the Project Lease.

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

*"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.

*"Project"* has the meaning set forth in the Indenture.

*"Project Lease"* means the Project Lease dated as of September 1, 2008, by and between the Corporation and the City, as from time to time amended or supplemented in accordance therewith.

*"Quarterly Payment Date"* means the first day of each January, April, July and October.

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

*"Redemption Drawing"* means a drawing under the Letter of Credit resulting from the presentation of a certificate by the Trustee to the Bank in the form of Exhibit D to the Letter of Credit.

*"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 Liquidity Advances, Default Advances and Term Loans, including in each instance all interest accrued thereon, which obligations to repay such Liquidity Advances, Default Advances and Term Loans are evidenced by the Bank Bonds.

*"Related Documents"* means this Agreement, the Fee Agreement, the Custody Agreement, the Indenture, the Letter of Credit, the Bonds, the Bank Bonds, the Offering Document, the Site Lease, the Project Lease and the Remarketing Agreement.

*"Remarketing Agent"* means \_\_\_\_\_, and its permitted successors and assigns.

*"Remarketing Agreement"* means the Remarketing Agreement dated as of \_\_\_\_\_, 20\_\_, between the City and the Remarketing Agent, as amended or supplemented from time to time in accordance with the terms hereof and thereof.

*"Rental Payments"* means all Base Rentals and Additional Rentals.

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

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

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

*"Site Lease"* means the Site and Facilities Lease, dated as of September 1, 2008, by and between the City and the Corporation, as from time to time amended or supplemented in accordance therewith.

*"State"* means the State of California.

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

*"Stated Expiration Date"* means October 7, 2019, as such date may be extended from time to time in accordance with the Letter of Credit.

*"Stated Maturity Drawing"* means a drawing under the Letter of Credit resulting from the presentation of a certificate by the Trustee to the Bank in the form of Exhibit F to the Letter of Credit.

*"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 Liquidity Advance, means the earlier of (i) the 180th day after the date that such Liquidity Advance is made and (ii) the Termination Date.

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

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

*"Trustee"* shall mean Wells Fargo 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 Indenture.



"Weekly Rate" has the meaning set forth in the Indenture.

*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 Indenture.* Any capitalized term not defined herein shall have the meaning ascribed to such term in the Indenture.

*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 and relying on the representations and warranties set forth herein or incorporated herein by reference, to issue the Letter of Credit to the Trustee 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; Letter of Credit Drawings.* (a) The Bank will issue the Letter of Credit to the Trustee on the Date of Issuance, upon the fulfillment of the applicable conditions precedent set forth in Section 3.1.

(b) The Trustee is authorized to make Drawings under the Letter of Credit in accordance with its terms. No Drawing under the Letter of Credit shall be made for the payment of the principal or purchase price of, or interest on, Ineligible Bonds. The City hereby directs the Bank to make payments under the Letter of Credit in the manner therein provided. The City

hereby irrevocably approves reductions and reinstatements of the Stated Amount with respect to the Letter of Credit as provided in the Letter of Credit.

*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. Reimbursement of each Acceleration Drawing, Redemption Drawing, Interest Drawing and Stated Maturity Drawing.* (a) The City agrees to reimburse the Bank for the full amount of each Acceleration Drawing, Interest Drawing, Redemption Drawing and Stated Maturity Drawing on the date such Drawing is made in accordance with the terms of Section 2.9 hereof upon payment by the Bank of such Drawing.

(b) Any amount of any Interest Drawing, Redemption Drawing or Stated Maturity Drawing 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. Liquidity Advances, Default Advances and Term Loans shall be repaid to the Bank as provided in Sections 2.5 and 2.6 hereof.

*Section 2.5. Liquidity Advances.* If the Bank shall make any payment under the Letter of Credit pursuant to a Liquidity Drawing 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 an advance made by the Bank to the City on the date and in the amount of such payment (each such advance being a "Liquidity Advance" and, collectively, the "Liquidity Advances"). The City shall pay or cause to be paid interest on the unpaid amount of each Liquidity Advance from the date that such Liquidity 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 Liquidity Advance, divided by 360), on the first Business Day of each calendar month during the term of each Liquidity 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 Liquidity 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 Liquidity 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 Liquidity Drawing was made. 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 Project for the relevant period, and to the extent not so repaid, such Term Loan shall be paid during each subsequent period, to the extent owed, to the extent of the then fair rental value with respect to the Project for each such subsequent period, and such Term Loan shall continue to be an obligation of the City pursuant to the Project Lease. 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 Trustee shall not be increased with respect to the conversion of a Liquidity 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 Liquidity Drawing 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 Liquidity 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 Liquidity Advance or Term Loan remains outstanding, such payment, Liquidity Advance or Term Loan, as applicable, shall then constitute or become a default 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 Project 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 Project for such period, and to the extent not so repaid, such Default Advance shall be paid during each subsequent period, to the extent owed, to the extent of the then fair rental value with respect to the Project for each such subsequent period, and such Default Advance shall continue to be an obligation of the City pursuant to the Project Lease.

*Section 2.7. Prepayment of Liquidity Advances or Term Loans.* (a) The City may prepay or cause to be prepaid the amount of any Liquidity 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 Liquidity Advance or Term Loan, as the case may be, in the order in which each such Liquidity 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 Liquidity Advance or Term Loan, as the case may be, resulting from such drawing).

*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, the Bonds or the Bank Bond (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 any Bank Bond,

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 Bank Bond, 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 Bank Bond 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 in excess of 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 8.7(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 Project Lease 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 an Acceleration Drawing, an Interest Drawing, a Redemption Drawing or a Stated Expiration Date Drawing 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 and amounts due 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. Interest shall accrue during each period during which interest is computed from and including the first day thereof to be excluding the last day thereof.

(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 Bank Bond 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 Bank Bond 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 Bank Bond 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 Bank Bond 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 Project Lease 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 October 7, 2019; *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 Trustee). If the Bank does so agree to extend, the Bank shall deliver an executed Notice of Extension to the Trustee. 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. Bank Bonds.* (a) The City's obligations to repay each Liquidity Advance, Default Advance and Term Loan and to pay interest thereon as herein provided shall be evidenced and secured by the Bank Bonds.

(b) (i) Upon the Bank's honoring any Liquidity Drawing, the Bank shall purchase the Bank Bonds in respect of which such Liquidity Drawing is made, and the City shall cause the Trustee to hold such Bank Bonds for the benefit of the Bank and register such Bank Bonds in the name of the Bank or its nominee, or to otherwise deliver such Bank Bonds as directed by the Bank pursuant to the Custody Agreement, which Bank Bonds may also be held in book-entry form as described in the Custody Agreement. During such time as the Bank is the owner of any Bonds, the Bank shall have all the rights granted to an owner of the Bonds under the Indenture and such additional rights as may be granted to the Bank hereunder. To the extent that the Bank actually receives payment in respect of any Bank Bond held by the Bank, the Liquidity Advance, Default Advance or Term Loan, as applicable, made in connection with the purchase of such Bank Bond shall be deemed to have been reduced *pro tanto*, with the Bank crediting any payment on such Bank Bond received, first, to the payment of any outstanding interest accrued on the related Liquidity Advance, Default Advance or Term Loan, as applicable, and, second, to the payment of the principal of such Liquidity Advance, Default Advance or Term Loan, as applicable. Any such payment or prepayment to be applied to principal of outstanding Liquidity Advance or Term Loan, as applicable, hereunder shall be applied to the prepayment of such Liquidity Advance or Term Loan, as applicable, in chronological order of their issuance hereunder and within each Liquidity Advance or Term Loan, as applicable, in inverse order of the principal payments payable thereon. With respect to Default Advances any payments received by the Bank hereunder or under the Bank Bonds shall be applied by the Bank to the payment of the Obligations in such order as the Bank shall in its sole discretion determine.

(ii) Bank Bonds shall bear interest at the Advance Rate from time to time in effect and shall be redeemed on each Amortization Payment Date and in the principal amounts equal to each Quarterly Payment Date payable by the City pursuant to Section 2.06(a) hereof, and each such payment made to redeem Bank Bonds which is received by the Bank shall be deemed to satisfy, on a dollar for dollar basis, the aggregate principal payment due on the date of such payment.



*Section 2.12. Obligations Absolute.* The obligations of the City and the Corporation 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 or the Corporation may have at any time against the Trustee, the Trustee, a Dealer or the Remarketing Agent (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 Trustee 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 or the Corporation 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 8.5 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 Obligation payable hereunder and under the Fee Agreement, (iii) the payment to the Bank of all principal and accrued interest owing on the Reimbursement Obligations and Bank Bonds 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.* Subject to the application of Base Rental and amounts on deposit in the funds and accounts established pursuant to the Indenture ("*Trust Amounts*") as permitted in the Indenture, to secure the timely payment of all Obligations and to secure the performance and observance of all of the covenants, agreements and conditions contained in this Agreement and the Related Documents to which the Bank or any affiliate thereof is a party, the City hereby irrevocably grants a lien on and a security interest in, and pledges, the Base Rental and the Trust Amounts to the Bank (for the benefit of the Bank and any affiliate of the Bank to whom any Obligation is at any time owed), which lien on, security interest in and pledge of the Base Rental and Trust Amounts is on a parity with the pledge of Base Rental and Trust Amounts set forth in the Indenture. This lien on an security interest in and pledge of the Base Rental and Trust Amounts shall, to the extent permitted by law, constitute a valid pledge of and charge and lien upon the Base Rental, shall immediately attach and be effective, binding, and enforceable against the City, its successors, purchasers of any of the Base Rental and Trust Amounts, creditors, and all others asserting rights therein to the extent set forth in, and in accordance with, the Indenture, without the need for any physical delivery, recordation, filing or further act other than the filing of a financing statement with the California Secretary of State, which filing has been made.

*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 Project for such period exceeds the sum of all other Reimbursement Obligations remaining unpaid hereunder and the amount of interest accruing on the Bonds during such 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 Bank Bond 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 Termination Date and for so long thereafter as any Reimbursement Obligations remain unpaid, the City and the Corporation shall increase the amount of the Base Rental payable under the Project Lease 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 Termination Date and for so long thereafter as any Reimbursement Obligations remain unpaid, unless the Project Lease has terminated in accordance with its terms, the City and the Corporation agree, 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 the Project. 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 and the Corporation agree to extend the term of (i) the Site Lease in accordance with Section 4 thereof and (ii) the Project Lease in accordance with its terms, 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 (A) 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 executed and delivered by the City and (B) the Corporation stating the names and true signatures of the officers of the Corporation authorized to sign documents to be executed and delivered by the Corporation.

(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 Fulbright & Jaworski LLP, a member of Norton Rose Fulbright, Special Counsel, entitling the Bank to rely on such firm's approving opinion addressed to the City.

(v) An opinion of Fulbright & Jaworski LLP, a member of Norton Rose Fulbright, 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 Letter of Credit satisfies the terms and conditions of the Indenture, (C) the Bank is entitled to the benefits of the Indenture on a parity with all holders of the Bonds, (D) the City has the authority and power to execute this Agreement, and (E) that the terms of the Indenture and this Agreement create a valid pledge of and lien of the Pledged Property to secure the Obligations and the amounts owed to the Bank hereunder and under the Fee Agreement.

(vi) Evidence that the rating assigned to the Bonds by S&P is "\_\_\_," "\_\_\_" by Fitch and by Moody's is "\_\_\_".

(vii) A certificate of the City setting forth the annual fair rental value of the Project.

(viii) Certificates of each of the City and the Corporation 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 or the Corporation, as applicable, 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.

(ix) 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.

(x) 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.

(xi) Executed copy of the Custody Agreement.

(xii) Evidence of the City's current hazard and rental interruption insurance for the Project, assuming an interest rate of at least 12% and such insurance shall be satisfactory to the Bank. 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.

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

(xiv) Certificate of the Trustee evidencing the signatures and offices of officers of each executing the Related Documents and 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 Trustee, in form and substance satisfactory to the Bank and its counsel, and addressed to the Bank.

(xv) 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 Bank Bonds (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 Bank Bonds (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.

(xvi) Receipt by the Bank of the articles of incorporation and bylaws of the Corporation, together with all amendments thereto, certified as to accuracy and completeness by an authorized officer of the Corporation, and a good standing certificate in respect of the Corporation issued by the California Secretary of State and dated a date not more than five Business Days prior to the Date of Issuance;

(xvii) Receipt by the Bank of a copy of the resolutions of the Corporation authorizing the execution, delivery and performance of the Related Documents to which it is a party, certified by an authorized officer of the Corporation, which certification shall include a statement to the effect that such resolutions are in full force and effect on the Date of Issuance and have not been amended;

(xviii) Receipt by the Bank of one or more CLTA title insurance policies or other appropriate forms of title policy that insure the City's fee title to the Project and the Corporation's leasehold interest in the Project, subject to customary endorsements, in an aggregate amount not less than the principal of the Bonds and subject to only such liens as are reasonably satisfactory to the Bank;

(xix) The Bank shall 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 6.01 of the Project Lease.

(xx) 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 Bonds 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.

## 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 Bonds, 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 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 Bonds or in any way contesting or affecting the validity of the Bonds 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 Indenture 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) *Reserved.*

(j) *Title to Property; Project Lease.* The City has good and marketable fee simple title to the Project, subject only to Permitted Encumbrances. The Project Lease is in full force and effect. The City, as lessee under the Project Lease, is in peaceable possession of the Property. No waiver, indulgence or postponement of any of the City's obligations under the Project Lease 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 Project Lease.

(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, 2013, 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 Bonds 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 Project 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 Project will remain an essential asset of the County.

(t) *Fair Rental Value.* The total Rentals 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 Bonds; 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) *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.

(e) *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.

(f) *Other Obligations.* The City will comply with and observe all other obligations and requirements set forth in the Indenture 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 Bonds, this Agreement or any of the Related Documents.

(g) *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 Indenture or any of the other Related Documents.

(h) *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.

(i) *Trustee; Remarketing 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 Remarketing Agent or Trustee. The City shall at all times maintain a Remarketing Agent and a Trustee under the Indenture. The City shall at all times cause the Remarketing Agent to remarket the Bonds up to the Maximum Rate. If any Bank Bond remains outstanding for sixty (60) consecutive days, then the City shall, at the written request of the Bank, cause the Remarketing Agent to be replaced with a Remarketing Agent reasonably satisfactory to the Bank. Any remarketing agreement with a successor Remarketing Agent shall provide that (a) such Remarketing Agent may resign upon at least 60-days' prior written notice to the City, Trustee and the Bank and (b) such Remarketing Agent shall use its best efforts to sell the Bonds up to the Maximum Rate.

(j) *Limitation on Voluntary Liens.* (i) The City shall not create a pledge, lien or charge on any part of the Project, other than the lien in favor of holders of the Bonds and the Bank. (ii) The City covenants to keep the Project 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 Project; 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 Project 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.

(k) *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.

(l) *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.

(m) *No Impairment.* The City will not take any action, or cause or permit the Trustee to take any action, under the Indenture, the Project Lease or any other Related Document inconsistent with the rights and remedies of the Bank under this Agreement.

(n) *Additional Obligations.* The City will not issue or authorize the issuance of any obligations payable from Base Rental or Additional Rental due under the Project Lease other than the Bonds and the Bank Bond.

(o) *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.

(p) *Title Insurance.* Title insurance shall be provided and maintained in the manner and in form and substance as set forth in the Project Lease; *provided* that notwithstanding anything contained in the Project Lease 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.

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

(r) *Covenants and Legal Duties.* Subject to Section 3.05 of the Project Lease, the City agrees to include all rental payments due under the Project Lease in each Fiscal Year in its annual budget and to make the necessary annual appropriations for all such rental payments due or to become due under Project Lease. The covenants on the part of the City herein contained and in the Project Lease 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.

(s) *Use of Letter of Credit Proceeds.* The City shall cause the Trustee to use the proceeds of drawings made under the Letter of Credit solely to pay the principal and purchase price of and interest on the Bonds.

(t) *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 lease revenue bonds;

*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.

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

(v) *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.

(w) *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.

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

(y) *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.

(z) *Fair Rental Value.* In the event the aggregate fair rental value of the Project 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 Bonds.

(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.

## ARTICLE VI

### REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE CORPORATION

The Corporation represents, warrants and covenants as follows:

*Section 6.1. Existence and Power.* The Corporation is a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California, and is possessed of full powers to own and lease (as lessor and lessee) real and personal property, to conduct its business as presently conducted and to enter into contracts such as this Agreement and the Related Documents to which it is a party, which powers have been validly exercised in connection with the transactions effected by this Agreement and the Related Documents to which it is a party.

*Section 6.2. Authorization; Contravention; Approvals.* The execution, delivery and performance by the Corporation of this Agreement and the Related Documents to which it is a party and the other documents contemplated hereby and thereby are within the powers of the Corporation, have been duly authorized by all necessary actions and (i) do not contravene the articles of incorporation or bylaws of the Corporation, any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or any material indenture, agreement, lease, instrument or other material contractual restriction binding on or affecting the Corporation and (ii) except as provided in or contemplated by this Agreement and the Related Documents, do not result in or require the creation of any Lien, security interest or other charge or encumbrance upon or with respect to any asset of the Corporation. The Corporation is not in violation of or in

default in any respect under any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award that would prevent or is reasonably likely to prevent the Corporation from performing its obligations under this Agreement or any Related Documents to which it is a party. The Corporation is not in violation of or in default in any material respect under any indenture, agreement, lease, instrument or other contractual restriction or the Related Documents to which it is a party that would prevent or is reasonably likely to prevent the Corporation from performing its obligations under this Agreement or any Related Documents to which it is a party. No Default or Event of Default has occurred and is continuing. All orders, consents and other authorizations or approvals of all Governmental Authorities and all other Persons have been obtained (and no additional authorization, approval or other action by, and no notice to or filing or registration with, any Governmental Authority is required to be made or obtained by the Corporation) for the due execution, delivery and performance by the Corporation of this Agreement and the Related Documents to which it is a party.

*Section 6.3. Enforceability.* This Agreement and the Related Documents to which the Corporation is a party, and other documents contemplated hereby and thereby to which the Corporation is a party or by which it is bound are legally valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by general principles of equity.

*Section 6.4. Litigation.* Except as disclosed in the Official Statement, there are no actions, suits, proceedings, inquiries or investigations, at law or in equity, before any court, Governmental Authority or arbitrator pending with service of process completed or, to the best knowledge of the Corporation, otherwise filed or threatened, against or directly involving the Corporation, affecting the existence of the Corporation, the title of any officials to their respective offices, the Project or affecting or seeking to prohibit, restrain or enjoin the execution or delivery of this Agreement or any Related Document, or in any way contesting or affecting the validity or enforceability of the Bonds, this Agreement, any Related Document or contesting the tax-exempt status of the Bonds, or contesting in any way the completeness or accuracy of the Official Statement or any supplements or amendments thereto, or contesting the powers of the Corporation or any authority for the issuance of the Bonds, the execution and delivery of this Agreement or the Related Documents to which it is a party, nor, to the best, knowledge of the Corporation, is there any basis therefor, which, if determined adversely to the Corporation would materially adversely affect the validity or enforceability of, or the authority or ability of the Corporation to perform its obligations under, this Agreement or any Related Documents to which it is a party.

*Section 6.5. Base Rental.* The Corporation has validly assigned to the Trustee all of the rights of the Corporation to receive the Base Rental as security for (a) the punctual payment of interest and principal due with respect to the Bonds and (b) to reimburse any Credit Facility Provider (as defined in the Indenture) for payment in respect of the punctual payment of interest and principal due with respect to the Bonds. All actions necessary to create a valid pledge over the Rental Payments have been duly and validly taken. The Corporation acknowledges and agrees that all payments (including principal and interest) due hereunder in respect of Bank



Bonds and Reimbursement Obligations shall be payable from Base Rental and all other Obligations shall constitute costs and expenses of the Corporation payable as Additional Rental.

*Section 6.6. No Sovereign Immunity.* The Corporation is subject to civil and commercial law in respect of its obligations under this Agreement and the Related Documents. The Corporation does not enjoy any right of immunity in respect of such obligations on the grounds of immunity (sovereign or otherwise) from jurisdiction in any court or from setoff or any legal process, whether through service or notice, attachment prior to judgment, attachment in aid of execution or otherwise, under the laws of the United States of America and the State of California.

*Section 6.7. Books and Records; Inspections.* The Corporation will keep proper books of record and account in which full and correct entries shall be made of assets and liabilities, financial transactions and business of the Corporation in conformity with generally accepted accounting principles. The Corporation will upon reasonable notice permit any Person designated by the Bank in writing to visit any of the properties of the Corporation, including the Project, and to examine the books and financial records of the Corporation and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of the Corporation with the principal officers of the Corporation all at such reasonable times and as often as the Bank may reasonably request.

*Section 6.8. Maintain Existence.* The Corporation will preserve and maintain its existence, rights and franchises as a nonprofit public benefit corporation duly organized and existing under the laws of the State of California and will not merge or combine with any other Person.

*Section 6.9. Compliance with Agreements.* The Corporation will observe and perform all of its obligations under this Agreement and the Related Documents to which it is a party.

*Section 6.10. Project.* The Corporation shall not agree to the release, substitution or replacement of any part of the Project that is subject to the Project Lease without the prior written consent of the Bank.

*Section 6.11. Incorporation of Representations, Warranties and Covenants by Reference.* The Corporation hereby makes every representation, warranty and covenant made by it in any Related Document to which it is a party, which representations, warranties and covenants, as well as the defined terms contained therein that are necessary for a correct interpretation thereof, are incorporated herein by this reference with the same effect as if each and every such provision and defined term were set forth herein in its entirety. No amendment to such representations, warranties, covenants or defined terms made pursuant to any such Related Document to which it is a party and no termination or replacement of any such Related Document to which it is a party shall be effective to amend, terminate or replace such representations, warranties and covenants or defined terms as incorporated by reference therein without the prior written consent of the Bank.

## ARTICLE VII

### EVENTS OF DEFAULT

*Section 7.1. 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 (including, without limitation, any Bank Bond) 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 7.1(a)) as and when due hereunder and the continuance of such failure for a period of thirty (30) days after written notice thereof;

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

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

(d) Any representation, warranty, certification or statement made by the City or the Corporation (or incorporated by reference) in this Agreement or by the City or the Corporation, as applicable, 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 Bonds) 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, the Corporation 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 or the Corporation;

(g) A case or other proceeding shall be commenced against the City or the Corporation 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, the Corporation 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, the Corporation 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, the Corporation or the Trustee, or the City, the Corporation or the Trustee shall contest the validity or enforceability thereof;

(i) Any pledge or security interest created hereunder or under the Indenture 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 Project Lease 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 the Bonds shall be withdrawn, suspended or otherwise unavailable for credit related reasons or (ii) the lowest 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 the Bonds shall be reduced below "Baa2" (or its equivalent), "BBB" (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;

(m) Any *Event of Default* (or term of like meaning or effect) shall have occurred under any Bank Agreement related to any lease revenue bonds issued by or on behalf of the City;

(n) The Corporation shall (i) default in the due performance or observance by it of any term, covenant or agreement contained in Sections 6.8 or 6.10; or (ii) default in the due performance or observance by it of any other term, covenant or agreement hereunder (other than those referred to in Section 7.1(n)(i)) and such default shall continue unremedied for a period of 30 days after written notice to the Corporation by the Bank; or

*Section 7.2. Remedies.* Upon the occurrence of any Event of Default, the Bank may exercise any one or more of the following rights and remedies in addition to any other remedies herein or by law provided:

(a) by notice to the City require that the City immediately prepay to the Bank in immediately available funds an amount equal to the Stated Amount (such amounts to be held by the Bank as collateral security for the Obligations), *provided, however*, that in the case of an Event of Default described in Section 7.1(f) or (g) hereof, such prepayment obligation shall automatically become immediately due and payable without any notice;

(b) declare all Obligations to be, and such amounts shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the City, *provided* that upon the occurrence of an Event of Default under Section 7.1(f) or (g) hereof such acceleration shall automatically occur without notice;

(c) give notice of the occurrence of an Event of Default to the Trustee, directing the Trustee to cause a mandatory tender of the Bonds, thereby causing the Letter of Credit to expire fifteen (15) days thereafter;

(d) pursue any rights and remedies it may have under the Indenture; or

(e) pursue any other action available at law or in equity.

From and after the occurrence of any Event of Default, all Obligations due and owing hereunder (including, without limitation, unreimbursed Drawings, Liquidity Advance, Default Advances, Term Loans and Bank Bonds) shall be bear interest at the Default Rate, payable on demand.

Nothing contained in Section 7.2 shall result in, or be construed to require, an acceleration of Base Rental under the Project Lease and nothing contained in this Section 7.2 is intended to abrogate abatement of Base Rental made in accordance with the terms of the Project Lease. Nothing contain in Section 7.2 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 VIII

### MISCELLANEOUS

*Section 8.1. Amendments and Waivers.* No amendment, change, discharge or waiver of any provision of this Agreement, nor consent to any departure by the City or the Corporation therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank and then, with respect to any such written consent, 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 or the Corporation in any case shall entitle the City or the Corporation to any other or further notice or demand in the same, similar or other circumstances.

*Section 8.2. 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 Corporation:

[ ]

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

[ ]

With a copy to:

[ ]

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

Wire instructions with respect to Facility or Other Fees:

[ ]

Wire instructions to Letter of Credit reimbursement of drawings:

[ ]

If to the Remarketing Agent:

[ ]

If to the Trustee:

[ ]

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

*Section 8.3. 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 or the Corporation in any case shall entitle the City or the Corporation 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 8.4. 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 Bonds (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 8.4 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 Bonds and the other Related Documents, or any amendment thereto.

*Section 8.5. 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 Bonds 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 Bonds, 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 8.6. Expenses; Documentary Taxes.* The City shall pay or cause to be paid (a) fees and document production costs and disbursements of [\_\_\_\_], special counsel for the Bank, in connection with the preparation of this Agreement and the Letter of Credit, (b) all reasonable out-of-pocket travel and other expenses incurred by the Bank in connection with this Agreement and the Letter of Credit, (c) all reasonable out-of-pocket expenses of the Bank, including fees and disbursements of counsel, in connection with any waiver or consent hereunder or any amendment hereof or any Default or alleged Default or Event of Default hereunder, and (d) all out-of-pocket expenses incurred by the Bank, including fees and disbursements of counsel, in connection with any Event of Default or any investigation or enforcement proceedings with respect to this Agreement or any Related Document. The City shall reimburse the Bank for any transfer taxes, documentary taxes, assessments or charges made by any governmental authority by reason of the execution a delivery of this Agreement or any Related Document or the acquisition or disposition by the Bank of the Bank Bond pursuant to this Agreement.

*Section 8.7. Binding Effect.* (a) This Agreement shall become effective when it shall have been executed by the City, the Corporation and the Bank and thereafter shall be binding upon and inure to the benefit of the City, the Corporation and the Bank and their respective successors and assigns, except that neither the City nor the Corporation shall 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 lease revenue bonds) in this Agreement, the Bank Bond 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, 8.4, 8.5 and 8.6 hereof. In connection with the granting of participations, the Bank may disclose to any proposed participant any information that the City or the Corporation 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 8.7(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 Indenture. 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 8.8. 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 8.9. 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 8.2 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, the Corporation'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, the Corporation 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, the Corporation 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 8.9 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 8.10. 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 8.11. 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 8.12. 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 8.13. Patriot Act; Government Regulations.* (a) The Bank hereby notifies the City and the Corporation 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 or the Corporation, as applicable, and other information that will allow the Bank to identify the City or the Corporation, as applicable, in accordance with the Patriot Act.

(b) The City and the Corporation shall ensure that (a) no person who controls the City or the Corporation 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 or the Corporation, and (b) the Bonds 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 and the Corporation shall comply with all applicable Bank Secrecy Act ("*BSA*") laws and regulations, as amended. The City and the Corporation agree to provide documentary and other evidence of City's and the Corporation's identity as may be requested by the Bank at any time to enable the Bank to verify the City's and the Corporation's identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the Patriot Act.

*Section 8.14. 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: \_\_\_\_\_

CITY AND COUNTY OF SAN FRANCISCO FINANCE  
CORPORATION

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

STATE STREET BANK AND TRUST COMPANY

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

EXHIBIT A

[FORM OF IRREVOCABLE DIRECT-PAY LETTER OF CREDIT]

October 8, 2014

Wells Fargo Bank, National Association, as  
trustee (the "*Trustee*")  
333 Market Street, 18th Floor  
San Francisco, California 94105  
Attention: Corporate Trust Department

Ladies and Gentlemen:

State Street Bank and Trust Company (the "*Bank*") hereby establishes in your favor as Trustee under the Indenture of Trust, dated as of September 1, 2008 (as amended, restated, supplemented or otherwise modified from time to time, the "*Indenture*"), between the City of County of San Francisco Finance Corporation (the "*Corporation*") and the Trustee for the benefit of the holders of the Bonds (as hereinafter defined) our Irrevocable Transferable Direct-Pay Letter of Credit No. \_\_\_\_\_ (this "*Letter of Credit*") for the account of the City and County of San Francisco (the "*City*"), in the amount of U.S. \$ \_\_\_\_\_ (the "*Original Stated Amount*") to pay principal of and accrued interest on, or the purchase price of, the Corporation's Lease Revenue Refunding Bonds, Series 2008-1 (Moscone Center Expansion Project) (the "*Bonds*") in accordance with the terms hereof (said U.S. \$ \_\_\_\_\_ having been calculated to be equal to U.S. \$ \_\_\_\_\_, the principal amount of the Bonds, plus U.S. \$ \_\_\_\_\_, which is at least \_\_\_\_\_ days' accrued interest on said principal amount of the Bonds at the rate of 12% per annum (the "*Cap Interest Rate*") and assuming a year of 365 days). We hereby irrevocably authorize you to draw on us from time to time, from and after the date hereof to and including the earliest to occur of our close of business on: (a) October 7, 2019 (as extended from time to time, the "*Stated Expiration Date*"); (b) the date which is one (1) Business Day (as hereinafter defined) following the Conversion Date (as hereinafter defined) as such date is specified in your certificate in the form of Exhibit A hereto (the "*Notice of Conversion Date*"); (c) the date which is one (1) Business Day following receipt from you of a certificate in the form set forth as Exhibit B hereto (the "*Notice of Termination*"); (d) the date of a Stated Maturity Drawing (as hereinafter defined) or an Acceleration Drawing (as hereinafter defined) hereunder; and (e) the date which is fifteen (15) days following receipt by you of a Notice of Default from us in the form of Annex A to the hereinafter defined Reimbursement Agreement stating that an Event of Default as defined in the Reimbursement Agreement dated as of October 1, 2014 (together with any amendments, restatements or supplements thereto, the "*Reimbursement Agreement*"), among the City, the Corporation and the Bank has occurred and directing you to cause a mandatory tender of the Bonds (the earliest of such dates is referred to herein as the "*Termination Date*").

Payments under this Letter of Credit are available to you against presentation of the following documents (the "*Payment Documents*") presented to the Bank as described below:

A certificate (with all blanks appropriately completed) (i) in the form attached as Exhibit C hereto (an "*Interest Drawing*"), (ii) in the form attached as Exhibit D hereto (a "*Redemption Drawing*"), (iii) in the form attached as Exhibit E hereto (a "*Liquidity Drawing*"), (iv) in the form attached as Exhibit F hereto (a "*Stated Maturity Drawing*") or (v) in the form of Exhibit K hereto (as "*Acceleration Drawing*" and together with Interest Drawings, Redemption Drawings, Liquidity Drawings and Stated Maturity Drawing, collectively referred to herein as "*Drawings*" and individually as a "*Drawing*"), each certificate to state therein that it is given by your duly authorized officer and to be dated the date such certificate is presented hereunder.

All Drawings shall be made by presentation of each Payment Document to the Bank by facsimile (facsimile number (617) 988-6674, Attention: Standby Letter of Credit Unit, Re: Letter of Credit No. \_\_\_\_\_), or at such other address or facsimile number 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 Document so submitted is to be the sole operative instrument of a Drawing. You shall use your best efforts to give telephonic notice of a Drawing to the Bank at (617) 662-8588 on the Business Day of such Drawing (but such notice shall not be a condition to a Drawing hereunder and you shall have no liability for not doing so).

We agree to honor and pay the amount of any Drawing if presented in compliance with all of the terms of this Letter of Credit. If such Drawing, other than a Liquidity Drawing, is presented prior to 2:00 p.m., New York time, on a Business Day, payment shall be made to the account number designated by you of the amount specified, in immediately available funds, by 11:00 a.m., New York time, on the following Business Day. If any such Drawing, other than a Liquidity Drawing, is presented at or after 2:00 p.m., New York time, on a Business Day, payment shall be made to the account number designated by you of the amount specified, in immediately available funds, by 2:30 p.m., New York time, on the following Business Day. If a Liquidity Drawing is presented prior to [12:30 p.m.], New York time, on a Business Day, payment shall be made to the account number designated by you of the amount specified, in immediately available funds, by [2:45 p.m.], New York time, on the same Business Day. If a Liquidity Drawing is presented at or after [12:30 p.m.], New York time, payment shall be made to the account number designated by you of the amount specified, in immediately available funds, by [2:45 p.m.], New York time, on the following Business Day. Payments made hereunder shall be made by wire transfer to you in accordance with the instructions specified by the Trustee in the Payment Documents relating to a particular Drawing hereunder. "*Business Day*" means any day other than (i) a Saturday or Sunday and (ii) a day on which banks located in the city in which the office of the Bank at which drawings under this Letter of Credit are to be honored is located (initially, Boston, Massachusetts) are required or authorized to remain closed.

The Available Amount (as hereinafter defined) will be reduced automatically by the amount of any Drawing honored by us hereunder; *provided, however*, that the amount of any Interest Drawing hereunder, less the amount of the reduction in the Available Amount attributable to interest as specified in a certificate in the form of Exhibit D or G (each a "*Reduction Certificate*") hereto, shall be automatically reinstated effective as of the opening of

business on the sixth (6th) day after the date of such Drawing unless you shall have received from us by telecopy or in writing on or before the close of business on the fifth (5th) day after the date of such drawing notice that the Bank has not been reimbursed in full for such Drawing and as a consequence thereof the Letter of Credit will not be so reinstated and we shall direct you to cause a mandatory tender of the Bonds. After payment by the Bank of a Liquidity Drawing, the obligation of the Bank to honor Drawings under this Letter of Credit will be automatically reduced by the amount of such Drawing. In addition, prior to the Conversion Date, in the event of the remarketing of the Bonds (or portions thereof) previously purchased with the proceeds of a Liquidity Drawing, the Bank's obligation to honor Drawings hereunder will be automatically reinstated concurrently with receipt by the Bank of a certificate in the form of Exhibit J (the "Notice of Reinstatement") hereto and an amount equal to the amount stated of such Exhibit J.

Upon receipt by the Bank of a certificate of the Trustee in the form of Exhibit D or G hereto, the amount available to be drawn hereunder will automatically and permanently reduce by the amount specified in such certificate.

The "Available Amount" shall mean the Original Stated Amount less (a) the amount of all prior permanent reductions pursuant to Drawings and less (b) the amount of any reduction thereof pursuant to a reduction certificate in the form of Exhibit D or G hereto to the extent such reduction is not already accounted for by a reduction in the Available Amount pursuant to clause (a) above; plus (c) the amount of all reinstatements as above provided.

Prior to the Stated Expiration Date, we may extend the Stated Expiration Date from time to time at the request of the County by delivering to you an amendment to this Letter of Credit in the form of Exhibit I (the "Notice of Extension") hereto designating the date to which the Stated Expiration Date is being extended. All references in this Letter of Credit to the Stated Expiration Date shall be deemed to be references to the date designated as such in such notice. Any date to which the Stated Expiration Date has been extended as herein provided may be extended in a like manner.

This Letter of Credit is transferable in whole only to your successor as Trustee. Any such transfer (including any successive transfer) shall be subject to the Bank's receipt of a signed transfer request signed by the transferor and by the transferee in the form of Exhibit H (the "Transfer Certificate") hereto together with this original Letter of Credit along with any amendments thereto. Transfers to designated foreign nationals and/or specifically designated nationals are not permitted as being contrary to the U.S. Treasury Department or Foreign Assets Control Regulations. Upon our endorsements of such transfer, the transferee instead of the transferor shall be entitled to all the benefits of and rights under this Letter of Credit in the transferor's place; *provided* that, in such case, any certificates of the Trustee to be provided hereunder shall be signed by one who states therein that he is a duly authorized officer of the transferee.

Communications with respect to this Letter of Credit shall be addressed to the Bank at State Street Bank and Trust Company, Loan Operations Department, Attention: Standby Letter of Credit Unit, Mailstop: CPH 0453, 100 Huntington Ave., Tower 1, 4th Floor, Boston,



Massachusetts 02116 (or such other address(es) as we may specify in writing), specifically referring to the number of this Letter of Credit.

To the extent not inconsistent with the express terms hereof, this Letter of Credit is subject to the terms of the International Standby Practices 1998, International Chamber of Commerce Publication No. 590 ("ISP98"). As to matters not governed by the ISP98, this Letter of Credit shall be governed by and construed in accordance with the law of the State of New York, including, without limitation, Article 5 of the Uniform Commercial Code.

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

This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified or amended by reference to any other document whatsoever.

STATE STREET BANK AND TRUST COMPANY

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

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

**EXHIBIT A**  
**TO**  
**LETTER OF CREDIT NO. \_\_\_\_\_**

**NOTICE OF CONVERSION DATE**

[Date]

State Street Bank and Trust Company (the "Bank")  
Loan Operations Department  
Standby Letter of Credit Unit  
Mailstop: CPH 0453  
100 Huntington Avenue, Tower 1, 4th Floor  
Boston, Massachusetts 02116

Ladies and Gentlemen:

Reference is hereby made to the Irrevocable Transferable Direct-Pay Letter of Credit No. \_\_\_\_\_ dated October 8, 2014 (the "*Letter of Credit*"), which has been established by the Bank for the account of the City and County of San Francisco, in favor of [\_\_\_\_\_] , as Trustee.

The undersigned hereby certifies and confirms that the Conversion Date of all of the Bonds to an interest rate other than the Daily Rate or Weekly Rate (each as defined in the Indenture) has occurred on [insert date], and, accordingly, said Letter of Credit shall terminate in accordance with its terms on [\_\_\_\_\_] , which is one (1) Business Day after such Conversion Date.

The original of such Letter of Credit and any amendments thereto are herewith returned for cancellation.

All defined terms used herein which are not otherwise defined herein shall have the same meaning as in the Letter of Credit.

[TRUSTEE]

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

**EXHIBIT B**  
**TO**  
**LETTER OF CREDIT NO. \_\_\_\_\_**

**NOTICE OF TERMINATION**

[Date]

State Street Bank and Trust Company (the "*Bank*")  
Loan Operations Department  
Standby Letter of Credit Unit  
Mailstop: CPH 0453  
100 Huntington Avenue, Tower 1, 4th Floor  
Boston, Massachusetts 02116

Ladies and Gentlemen:

Reference is hereby made to the Irrevocable Transferable Direct-Pay Letter of Credit No. \_\_\_\_\_ dated October 8, 2014 (the "*Letter of Credit*"; terms defined therein and not otherwise defined herein shall have the meaning set forth in the Letter of Credit), which has been established by the Bank for the account of the City and County of San Francisco, (the "*City*") in favor of [\_\_\_\_\_] , as Trustee.

The undersigned hereby certifies and confirms that **[no Bonds remain Outstanding within the meaning of the Indenture OR all drawings required to be made under the Indenture and available under the Letter of Credit have been made and honored OR a substitute letter of credit has been issued to replace the Letter of Credit pursuant to the Indenture and the Reimbursement Agreement dated as of October 1, 2014, between the City and the Bank]**, and, accordingly, the Letter of Credit shall be terminated immediately.

The original of such Letter of Credit and any amendments thereto are herewith returned for cancellation.

All defined terms used herein which are not otherwise defined shall have the same meaning as in the Letter of Credit.

[TRUSTEE]

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

**EXHIBIT C**  
**TO**  
**LETTER OF CREDIT No. \_\_\_\_\_**

**INTEREST DRAWING CERTIFICATE**

State Street Bank and Trust Company (the "*Bank*")  
Loan Operations Department  
Standby Letter of Credit Unit  
Mailstop: CPH 0453  
100 Huntington Avenue, Tower 1, 4th Floor  
Boston, Massachusetts 02116

The undersigned individual, a duly authorized officer of \_\_\_\_\_ (the "*Trustee*"), hereby CERTIFIES on behalf of the Trustee as follows with respect to (a) the Irrevocable Transferable Direct-Pay Letter of Credit No. \_\_\_\_\_ dated October 8, 2014 (the "*Letter of Credit*"; terms defined therein and not otherwise defined herein shall have the meanings set forth in the Letter of Credit), issued by the Bank in favor of the Trustee; (b) the Bonds; and (c) the Indenture:

1. The Trustee is the Trustee under the Indenture.
2. The Trustee is entitled to make this Drawing in the amount of U.S. \$ \_\_\_\_\_ under the Letter of Credit pursuant to the Indenture with respect to the payment of interest due on all Bonds outstanding on the Interest Payment Date (as defined in the Indenture) occurring on [insert applicable date], other than Ineligible Bonds (as defined in the Reimbursement Agreement).
3. The amount of this Drawing is equal to the amount required to be drawn by the Trustee pursuant to Section \_\_\_\_\_ of the Indenture.
4. The amount of this Drawing was computed in compliance with the terms of the Indenture and, when added to the amount of any other Drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).
5. Payment by the Bank pursuant to this Drawing shall be made to \_\_\_\_\_, ABA Number \_\_\_\_\_, Account Number \_\_\_\_\_, Attention: \_\_\_\_\_, Re: \_\_\_\_\_.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_ day of \_\_\_\_\_,  
20\_\_.

[TRUSTEE]

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

**EXHIBIT D**  
**TO**  
**LETTER OF CREDIT NO. \_\_\_\_\_**

**REDEMPTION DRAWING AND REDUCTION CERTIFICATE**

State Street Bank and Trust Company (the "Bank")  
Loan Operations Department  
Standby Letter of Credit Unit  
Mailstop: CPH 0453  
100 Huntington Avenue, Tower 1, 4th Floor  
Boston, Massachusetts 02116

The undersigned individual, a duly authorized officer of \_\_\_\_\_ (the "Trustee"), hereby CERTIFIES on behalf of the Trustee as follows with respect to (a) the Irrevocable Transferable Direct-Pay Letter of Credit No. \_\_\_\_\_ dated October 8, 2014 (the "Letter of Credit"; terms defined therein and not otherwise defined herein shall have the meanings set forth in the Letter of Credit), issued by the Bank in favor of the Trustee; (b) the Bonds; and (c) the Indenture:

1. The Trustee is the Trustee under the Indenture.
2. The Trustee is entitled to make this Drawing in the amount of U.S. \$ \_\_\_\_\_ under the Letter of Credit pursuant to Section \_\_\_\_\_ of the Indenture.

3. (a) The amount of this Drawing is equal to (i) the principal amount of Bonds to be redeemed by the County, pursuant to Section [ ] [ ]\* of the Indenture on [insert applicable date] (the "Redemption Date") other than Ineligible Bonds (as defined in the Reimbursement Agreement), plus (ii) interest on such Bonds accrued from the immediately preceding Interest Payment Date (as defined in the Indenture) to the Redemption Date; *provided* that in the event the Redemption Date coincides with an Interest Payment Date this Drawing does not include any accrued interest on such Bonds.

(b) Of the amount stated in paragraph 2 above:

(i) U.S. \$ \_\_\_\_\_ is demanded in respect of the principal amount of the Bonds referred to in paragraph (a) above; and

(ii) U.S. \$ \_\_\_\_\_ is demanded in respect of accrued interest on such Bonds.

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\* Insert appropriate subsection.

4. Payment by the Bank pursuant to this Drawing shall be made to \_\_\_\_\_, ABA Number \_\_\_\_\_, Account Number \_\_\_\_\_, Attention: \_\_\_\_\_, Re: \_\_\_\_\_.

5. The amount of this Drawing was computed in compliance with the terms and conditions of the Indenture and, when added to the amount of any other Drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount.

6. Upon payment of the amount drawn hereunder, the Bank is hereby directed to permanently reduce the Available Amount by U.S. \$[insert amount of reduction] and the Available Amount shall thereupon equal U.S. \$[insert new Available Amount]. The Available Amount has been reduced by an amount equal to the principal of Bonds paid with this Drawing and an amount equal to \_\_\_\_ days' interest thereon at the Cap Interest Rate.

7. Of the amount of the reduction stated in paragraph 6 above:

(a) U.S. \$ \_\_\_\_\_ is attributable to the principal amount of Bonds redeemed; and

(b) U.S. \$ \_\_\_\_\_ is attributable to interest on such Bonds (i.e., \_\_\_\_ days' interest thereon at the Cap Interest Rate).

8. The amount of the reduction in the Available Amount has been computed in accordance with the provisions of the Letter of Credit.

9. Following the reduction, the Available Amount shall be at least equal to the aggregate principal amount of the Bonds outstanding (to the extent such Bonds are not Ineligible Bonds (as defined in the Reimbursement Agreement)), plus \_\_\_\_ days' interest thereon at the Cap Interest Rate.

\*☐ 10. In the case of a redemption pursuant to Section \_\_\_\_ of the Indenture, the Trustee, prior to giving notice of redemption to the owners of the Bonds, received written evidence from the Bank that the Bank has consented to such redemption.

[Signature page follows]

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\*☐ To be included in certificate only if Section 401A(1) is referenced in paragraph 3 above.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_.

[TRUSTEE]

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



**EXHIBIT E**  
**TO**  
**LETTER OF CREDIT NO. \_\_\_\_\_**

**LIQUIDITY DRAWING CERTIFICATE**

State Street Bank and Trust Company (the "Bank")  
Loan Operations Department  
Standby Letter of Credit Unit  
Mailstop: CPH 0453  
100 Huntington Avenue, Tower 1, 4th Floor  
Boston, Massachusetts 02116

The undersigned individual, a duly authorized officer of \_\_\_\_\_ (the "Trustee"), hereby CERTIFIES as follows with respect to (a) the Irrevocable Transferable Direct-Pay Letter of Credit No. \_\_\_\_\_ dated October 8, 2014 (the "Letter of Credit"; terms defined therein and not otherwise defined herein shall have the meaning set forth in the Letter of Credit), issued by the Bank in favor of the Trustee; (b) the Bonds; and (c) the Indenture:

1. The Trustee is the Trustee under the Indenture.

2. The Trustee is entitled to make this Drawing under the Letter of Credit in the amount of U.S. \$ \_\_\_\_\_ with respect to the payment of the purchase price of Bonds tendered for purchase in accordance with Section [ \_\_\_\_\_ ]\* of the Indenture and to be purchased on [insert applicable date] (the "Purchase Date"), which Bonds have not been remarketed as provided in the Indenture or the purchase price of which has not been received by the Trustee by [12:00 noon], New York time, on said Purchase Date.

3. (a) The amount of this Drawing is equal to (i) the principal amount of Bonds to be purchased pursuant to the Indenture on the Purchase Date other than Ineligible Bonds (as defined in the Reimbursement Agreement), plus (ii) interest on such Bonds accrued from the immediately preceding Interest Payment Date (as defined in the Indenture) or, if none, the date of issuance of the Bonds to the Purchase Date; *provided* that in the event the Purchase Date coincides with an Interest Payment Date this Drawing does not include any accrued interest on such Bonds.

(b) Of the amount stated in paragraph 2 above:

(i) U.S. \$ \_\_\_\_\_ is demanded in respect of the principal portion of the purchase price of the Bonds referred to in paragraph 2 above; and

---

\* Insert appropriate subsection

(ii) U.S. \$\_\_\_\_\_ is demanded in respect of payment of the interest portion of the purchase price of such Bonds.

4. The amount of this Drawing was computed in compliance with the terms and conditions of the Indenture and, when added to the amount of any other Drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount.

5. The Trustee will register or cause to be registered in the name of the Bank, upon payment of the amount drawn hereunder, Bonds in the principal amount of the Bonds being purchased with the amounts drawn hereunder and will deliver such Bonds to the Trustee in accordance with the Indenture.

6. Payment by the Bank pursuant to this Drawing shall be made to \_\_\_\_\_, ABA Number \_\_\_\_\_, Account Number \_\_\_\_\_, Attention: \_\_\_\_\_, Re: \_\_\_\_\_.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

[TRUSTEE]

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

**EXHIBIT F**  
**TO**  
**LETTER OF CREDIT NO. \_\_\_\_\_**

**STATED MATURITY DRAWING CERTIFICATE**

State Street Bank and Trust Company (the "Bank")  
Loan Operations Department  
Standby Letter of Credit Unit  
Mailstop: CPH 0453  
100 Huntington Avenue, Tower 1, 4th Floor  
Boston, Massachusetts 02116

The undersigned individual, a duly authorized officer of \_\_\_\_\_ (the "Trustee"), hereby CERTIFIES on behalf of the Trustee as follows with respect to (a) the Irrevocable Transferable Direct-Pay Letter of Credit No. \_\_\_\_\_ dated October 8, 2014 (the "Letter of Credit"; terms defined therein and not otherwise defined herein shall have the meanings set forth in the Letter of Credit), issued by the Bank in favor of the Trustee; (b) the Bonds; and (c) the Indenture:

1. The Trustee is the Trustee under the Indenture.
2. The Trustee is entitled to make this Drawing in the amount of U.S. \$ \_\_\_\_\_ under the Letter of Credit pursuant to the Indenture.
3. The amount of this Drawing is equal to the principal amount of Bonds outstanding on \_\_\_\_\_, the maturity date thereof as specified in the Indenture, other than Ineligible Bonds (as defined in the Reimbursement Agreement).
4. The amount of this Drawing was computed in compliance with the terms and conditions of the Indenture and, when added to the amount of any other Drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount.
5. Payment by the Bank pursuant to this Drawing shall be made to \_\_\_\_\_, ABA Number \_\_\_\_\_, Account Number \_\_\_\_\_, Attention: \_\_\_\_\_, Re: \_\_\_\_\_

[Signature page follows]

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_\_ day of \_\_\_\_\_,

\_\_\_\_\_.

[TRUSTEE]

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT G**  
**TO**  
**LETTER OF CREDIT NO. \_\_\_\_\_**

**REDUCTION CERTIFICATE**

State Street Bank and Trust Company (the "Bank")  
Loan Operations Department  
Standby Letter of Credit Unit  
Mailstop: CPH 0453  
100 Huntington Avenue, Tower 1, 4th Floor  
Boston, Massachusetts 02116

The undersigned individual, a duly authorized officer of \_\_\_\_\_ (the "Trustee"), hereby CERTIFIES with respect to (a) the Irrevocable Transferable Direct-Pay Letter of Credit No. \_\_\_\_\_ dated October 8, 2014 (the "Letter of Credit"; terms defined therein and not otherwise defined herein shall have the meanings set forth in the Letter of Credit), issued by the Bank in favor of the Trustee; (b) the Bonds; and (c) the Indenture:

1. The Trustee is the Trustee under the Indenture.
2. Upon receipt by the Bank of this Certificate, the Available Amount shall be reduced by U.S. \$ \_\_\_\_\_ and the new Available Amount shall thereupon equal U.S. \$ \_\_\_\_\_. U.S. \$ \_\_\_\_\_ of the new Available Amount is attributable to principal and U.S. \$ \_\_\_\_\_ to interest.
3. The amount of the reduction in the Available Amount has been computed in accordance with the provisions of the Letter of Credit.
4. Following the reduction, the Available Amount shall be at least equal to the aggregate principal amount of the Bonds outstanding (other than Ineligible Bonds (as defined in the Reimbursement Agreement)), plus \_\_\_\_ days' interest thereon at the Cap Interest Rate.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_ day of \_\_\_\_\_,

[TRUSTEE]

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

**EXHIBIT H**  
**TO**  
**LETTER OF CREDIT NO. \_\_\_\_\_**

**TRANSFER CERTIFICATE**

[Date]

State Street Bank and Trust Company (the "Bank")  
Loan Operations Department  
Standby Letter of Credit Unit  
Mailstop: CPH 0453  
100 Huntington Avenue, Tower 1, 4th Floor  
Boston, Massachusetts 02116

Ladies and Gentlemen:

Re: Irrevocable Transferable Direct-Pay Letter of Credit No. \_\_\_\_\_

We, the undersigned "Transferor", hereby irrevocably transfer all of our rights to draw under the above referenced Letter of Credit ("*Letter of 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 ISP 98 (as defined in the Letter of Credit), Rule 6, regarding transfer of drawing rights, all rights of the undersigned Transferor in such Letter of Credit are transferred to the Transferee, which 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 Letter of Credit, including amendments to this date, is attached, and the undersigned Transferor requests that you endorse an acknowledgment of this transfer on the reverse hereof. The undersigned Transferor requests that you notify the Transferee of the Letter of Credit in such form and manner as you deem appropriate and of the terms and conditions of the Letter of 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 and the transfer fee has been paid to you.

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

Payment of a transfer fee of U.S. \$5,000 is for the account of the County, which shall also pay you on demand any out-of-pocket expense or cost you may incur in connection with the transfer. Receipt of such fee shall not constitute consent by you to effect the transfer.

Transferor represents and warrants that (i) our execution, delivery, and performance of this Transfer Certificate (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 Letter of Credit is original and complete, (g) there is no outstanding demand or request for payment or transfer under the Letter of 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 Letter of Credit as transferred and the transactions underlying the Letter of 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 you effect 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 pages follow]

This transfer is made subject to ISP98 and is subject to and shall be governed by the law of the State of New York.

Sincerely yours,

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

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

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

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

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

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

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 Authorized Signers Name and Title)

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

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

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

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

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

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

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

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

Acknowledged as of \_\_\_\_\_, 20\_\_

STATE STREET BANK AND TRUST COMPANY

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

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

**EXHIBIT I**  
**TO**  
**LETTER OF CREDIT No. \_\_\_\_\_**

**NOTICE OF EXTENSION**

Wells Fargo Bank, National Association, as trustee (the "*Trustee*")  
333 Market Street, 18th Floor  
San Francisco, California 94105  
Attention: Corporate Trust Department

Ladies and Gentlemen:

Reference is hereby made to the Irrevocable Transferable Direct-Pay Letter of Credit No. \_\_\_\_\_ dated October 8, 2014 (the "*Letter of Credit*"), established by us in your favor as Trustee. We hereby notify you that, in accordance with the terms of the Letter of Credit, the Stated Expiration Date (as defined in the Letter of Credit), has been extended to \_\_\_\_\_. All other terms and conditions of the Letter of Credit remain unchanged.

This Notice of Extension should be attached to the Letter of Credit and made a part thereof.

STATE STREET BANK AND TRUST COMPANY

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

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

**EXHIBIT J**  
**TO**  
**LETTER OF CREDIT NO. \_\_\_\_\_**

**NOTICE OF REINSTATEMENT**

State Street Bank and Trust Company (the "*Bank*")  
Loan Operations Department  
Standby Letter of Credit Unit  
Mailstop: CPH 0453  
100 Huntington Avenue, Tower 1, 4th Floor  
Boston, Massachusetts 02116

The undersigned hereby certifies to State Street Bank and Trust Company (the "*Bank*"), with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. \_\_\_\_\_ (the "*Letter of Credit*"; terms defined therein and not otherwise defined herein shall have the meanings set forth in the Letter of Credit) issued by the Bank in favor of the Trustee, that:

The undersigned is the Trustee under the Indenture.

The Trustee has previously made a Liquidity Drawing under the Letter of Credit on \_\_\_\_\_ in the amount of U.S.\$ \_\_\_\_\_ (representing U.S.\$ \_\_\_\_\_ of principal and U.S.\$ \_\_\_\_\_ of interest) with respect to the purchase price of Bonds which are now held in the name of or for the benefit or account of the Bank (the "*Ineligible Bonds*").

The Trustee has received proceeds from the sale of remarketed Ineligible Bonds originally purchased with the proceeds of the above described Liquidity Drawing and as of the date hereof holds in the Remarketing Account (as defined in the Indenture) the amount of U.S.\$ \_\_\_\_\_ (representing U.S.\$ \_\_\_\_\_ of principal and U.S.\$ \_\_\_\_\_ of interest) with respect to the sale of such Ineligible Bonds.

In accordance with the terms of the Letter of Credit, the Trustee deems that the amount available under the Letter of Credit has been automatically reinstated to the extent of the lesser of (i) the proceeds of remarketed Ineligible Bonds held in the Remarketing Account as set forth above and (ii) the amount of the Liquidity Drawing described above, all in accordance with the terms of the Letter of Credit and this Notice of Reinstatement.

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

[TRUSTEE]

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

**EXHIBIT K**  
**TO**  
**LETTER OF CREDIT No. \_\_\_\_\_**

**ACCELERATION DRAWING CERTIFICATE**

State Street Bank and Trust Company (the "Bank")  
Loan Operations Department  
Standby Letter of Credit Unit  
Mailstop: CPH 0453  
100 Huntington Avenue, Tower 1, 4th Floor  
Boston, Massachusetts 02116

The undersigned individual, a duly authorized officer of \_\_\_\_\_ (the "Trustee"), hereby CERTIFIES as follows with respect to (a) the Irrevocable Transferable Direct-Pay Letter of Credit No. \_\_\_\_\_ dated October 8, 2014 (the "Letter of Credit"; terms defined therein and not otherwise defined herein shall have the meaning set forth in the Letter of Credit), issued by the Bank in favor of the Trustee; (b) the Bonds; and (c) the Indenture:

1. The Beneficiary is the Trustee under the Indenture.
2. An Event of Default has occurred under subsection **[insert subsection]** of Section \_\_\_\_ of the Indenture and the Trustee has declared the principal of and accrued interest on all Bonds then outstanding immediately due and payable. The Beneficiary is entitled to make this drawing in the amount of \$ \_\_\_\_\_ under the Letter of Credit pursuant to Section \_\_\_\_ of the Indenture in order to pay the principal of and interest accrued on the Bonds due to an acceleration thereof in accordance with Section \_\_\_\_ of the Indenture.
3. (a) The amount of this drawing is equal to (i) the principal amount of Bonds outstanding on **[insert date of acceleration]** (the "Acceleration Date") other than Ineligible Bonds (as defined in the Reimbursement Agreement), plus (ii) interest on such Bonds accrued from the immediately preceding Interest Payment Date (as defined in the Indenture) to the Acceleration Date.  
  
(b) Of the amount stated in paragraph 2 above:
  - (i) \$ \_\_\_\_\_ is demanded in respect of the principal portion of the Bonds referred to in subparagraph (a) above; and
  - (ii) \$ \_\_\_\_\_ is demanded in respect of accrued interest on such Bonds.
4. The amount of this drawing made by this Certificate was computed in compliance with the terms and conditions of the Indenture and, when added to the amount of any drawing under the Letter of Credit made simultaneously herewith, does not exceed the Available Amount (as defined in the Letter of Credit).

5. Payment by the Bank pursuant to this drawing shall be made to \_\_\_\_\_, ABA Number \_\_\_\_\_, Account Number \_\_\_\_\_, Attention: \_\_\_\_\_, Re: \_\_\_\_\_.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_, as Trustee

By \_\_\_\_\_  
[Title of Authorized Representative]

**EXHIBIT B**

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

**REQUEST FOR EXTENSION OF STATED EXPIRATION DATE**

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

Pursuant to Section 2.10 of the Letter of Credit and Reimbursement Agreement dated as of October 1, 2014 (the "Reimbursement Agreement", to which reference is made for the definition of capitalized terms not otherwise defined herein), among the City, the City and County of San Francisco Finance Corporation 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 C

### 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](http://www.sfgov.org/olse/mco). A partial listing of some of the Bank's obligations under the MCO is set forth in this Section. The Bank is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12P. Consistent with the requirements of the MCO, the Bank agrees to all of the following:

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

(b) The Bank shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

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

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

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

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

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

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

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](http://www.sfgov.org/olse). Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

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

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

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

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

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

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

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

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AMENDED AND RESTATED LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

Dated as of October 1, 2014

among

CITY AND COUNTY OF SAN FRANCISCO,

CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION

and

STATE STREET BANK AND TRUST COMPANY

relating to

City and County of San Francisco Finance Corporation  
Lease Revenue Refunding Bonds, Series 2008-2  
(Moscone Center Expansion Project)

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## AMENDED AND RESTATED LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

AMENDED AND RESTATED LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT, dated as of October 1, 2014, 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 (together with its successors and assigns, the "*Bank*").

WHEREAS, pursuant to an Indenture of Trust, dated as of September 1, 2008, by and between the Corporation and Wells Fargo 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 (as amended, restated, supplemented or otherwise modified from time to time, the "*Indenture*"), the Corporation issued its City of County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-2 (Moscone Center Expansion Project) (the "*Bonds*" and each, a "*Bond*");

WHEREAS, in order to facilitate the issuance and sale of the Bonds, the City, the Corporation and the Bank entered into a Reimbursement Agreement dated as of September 1, 2008 (as amended to date, the "*Original Agreement*"), pursuant to which the Bank issued its irrevocable letter of credit No. ILC-1535/BSN to the Trustee for the account of the City authorizing the Trustee to make draws on the Bank up to an aggregate of \$73,553,986 with respect to the Bonds (such letter of credit, as amended, modified or restated from time to time, and any successor or substitute letter of credit being referred to herein as the "*Letter of Credit*"); and

WHEREAS, The City and the Corporation have requested that the Bank agree to, among other things, extend the Stated Expiration Date, and the Bank has agreed to extend the Stated Expiration Date and make certain amendments to the Original Agreement and, for the sake of clarity and convenience, the Original Agreement shall be amended and restated in its entirety. This Agreement amends in its entirety the Original Agreement, and from the Effective Date (as hereinafter defined) all references made to the Original Agreement in any Related Document or in any other instrument or document shall be deemed to refer to this Agreement. This Agreement shall become effective and supersede all provisions of the Original Agreement upon the execution of this Agreement by each of the parties hereto and the fulfillment of all conditions precedent hereof.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City, the Corporation and the Bank hereby 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 Indenture.

*"Advance Rate"* means, for any day, a rate per annum equal to (i) for the period from and including the date the related Liquidity Advance was made to but not including the earlier to occur of (x) the thirty-first (31st) day immediately succeeding the date the related Liquidity 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 Liquidity 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 Bond.

*"Agreement"* means this Amended and Restated 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 Indenture.

*"Authorized Representative"* shall have the meaning set forth in the Indenture.

*"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.

*"Bank Bonds"* means all Bonds which, from time to time, have been purchased by the Bank with proceeds of Liquidity Drawings under the Letter of Credit.

*"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 Indenture.

*"Bondholder," "Holder of Bonds" or "Holder"* or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the bearer of any Outstanding

Bonds not registered, or the registered owner of any Outstanding Bond which shall at the time be registered other than to bearer as provided in the Indenture.

"*Bond*" and "*Bonds*" each has the meaning assigned in the first recital of this 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.

"*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.

"*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.

"*Corporation*" shall have the meaning set forth in the introductory paragraph hereof.

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

*"Custody Agreement"* means the Amended and Restated Custodian Agreement dated as of October 8, 2014, between Wells Fargo Bank, National Association, as custodian, and the Bank, together with any amendments or supplements thereto.

*"Daily Rate"* has the meaning set forth in the Indenture.

*"Date of Issuance"* means September 11, 2008.

*"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) lease revenue bonds or commercial paper 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.

*"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.

*"Drawing"* means and includes any drawing made under the Letter of Credit.

*"Effective Date"* means October 8, 2014 subject to the satisfaction of the conditions precedent set forth in Section 3.1 hereof.

*"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 7.1.

"*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 Amended and Restated Fee Agreement dated October 8, 2014, between the City and the Bank, as the same may be supplemented and amended.

"*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.

*"Indenture"* means the Indenture of Trust dated as of September 1, 2008, by and between the Corporation and the Trustee, as from time to time amended or supplemented in accordance therewith.

*"Ineligible Bonds"* means Bank Bonds, Bonds owned by or on behalf of the City or the Corporation and Bonds bearing interest at a rate other than the Daily Rate or the Weekly Rate.

*"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"* has the meaning set forth in the recitals hereof.

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

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

*"Liquidity Drawing"* means a drawing under the Letter of Credit for the purpose of purchasing Bonds tendered for purchase pursuant to Section 4.06(a) of the Indenture and not remarketed.

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

*"Maximum Base Rental"* shall mean maximum amount of Base Rentals that the City can pay in any given year.

*"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 Project Lease.

*"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.

*"Notice of Extension"* shall mean a notice from the Bank to the Trustee in the form of Annex F to the Letter of Credit.

*"Obligations"* means the Reimbursement Obligations which includes amounts owing to the Bank for unreimbursed Drawings, including Liquidity Drawings evidenced by Bank Bonds, the Letter of Credit Fees and other 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 Document"* means the \_\_\_\_\_ dated \_\_\_\_\_, relating to the Bonds, and any supplements and amendments thereto, and the documents, if any, incorporated therein by reference.

*"Original Agreement"* has the meaning set forth in the recitals hereof.

*"Outstanding"* has the meaning set forth in the Indenture.

*"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 Office"* has the meaning set forth in Section 8.2 hereof.

*"Permitted Encumbrances"* shall have the meaning set forth in the Project Lease.

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

*"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.

*"Project"* has the meaning set forth in the Indenture.

*"Project Lease"* means the Project Lease dated as of September 1, 2008, by and between the Corporation and the City, as from time to time amended or supplemented in accordance therewith.

*"Quarterly Payment Date"* means the first day of each January, April, July and October.

*"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 Liquidity Advances, Default Advances and Term Loans, including in each instance all interest accrued thereon, which obligations to repay such Liquidity Advances, Default Advances and Term Loans are evidenced by the Bank Bonds.

*"Related Documents"* means this Agreement, the Fee Agreement, the Custody Agreement, the Indenture, the Letter of Credit, the Bonds, the Bank Bonds, the Offering Document, the Site Lease, the Project Lease and the Remarketing Agreement.

*"Remarketing Agent"* means \_\_\_\_\_, and its permitted successors and assigns.

*"Remarketing Agreement"* means the Remarketing Agreement dated as of \_\_\_\_\_, 20\_\_, between the City and the Remarketing Agent, as amended or supplemented from time to time in accordance with the terms hereof and thereof.

*"Rental Payments"* means all Base Rentals and Additional Rentals.

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

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

*"S&P"* means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services Business LLC, a corporation organized and existing under the laws of the State of New York, its successors and assigns, except that if such corporation shall no longer perform the

functions of a securities rating agency for any reason, the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the City.

"*Site Lease*" means the Site and Facilities Lease, dated as of September 1, 2008, by and between the City and the Corporation, as from time to time amended or supplemented in accordance therewith.

"*State*" means the State of California.

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

"*Stated Expiration Date*" means October 7, 2019, as such date may be extended from time to time in accordance with the Letter of Credit.

"*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 Liquidity Advance, means the earlier of (i) the 180th day after the date that such Liquidity Advance is made and (ii) the Termination Date.

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

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

"*Trustee*" shall mean Wells Fargo 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 Indenture.

"Weekly Rate" has the meaning set forth in the Indenture.

*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 Indenture.* Any capitalized term not defined herein shall have the meaning ascribed to such term in the Indenture.

*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 shall maintain the Letter of Credit in support of the Bonds, upon the terms, subject to the conditions and relying upon the agreements, representations and warranties set forth in this Agreement and the Letter of Credit.

*Section 2.2. Letter of Credit Drawings.* The Trustee is authorized to make Drawings under the Letter of Credit in accordance with its terms. No Drawing under the Letter of Credit shall be made for the payment of the principal or purchase price of, or interest on, Ineligible Bonds. The City hereby directs the Bank to make payments under the Letter of Credit in the manner therein provided. The City hereby irrevocably approves reductions and reinstatements of the Stated Amount with respect to the Letter of Credit as provided in the Letter of Credit.

*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. Reimbursement of Certain Drawings.* (a) Except as provided in Sections 2.5 and 2.6 hereof, the City agrees to reimburse the Bank for the full amount of each Drawing on the date such Drawing is made in accordance with the terms of Section 2.9 hereof upon payment by the Bank of such Drawing.

(b) Except as provided in Sections 2.5 and 2.6 hereof, any amount of any Drawing or Stated Maturity Drawing 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. Liquidity Advances, Default Advances and Term Loans shall be repaid to the Bank as provided in Sections 2.5 and 2.6 hereof.

*Section 2.5. Liquidity Advances.* If the Bank shall make any payment under the Letter of Credit pursuant to a Liquidity Drawing 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 an advance made by the Bank to the City on the date and in the amount of such payment (each such advance being a "Liquidity Advance" and, collectively, the "Liquidity Advances"). The City shall pay or cause to be paid interest on the unpaid amount of each Liquidity Advance from the date that such Liquidity 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 Liquidity Advance, divided by 360), on the first Business Day of each calendar month during the term of each Liquidity 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 Liquidity 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 Liquidity 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 Liquidity Drawing was made. 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 Project for the relevant period, and to the extent not so repaid, such Term Loan shall be paid during each subsequent period, to the extent owed, to the extent of the then fair rental value with respect to the Project for each such subsequent period, and such Term Loan shall continue to be an obligation of the City pursuant to the Project Lease. 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 Trustee shall not be increased with respect to the conversion of a Liquidity 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 Liquidity Drawing 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 Liquidity 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 Liquidity Advance or Term Loan remains outstanding, such payment, Liquidity Advance or Term Loan, as applicable, shall then constitute or become a default 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 Project 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 Project for such period, and to the extent not so repaid, such Default Advance shall be paid during each subsequent period, to the extent owed, to the extent of the then fair rental value with respect to the Project for each such subsequent period, and such Default Advance shall continue to be an obligation of the City pursuant to the Project Lease.

*Section 2.7. Prepayment of Liquidity Advances or Term Loans.* (a) The City may prepay or cause to be prepaid the amount of any Liquidity 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 Liquidity Advance or Term Loan, as the case may be, in the order in which each such Liquidity 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 Liquidity Advance or Term Loan, as the case may be, resulting from such drawing).

*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, the Bonds or the Bank Bond (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 any Bank Bond,

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 Bank Bond, 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 Bank Bond 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 in excess of 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 8.7(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 Project Lease 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 any drawing (other than a Liquidity Drawing) 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 and amounts due 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. Interest shall accrue during each period during which interest is computed from and including the first day thereof to be excluding the last day thereof.

(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 Bank Bond 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 Bank Bond 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 Bank Bond 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 Bank Bond 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 Project Lease 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 Effective Date, the Stated Expiration Date shall be October 7, 2019; *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 Trustee). If the Bank does so agree to extend, the Bank shall deliver an executed Notice of Extension to the Trustee. 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. Bank Bonds.* (a) The City's obligations to repay each Liquidity Advance, Default Advance and Term Loan and to pay interest thereon as herein provided shall be evidenced and secured by the Bank Bonds.

(b) (i) Upon the Bank's honoring any Liquidity Drawing, the Bank shall purchase the Bank Bonds in respect of which such Liquidity Drawing is made, and the City shall cause the Trustee to hold such Bank Bonds for the benefit of the Bank and register such Bank Bonds in the name of the Bank or its nominee, or to otherwise deliver such Bank Bonds as directed by the Bank pursuant to the Custody Agreement, which Bank Bonds may also be held in book-entry form as described in the Custody Agreement. During such time as the Bank is the owner of any Bonds, the Bank shall have all the rights granted to an owner of the Bonds under the Indenture and such additional rights as may be granted to the Bank hereunder. To the extent that the Bank actually receives payment in respect of any Bank Bond held by the Bank, the Liquidity Advance, Default Advance or Term Loan, as applicable, made in connection with the purchase of such Bank Bond shall be deemed to have been reduced *pro tanto*, with the Bank crediting any payment on such Bank Bond received, first, to the payment of any outstanding interest accrued on the related Liquidity Advance, Default Advance or Term Loan, as applicable, and, second, to the payment of the principal of such Liquidity Advance, Default Advance or Term Loan, as applicable. Any such payment or prepayment to be applied to principal of outstanding Liquidity Advance or Term Loan, as applicable, hereunder shall be applied to the prepayment of such Liquidity Advance or Term Loan, as applicable, in chronological order of their issuance hereunder and within each Liquidity Advance or Term Loan, as applicable, in inverse order of the principal payments payable thereon. With respect to Default Advances any payments received by the Bank hereunder or under the Bank Bonds shall be applied by the Bank to the payment of the Obligations in such order as the Bank shall in its sole discretion determine.

(ii) Bank Bonds shall bear interest at the Advance Rate from time to time in effect and shall be redeemed on each Amortization Payment Date and in the principal amounts equal to each Quarterly Payment Date payable by the City pursuant to Section 2.06(a) hereof, and each such payment made to redeem Bank Bonds which is received by the Bank shall be deemed to satisfy, on a dollar for dollar basis, the aggregate principal payment due on the date of such payment.

*Section 2.12. Obligations Absolute.* The obligations of the City and the Corporation 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 or the Corporation may have at any time against the Trustee, the Trustee, a Dealer or the Remarketing Agent (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 Trustee 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 or the Corporation 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 8.5 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 Obligation payable hereunder and under the Fee Agreement, (iii) the payment to the Bank of all principal and accrued interest owing on the Reimbursement Obligations and Bank Bonds 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.* Subject to the application of Base Rental and amounts on deposit in the funds and accounts established pursuant to the Indenture ("*Trust Amounts*") as permitted in the Indenture, to secure the timely payment of all Obligations and to secure the performance and observance of all of the covenants, agreements and conditions contained in this Agreement and the Related Documents to which the Bank or any affiliate thereof is a party, the City hereby irrevocably grants a lien on and a security interest in, and pledges, the Base Rental

and the Trust Amounts to the Bank (for the benefit of the Bank and any affiliate of the Bank to whom any Obligation is at any time owed), which lien on, security interest in and pledge of the Base Rental and Trust Amounts is on a parity with the pledge of Base Rental and Trust Amounts set forth in the Indenture. This lien on an security interest in and pledge of the Base Rental and Trust Amounts shall, to the extent permitted by law, constitute a valid pledge of and charge and lien upon the Base Rental, shall immediately attach and be effective, binding, and enforceable against the City, its successors, purchasers of any of the Base Rental and Trust Amounts, creditors, and all others asserting rights therein to the extent set forth in, and in accordance with, the Indenture, without the need for any physical delivery, recordation, filing or further act other than the filing of a financing statement with the California Secretary of State, which filing has been made.

*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 Project for such period exceeds the sum of all other Reimbursement Obligations remaining unpaid hereunder and the amount of interest accruing on the Bonds during such 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 Bank Bond 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 Termination Date and for so long thereafter as any Reimbursement Obligations remain unpaid, the City and the Corporation shall increase the amount of the Base Rental payable under the Project Lease 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 Termination Date and for so long thereafter as any Reimbursement Obligations remain unpaid, unless the Project Lease has terminated in accordance with its terms, the City and the

Corporation agree, 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 the Project. 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 and the Corporation agree to extend the term of (i) the Site Lease in accordance with Section 4 thereof and (ii) the Project Lease in accordance with its terms, 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 PRECEDENT

*Section 3.1. Conditions Precedent to Effectiveness of this Agreement.* As conditions precedent to the obligation of the Bank to execute and deliver this Agreement, the City and the Corporation shall provide to the Bank on the Effective Date, in form and substance 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 (A) 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 executed and delivered by the City and (B) the Corporation stating the names and true signatures of the officers of the Corporation authorized to sign documents to be executed and delivered by the Corporation.

(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 Fulbright & Jaworski LLP, a member of Norton Rose Fulbright, Special Counsel, entitling the Bank to rely on such firm's approving opinion addressed to the City.

(v) An opinion of Fulbright & Jaworski LLP, a member of Norton Rose Fulbright, 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 Letter of Credit satisfies the terms and conditions of the Indenture, (C) the Bank is entitled to the benefits of the Indenture on a parity with all holders of the Bonds, (D) the City has the authority and power to execute this Agreement, and (E) that the terms of the Indenture and this Agreement create a valid pledge of and lien of the Pledged Property to secure the Obligations and the amounts owed to the Bank hereunder and under the Fee Agreement.

(vi) Evidence that the rating assigned to the Bonds by S&P is "\_\_\_," "\_\_\_" by Fitch and by Moody's is "\_\_\_".

(vii) A certificate of the City setting forth the annual fair rental value of the Project.

(viii) Certificates of each of the City and the Corporation stating that (A) on the Effective Date, no Default or Event of Default has occurred and is continuing, or would result from entering into this Agreement or the transactions contemplated hereby, and that (B) on the Effective Date, all representations and warranties of the City or the Corporation, as applicable, 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.

(ix) 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.

(x) 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.

(xi) Executed copy of the Custody Agreement.

(xii) Evidence of the City's current hazard and rental interruption insurance for the Project, assuming an interest rate of at least 12% and such insurance shall be satisfactory to the Bank. 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.

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

(xiv) Certificate of the Trustee evidencing the signatures and offices of officers of each executing the Related Documents and 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 Trustee, in form and substance satisfactory to the Bank and its counsel, and addressed to the Bank.

(xv) 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 Bank Bonds (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 Bank Bonds (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.

(xvi) Receipt by the Bank of the articles of incorporation and bylaws of the Corporation, together with all amendments thereto, certified as to accuracy and completeness by an authorized officer of the Corporation, and a good standing certificate in respect of the Corporation issued by the California Secretary of State and dated a date not more than five Business Days prior to the Effective Date;

(xvii) Receipt by the Bank of a copy of the resolutions of the Corporation authorizing the execution, delivery and performance of the Related Documents to which it is a party, certified by an authorized officer of the Corporation, which certification shall include a statement to the effect that such resolutions are in full force and effect on the Effective Date and have not been amended;

(xviii) Receipt by the Bank of one or more CLTA title insurance policies or other appropriate forms of title policy that insure the City's fee title to the Project and the Corporation's leasehold interest in the Project, subject to customary endorsements, in an aggregate amount not less than the principal of the Bonds and subject to only such liens as are reasonably satisfactory to the Bank;

(xix) The Bank shall 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 6.01 of the Project Lease.

(xx) 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 Bonds 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 Effective Date 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.

#### 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 Bonds, 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 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 Effective Date, 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 Bonds or in any way contesting or affecting the validity of the Bonds 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 Indenture 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) *Reserved.*

(j) *Title to Property; Project Lease.* The City has good and marketable fee simple title to the Project, subject only to Permitted Encumbrances. The Project Lease is in full force and effect. The City, as lessee under the Project Lease, is in peaceable possession of the Property. No waiver, indulgence or postponement of any of the City's obligations under the Project Lease 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 Project Lease.

(k) *Disclosure.* Except as disclosed in writing to the Bank prior to the Effective Date, 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, 2013, 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 Bonds 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 Effective Date, 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 Project 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 Project will remain an essential asset of the County.

(t) *Fair Rental Value.* The total Rentals 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 Bonds; 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) *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.

(e) *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.

(f) *Other Obligations.* The City will comply with and observe all other obligations and requirements set forth in the Indenture 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 Bonds, this Agreement or any of the Related Documents.

(g) *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 Indenture or any of the other Related Documents.

(h) *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.

(i) *Trustee; Remarketing 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 Remarketing Agent or Trustee. The City shall at all times maintain a Remarketing Agent and a Trustee under the Indenture. The City shall at all times cause the Remarketing Agent to remarket the Bonds up to the Maximum Rate. If any Bank Bond remains outstanding for sixty (60) consecutive days, then the City shall, at the written request of the Bank, cause the Remarketing Agent to be replaced with a Remarketing Agent reasonably satisfactory to the Bank. Any remarketing agreement with a successor Remarketing Agent shall provide that (a) such Remarketing Agent may resign upon at least 60-days' prior written notice to the City, Trustee and the Bank and (b) such Remarketing Agent shall use its best efforts to sell the Bonds up to the Maximum Rate.

(j) *Limitation on Voluntary Liens.* (i) The City shall not create a pledge, lien or charge on any part of the Project, other than the lien in favor of holders of the Bonds and the Bank. (ii) The City covenants to keep the Project 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 Project; 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 Project 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.

(k) *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.

(l) *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.

(m) *No Impairment.* The City will not take any action, or cause or permit the Trustee to take any action, under the Indenture, the Project Lease or any other Related Document inconsistent with the rights and remedies of the Bank under this Agreement.

(n) *Additional Obligations.* The City will not issue or authorize the issuance of any obligations payable from Base Rental or Additional Rental due under the Project Lease other than the Bonds and the Bank Bond.

(o) *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.

(p) *Title Insurance.* Title insurance shall be provided and maintained in the manner and in form and substance as set forth in the Project Lease; *provided* that notwithstanding anything contained in the Project Lease 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.

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

(r) *Covenants and Legal Duties.* Subject to Section 3.05 of the Project Lease, the City agrees to include all rental payments due under the Project Lease in each Fiscal Year in its annual budget and to make the necessary annual appropriations for all such rental payments due or to become due under Project Lease. The covenants on the part of the City herein contained and in the Project Lease 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.

(s) *Use of Letter of Credit Proceeds.* The City shall cause the Trustee to use the proceeds of drawings made under the Letter of Credit solely to pay the principal and purchase price of and interest on the Bonds.

(t) *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 lease revenue bonds; *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.

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

(v) *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.

(w) *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.

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

(y) *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.

(z) *Fair Rental Value.* In the event the aggregate fair rental value of the Project 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 Bonds.

(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 Effective Date; 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.

## ARTICLE VI

### REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE CORPORATION

The Corporation represents, warrants and covenants as follows:

*Section 6.1. Existence and Power.* The Corporation is a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the State of California, and is possessed of full powers to own and lease (as lessor and lessee) real and personal property, to conduct its business as presently conducted and to enter into contracts such as this Agreement and the Related Documents to which it is a party, which powers have been validly exercised in connection with the transactions effected by this Agreement and the Related Documents to which it is a party.

*Section 6.2. Authorization; Contravention; Approvals.* The execution, delivery and performance by the Corporation of this Agreement and the Related Documents to which it is a party and the other documents contemplated hereby and thereby are within the powers of the Corporation, have been duly authorized by all necessary actions and (i) do not contravene the articles of incorporation or bylaws of the Corporation, any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or any material indenture, agreement, lease, instrument or other material contractual restriction binding on or affecting the Corporation and (ii) except as provided in or contemplated by this Agreement and the Related Documents, do not result in or require the creation of any Lien, security interest or other charge or encumbrance upon or with respect to any asset of the Corporation. The Corporation is not in violation of or in default in any respect under any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award that would prevent or is reasonably likely to prevent the Corporation from performing its obligations under this Agreement or any Related Documents to which it is a party. The Corporation is not in violation of or in default in any material respect under any indenture, agreement, lease, instrument or other contractual restriction or the Related Documents to which it is a party that would prevent or is reasonably likely to prevent the Corporation from

performing its obligations under this Agreement or any Related Documents to which it is a party. No Default or Event of Default has occurred and is continuing. All orders, consents and other authorizations or approvals of all Governmental Authorities and all other Persons have been obtained (and no additional authorization, approval or other action by, and no notice to or filing or registration with, any Governmental Authority is required to be made or obtained by the Corporation) for the due execution, delivery and performance by the Corporation of this Agreement and the Related Documents to which it is a party.

*Section 6.3. Enforceability.* This Agreement and the Related Documents to which the Corporation is a party, and other documents contemplated hereby and thereby to which the Corporation is a party or by which it is bound are legally valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by general principles of equity.

*Section 6.4. Litigation.* Except as disclosed in the Official Statement, there are no actions, suits, proceedings, inquiries or investigations, at law or in equity, before any court, Governmental Authority or arbitrator pending with service of process completed or, to the best knowledge of the Corporation, otherwise filed or threatened, against or directly involving the Corporation, affecting the existence of the Corporation, the title of any officials to their respective offices, the Project or affecting or seeking to prohibit, restrain or enjoin the execution or delivery of this Agreement or any Related Document, or in any way contesting or affecting the validity or enforceability of the Bonds, this Agreement, any Related Document or contesting the tax-exempt status of the Bonds, or contesting in any way the completeness or accuracy of the Official Statement or any supplements or amendments thereto, or contesting the powers of the Corporation or any authority for the issuance of the Bonds, the execution and delivery of this Agreement or the Related Documents to which it is a party, nor, to the best knowledge of the Corporation, is there any basis therefor, which, if determined adversely to the Corporation would materially adversely affect the validity or enforceability of, or the authority or ability of the Corporation to perform its obligations under, this Agreement or any Related Documents to which it is a party.

*Section 6.5. Base Rental.* The Corporation has validly assigned to the Trustee all of the rights of the Corporation to receive the Base Rental as security for (a) the punctual payment of interest and principal due with respect to the Bonds and (b) to reimburse any Credit Facility Provider (as defined in the Indenture) for payment in respect of the punctual payment of interest and principal due with respect to the Bonds. All actions necessary to create a valid pledge over the Rental Payments have been duly and validly taken. The Corporation acknowledges and agrees that all payments (including principal and interest) due hereunder in respect of Bank Bonds and Reimbursement Obligations shall be payable from Base Rental and all other Obligations shall constitute costs and expenses of the Corporation payable as Additional Rental.

*Section 6.6. No Sovereign Immunity.* The Corporation is subject to civil and commercial law in respect of its obligations under this Agreement and the Related Documents. The Corporation does not enjoy any right of immunity in respect of such obligations on the grounds of immunity (sovereign or otherwise) from jurisdiction in any court or from setoff or any legal

process, whether through service or notice, attachment prior to judgment, attachment in aid of execution or otherwise, under the laws of the United States of America and the State of California.

*Section 6.7. Books and Records; Inspections.* The Corporation will keep proper books of record and account in which full and correct entries shall be made of assets and liabilities, financial transactions and business of the Corporation in conformity with generally accepted accounting principles. The Corporation will upon reasonable notice permit any Person designated by the Bank in writing to visit any of the properties of the Corporation, including the Project, and to examine the books and financial records of the Corporation and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of the Corporation with the principal officers of the Corporation all at such reasonable times and as often as the Bank may reasonably request.

*Section 6.8. Maintain Existence.* The Corporation will preserve and maintain its existence, rights and franchises as a nonprofit public benefit corporation duly organized and existing under the laws of the State of California and will not merge or combine with any other Person.

*Section 6.9. Compliance with Agreements.* The Corporation will observe and perform all of its obligations under this Agreement and the Related Documents to which it is a party.

*Section 6.10. Project.* The Corporation shall not agree to the release, substitution or replacement of any part of the Project that is subject to the Project Lease without the prior written consent of the Bank.

*Section 6.11. Incorporation of Representations, Warranties and Covenants by Reference.* The Corporation hereby makes every representation, warranty and covenant made by it in any Related Document to which it is a party, which representations, warranties and covenants, as well as the defined terms contained therein that are necessary for a correct interpretation thereof, are incorporated herein by this reference with the same effect as if each and every such provision and defined term were set forth herein in its entirety. No amendment to such representations, warranties, covenants or defined terms made pursuant to any such Related Document to which it is a party and no termination or replacement of any such Related Document to which it is a party shall be effective to amend, terminate or replace such representations, warranties and covenants or defined terms as incorporated by reference therein without the prior written consent of the Bank.

## ARTICLE VII

### EVENTS OF DEFAULT

*Section 7.1. 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 (including, without limitation, any Bank Bond) 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 7.1(a)) as and when due hereunder and the continuance of such failure for a period of thirty (30) days after written notice thereof;

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

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

(d) Any representation, warranty, certification or statement made by the City or the Corporation (or incorporated by reference) in this Agreement or by the City or the Corporation, as applicable, 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 Bonds) 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, the Corporation 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 or the Corporation;

(g) A case or other proceeding shall be commenced against the City or the Corporation 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, the Corporation 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, the Corporation 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, the Corporation or the Trustee, or the City, the Corporation or the Trustee shall contest the validity or enforceability thereof;

(i) Any pledge or security interest created hereunder or under the Indenture 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 Project Lease 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 the Bonds shall be withdrawn, suspended or otherwise unavailable for credit related reasons or (ii) the lowest 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 the Bonds shall be reduced below "Baa2" (or its equivalent), "BBB" (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;

(m) Any *Event of Default* (or term of like meaning or effect) shall have occurred under any Bank Agreement related to any lease revenue bonds issued by or on behalf of the City;

(n) The Corporation shall (i) default in the due performance or observance by it of any term, covenant or agreement contained in Sections 6.8 or 6.10; or (ii) default in the due performance or observance by it of any other term, covenant or agreement hereunder (other than those referred to in Section 7.1(n)(i)) and such default shall continue unremedied for a period of 30 days after written notice to the Corporation by the Bank; or

*Section 7.2. Remedies.* Upon the occurrence of any Event of Default, the Bank may exercise any one or more of the following rights and remedies in addition to any other remedies herein or by law provided:

(a) by notice to the City require that the City immediately prepay to the Bank in immediately available funds an amount equal to the Stated Amount (such amounts to be held by the Bank as collateral security for the Obligations), *provided, however*, that in the case of an Event of Default described in Section 7.1(f) or (g) hereof, such prepayment obligation shall automatically become immediately due and payable without any notice;

(b) declare all Obligations to be, and such amounts shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the City, *provided* that upon the occurrence of an Event of Default under Section 7.1(f) or (g) hereof such acceleration shall automatically occur without notice;

(c) give notice of the occurrence of an Event of Default to the Trustee, directing the Trustee to cause a mandatory tender of the Bonds, thereby causing the Letter of Credit to expire fifteen (15) days thereafter;

(d) pursue any rights and remedies it may have under the Indenture; or

(e) pursue any other action available at law or in equity.

From and after the occurrence of any Event of Default, all Obligations due and owing hereunder (including, without limitation, unreimbursed Drawings, Liquidity Advance, Default Advances, Term Loans and Bank Bonds) shall bear interest at the Default Rate, payable on demand.

Nothing contained in Section 7.2 shall result in, or be construed to require, an acceleration of Base Rental under the Project Lease and nothing contained in this Section 7.2 is intended to abrogate abatement of Base Rental made in accordance with the terms of the Project Lease. Nothing contained in Section 7.2 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 VIII

### MISCELLANEOUS

*Section 8.1. Amendments and Waivers.* No amendment, change, discharge or waiver of any provision of this Agreement, nor consent to any departure by the City or the Corporation therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank and then, with respect to any such written consent, 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 or the Corporation in any case shall entitle the City or the Corporation to any other or further notice or demand in the same, similar or other circumstances.

*Section 8.2. 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 Corporation:

[ ]

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

[ ]

With a copy to:

[ ]

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

Wire instructions with respect to Facility or Other Fees:

[ ]

Wire instructions to Letter of Credit reimbursement of drawings:

[ ]

If to the Remarketing Agent:

[ ]

If to the Trustee:

[ ]

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

*Section 8.3. 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 or the Corporation in any case shall entitle the City or the Corporation 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 8.4. 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 Bonds (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 8.4 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 Bonds and the other Related Documents, or any amendment thereto.

*Section 8.5. 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 Bonds 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 Bonds, 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 8.6. Expenses; Documentary Taxes.* The City shall pay or cause to be paid (a) fees and document production costs and disbursements of [\_\_\_\_], special counsel for the Bank, in connection with the preparation of this Agreement and the Letter of Credit, (b) all reasonable out-of-pocket travel and other expenses incurred by the Bank in connection with this Agreement and the Letter of Credit, (c) all reasonable out-of-pocket expenses of the Bank, including fees and disbursements of counsel, in connection with any waiver or consent hereunder or any amendment hereof or any Default or alleged Default or Event of Default hereunder, and (d) all out-of-pocket expenses incurred by the Bank, including fees and disbursements of counsel, in connection with any Event of Default or any investigation or enforcement proceedings with respect to this Agreement or any Related Document. The City shall reimburse the Bank for any transfer taxes, documentary taxes, assessments or charges made by any governmental authority by reason of the execution a delivery of this Agreement or any Related Document or the acquisition or disposition by the Bank of the Bank Bond pursuant to this Agreement.

*Section 8.7. Binding Effect.* (a) This Agreement shall become effective when it shall have been executed by the City, the Corporation and the Bank and thereafter shall be binding upon and inure to the benefit of the City, the Corporation and the Bank and their respective successors and assigns, except that neither the City nor the Corporation shall 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 lease revenue bonds) in this Agreement, the Bank Bond 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, 8.4, 8.5 and 8.6 hereof. In connection with the granting of participations, the Bank may disclose to any proposed participant any information that the City or the Corporation 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 8.7(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 Indenture. 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 8.8. 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 8.9. 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 8.2 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, the Corporation'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, the Corporation 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, the Corporation 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 8.9 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 8.10. 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 8.11. 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 8.12. 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 8.13. Patriot Act; Government Regulations.* (a) The Bank hereby notifies the City and the Corporation 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 or the Corporation, as applicable, and other information that will allow the Bank to identify the City or the Corporation, as applicable, in accordance with the Patriot Act.

(b) The City and the Corporation shall ensure that (a) no person who controls the City or the Corporation 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 or the Corporation, and (b) the Bonds 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 and the Corporation shall comply with all applicable Bank Secrecy Act ("*BSA*") laws and regulations, as amended. The City and the Corporation agree to provide documentary and other evidence of City's and the Corporation's identity as may be requested by the Bank at any time to enable the Bank to verify the City's and the Corporation's identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the Patriot Act.

*Section 8.14. City Requirements.* The Bank hereby agrees to the City's requirements, as provided in Exhibit D attached hereto and incorporated hereby by this reference.

*Section 8.15. Amendment and Restatement.* This Agreement will become effective on the Effective Date and will supersede all provisions of the Original Agreement. From and after the Effective Date, all references made to the Original Agreement in any document or other instrument shall without more be deemed to refer to this Agreement.

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IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated 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: \_\_\_\_\_

CITY AND COUNTY OF SAN FRANCISCO FINANCE  
CORPORATION

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

STATE STREET BANK AND TRUST COMPANY

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

## **EXHIBIT A**



**EXHIBIT B**

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

**REQUEST FOR EXTENSION OF STATED EXPIRATION DATE**

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

Pursuant to Section 2.10 of the Amended and Restated Letter of Credit and Reimbursement Agreement dated as of October 1, 2014 (the "*Reimbursement Agreement*", to which reference is made for the definition of capitalized terms not otherwise defined herein), among the City, the City and County of San Francisco Finance Corporation 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 C

### 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](http://www.sfgov.org/olse/mco). A partial listing of some of the Bank's obligations under the MCO is set forth in this Section. The Bank is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12P. Consistent with the requirements of the MCO, the Bank agrees to all of the following:

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

(b) The Bank shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

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

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

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

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

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

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

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](http://www.sfgov.org/olse). Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

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

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

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

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

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

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

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



**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: \_\_\_\_\_



**AMENDED AND RESTATED FEE AGREEMENT  
DATED AS OF OCTOBER 8, 2014**

Reference is hereby made to that certain Amended and Restated 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 2008-2 (Moscone Center Expansion Project) (the "*Bonds*"), (ii) the certain Irrevocable Letter of Credit No. ILC-1535/BSN dated September 11, 2008, as amended from time to time, subject to the Agreement, supporting the Bonds and (iii) and that certain letter from the Bank to the City dated as of September 9, 2011 (as amended to date, the "*Original Fee Agreement*"), that sets forth the fees payable to the Bank with respect to the Letter of Credit and the Agreement. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement.

The City and the Corporation have requested that the Bank agree to certain modifications to the Original Fee Agreement, and for the sake of clarity and convenience, the City and the Bank wish to amend and restate the Original Fee Agreement in its entirety, and this Amended and Restated Fee Agreement shall amend and restate the Original Fee Agreement in its entirety. The purpose of this Amended and Restated 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 Amended and Restated 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 October 1, 2014 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.

(i) for the period commencing on October 1, 2014, to and including October 7, 2014, the Letter of Credit Fee Rate, shall be determined in accordance with the applicable Level and corresponding Rating set forth below:

LEVEL	FITCH RATING	S&P RATING	MOODY'S RATING	LETTER OF CREDIT
				FEE RATE
Level 1	A+ or above	A+ or above	A1 or above	0.72%
Level 2	A	A	A2	0.82%
Level 3	A-	A-	A3	0.97%
Level 4	BBB+	BBB+	Baa1	1.57%
Level 5	BBB	BBB	Baa2	2.27%
Level 6	BBB- or below	BBB- or below	Baa3 or below	3.22%

(ii) for the period commencing on and including October 8, 2014, and at all times thereafter, the Letter of Credit Fee Rate shall be determined in accordance with the applicable Level and corresponding Rating set forth below:

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	0.35%
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.

*Section 2.6. Original Fee Agreement.* This Amended and Restated Fee Agreement amends and restates in its entirety the Original Fee Agreement. Reference to this specific Amended and Restated Fee Agreement need not be made in any agreement, document, instrument, letter, certificate, the Original Fee Agreement itself, or any communication issued or

made pursuant to or with respect to the Original Fee Agreement, any reference to the Original Fee Agreement being sufficient to refer to the Original Fee Agreement as amended and restated hereby, and more specifically, any and all references to the "Fee Agreement" in the Agreement shall mean this Amended and Restated Fee Agreement.

[Signature pages to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated 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: \_\_\_\_\_





## CUSTODIAN AGREEMENT

CUSTODIAN AGREEMENT, dated as of October 8, 2014 (as the same may be amended, modified and supplemented from time to time, this "*Agreement*"), is entered into among STATE STREET BANK AND TRUST COMPANY (the "*Bank*"), CITY AND COUNTY OF SAN FRANCISCO, a charter city and county duly organized and existing under the laws of State of California (the "*City*"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association ("*Wells Fargo Bank*"), as custodian for the Bank.

### WITNESSETH:

WHEREAS, the Bank has agreed to issue its irrevocable direct-pay letter of credit (the "*Letter of Credit*") to provide credit and liquidity support for the City and County of San Francisco Finance Corporation (the "*Corporation*") Lease Revenue Refunding Bonds, Series 2008-1 (Moscone Center Expansion Project) (the "*Bonds*") issued pursuant to the Trust Agreement, dated as of September 1, 2008, among the City, the Corporation and Wells Fargo Bank, in its capacity as trustee (the "*Trust Agreement*");

WHEREAS, the Letter of Credit may be drawn upon to pay, among other things, the purchase price of Bonds secured thereby tendered or deemed tendered for purchase under certain circumstances as set forth in the Trust Agreement; and

WHEREAS, it is a condition precedent, among others, to the obligation of the Bank to enter into the Letter of Credit and Reimbursement Agreement, dated as of October 1, 2014, among the City, the Corporation and the Bank (as the same may be amended, modified, supplemented and restated from time to time, the "*Reimbursement Agreement*"), that Wells Fargo Bank shall have executed and delivered this Custodian Agreement.

NOW, THEREFORE, in consideration of the foregoing premises, the terms and conditions of this Custodian Agreement, and other good and valuable consideration, the parties hereto do hereby agree as follows:

#### SECTION 1. DEFINITIONS.

All terms capitalized herein and not defined herein shall have the meaning ascribed to them in the Trust Agreement, or, if not defined therein, the meanings ascribed to them in the Reimbursement Agreement.

#### SECTION 2. APPOINTMENT AND ACCEPTANCE.

(a) The Bank hereby appoints Wells Fargo Bank to act as agent, bailee and custodian ("*Custodian*") for the exclusive benefit of the Bank with respect to the Bank Bonds. Wells Fargo Bank hereby accepts such appointment and agrees to maintain and hold all Bank Bonds at any time delivered to it as agent, bailee or custodian for the exclusive benefit of the Bank in accordance with the terms of this Agreement.

(b) The Custodian acknowledges and agrees that it is acting and will act with respect to the Bank Bonds at the direction of the Bank for the exclusive benefit of the Bank and is not and shall not at any time be subject in any manner or to any extent to the direction or control of the City or any other Person with respect to such Bank Bonds. The Custodian agrees to act in strict accordance with this Agreement and in accordance with any lawful written instructions from the Bank delivered to the Custodian from time to time pursuant hereto. Under no circumstances shall the Custodian deliver possession of the Bank Bonds to, or cause Bank Bonds to be registered in the name of, the City, the Corporation, the Remarketing Agent or any Person other than the Bank except in accordance with the express terms of this Agreement or otherwise upon the written instructions of the Bank.

(c) The Custodian may rely and shall be protected in acting upon any document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Custodian shall not be liable for any error in judgment made in good faith by its responsible officers, employees and agents unless the Custodian, its responsible officers, employees or agents were negligent or engaged in willful misconduct. Anything herein to the contrary notwithstanding, the Custodian shall have no liability hereunder for any act or omission except as shall result from its gross negligence or willful misconduct.

### SECTION 3. RECEIPT OF THE BANK BONDS.

(a) The CUSIP number for the Bank Bonds is \_\_\_\_\_ (the "*Bank Bond CUSIP Number*"). So long as the Bonds are Book-Entry Bonds and held by the Custodian as custodian of DTC as part of DTC's fast automated transfer program ("*FAST Eligible Bonds*"), concurrent with the Custodian's receipt of the Purchase Price for each purchase of Bonds by the Bank with proceeds of a drawing under the Letter of Credit, the Custodian shall, as a participant of DTC (or any other successor securities depository) or an eligible transfer agent, make a direct registration electronic book-entry (i) crediting the DTC account designated by such Bank as its account in which to hold Bank Bonds purchased by it (the "*Bank Book-Entry Account*") by the principal amount of the Bonds purchased hereunder by the Bank using the Bank Bond CUSIP Number; and (ii) debiting the book-entry account of DTC for the Bonds (thereby reducing the principal balance of the global certificate representing the Bonds) (the "*DTC Account*") by the principal amount of the Bonds by the Bank with proceeds of a drawing under the Letter of Credit. So long as the Bonds are FAST Eligible Bonds, upon a remarketing of Bank Bonds in accordance with the terms of the Reimbursement Agreement and the Trust Agreement, and the Custodian's receipt from the Remarketing Agent of the proceeds thereof, the Custodian shall, as a participant of DTC (or any other successor securities depository) or an eligible transfer agent, make a direct registration electronic book-entry in its records (i) debiting the Bank Book-Entry Account by the principal amount of the Bonds so remarketed; and (ii) crediting the DTC Account for the Bonds (thereby increasing the principal balance of the global certificate representing the Bonds) by the principal amount of the Bonds so remarketed. The Custodian acknowledges that it is familiar with the procedures and requirements set forth in a notice from The Depository Trust Company, dated April 4, 2008, respecting "Variable Rate Demand Obligations ("*VRDO*") Failed Remarketings and Issuance of Bank Bonds" and agrees that, with respect to any and all Bank Bonds, it will follow the procedures and requirements set forth in such notice, as the same may be amended from time to time. To the extent that, following any amendment of such notice, the

procedures and requirements therein should become inconsistent with any aspect of the provisions in this clause (a), the Custodian, the City and the Bank shall promptly negotiate in good faith and agree upon amendments of this clause (a) so as to eliminate such inconsistency.

(b) If the Bonds are no longer FAST Eligible Bonds, concurrent with the Custodian's receipt of the Purchase Price for each purchase of Bonds by the Bank, the Custodian shall register each Bank Bond in the name of the Bank and shall hold such Bank Bonds as the agent, bailee and custodian of the Bank for the exclusive benefit of the Bank. The Custodian acknowledges and agrees that it is acting and will act with respect to Bank Bonds at the direction of the Bank for the exclusive benefit of the Bank and is not and shall not at any time be subject in any manner or to any extent to the direction or control of the City or any other Person with respect to such Bonds. The Custodian agrees to act in strict accordance with this Agreement and in accordance with any lawful written instructions delivered to the Custodian from time to time pursuant hereto by the Bank.

(c) Immediately upon the Custodian's receipt of Bonds that are Bank Bonds, the Custodian shall (i) promptly give telephonic notice to the Bank that it has received such Bank Bonds and (ii) within two (2) Business Days following such receipt, send or cause to be sent to the Bank, (A) a copy of the transfer journal entry for such Bank Bonds identifying the principal amount of such Bank Bonds and (B) confirmation that the Bank or its nominee has been registered as the owner of such Bank Bonds.

#### SECTION 4. PAYMENTS WITH RESPECT TO BANK BONDS.

If, while this Agreement is in effect, the Custodian in its capacity as the Trustee or the Tender Agent shall become entitled to receive or shall receive any payment in respect of any Bank Bonds, the Custodian agrees to accept the same as the Bank's agent and to hold the same in trust on behalf of the Bank and to deliver the same forthwith to the Bank in accordance with the payment instructions provided to the Custodian from time to time by the Bank in writing (any such payment instructions to remain effective until the Custodian receives written instructions from the Bank to the contrary).

#### SECTION 5. RELEASE OF BANK BONDS.

(a) Upon the remarketing of any Bonds that are Bank Bonds and the Bank's receipt of the Custodian's (in its capacity as Trustee under the Trust Agreement) duly completed and executed certificate in the form of Annex J to the Letter of Credit together with payment of the remarketing proceeds and the Differential Interest Amount, if any, the Custodian shall release Bonds that are Bank Bonds in a principal amount equal to the principal amount so remarketed to the Remarketing Agent for the Bonds in accordance with the terms of the Trust Agreement.

(b) In order to facilitate the transfer of Bank Bonds, the Bank agrees to deliver to the Custodian from time to time upon the written request of the Custodian, instruments of transfer duly endorsed in blank by the Bank.

SECTION 6. NO DISPOSITION, ETC.

Except as provided in Section 5 above, without the prior written consent of the Bank, the Custodian agrees that it will not sell, assign, transfer, exchange or otherwise dispose of, or grant any option with respect to, Bank Bonds, and will not create, incur or permit to exist any pledge, lien, mortgage, hypothecation, security interest, charge, option or any other encumbrance or take any other action with respect to Bank Bonds, or any interest therein, or any proceeds thereof.

SECTION 7. INFORMATION REGARDING BANK BONDS.

The Custodian shall deliver to the Bank at the Bank's request such information as may be in the possession of the Custodian with respect to Bank Bonds.

SECTION 8. STANDARD OF CARE.

The Custodian agrees that it will perform its duties hereunder in accordance with the express terms of this Agreement. The Custodian shall perform such duties and only such duties as set forth herein. The Custodian shall not be liable to the Bank except for gross negligence or willful misconduct in the performance of its obligations under this Agreement. The Bank shall indemnify the Custodian for and hold it harmless against any and all liability arising out of the performance of its obligations under the Agreement except for any liability arising out of the gross negligence or willful misconduct of the Custodian. The terms of this paragraph shall survive the termination of this Agreement.

SECTION 9. REMOVAL OR RESIGNATION.

The Bank may, at any time, effective immediately, and with or without cause, remove and discharge the Custodian from the performance of the Custodian's duties under this Agreement by written notice to the Custodian. Upon the effective date of any such termination, the Custodian shall deliver all Bank Bonds then in its custody to any successor custodian to be held in accordance with this Agreement or any other document executed by such successor custodian or, if the Bank has not designated a successor custodian, to the Bank.

SECTION 10. INSURANCE.

The Custodian, at its own expense, shall maintain and keep in full force and effect at all times during the existence of this Agreement: (a) fidelity insurance, (b) theft of documents insurance, (c) forgery insurance, and (d) errors and omissions insurance (which may be maintained by self-insurance). All such insurance shall be in amounts, with standard coverage and subject to deductibles that are customary for insurance typically maintained by a bank or other financial institution acting as custodian.

SECTION 11. PAYMENT OF EXPENSES.

The City acknowledges and agrees that the transactions contemplated by this Agreement are for the benefit of the City and the City agrees to pay or cause to be paid all reasonable out-of-pocket fees, costs disbursements, taxes and expenses (including, without limitation, the reasonable attorney's fees) incurred in connection with the enforcement of this Agreement by the Bank and, except as otherwise provided herein, the performance by the Custodian and the Bank of their respective obligations hereunder.

SECTION 12. FURTHER ASSURANCES.

The Custodian and the City each agree that at any time upon the written request of the Bank and at the expense of the City, such party will execute and deliver or cause to be executed and delivered any and all such further documents and do any and all such further acts and things as the Bank may reasonably request in order to effect the purposes of this Agreement.

SECTION 13. AVAILABILITY OF DOCUMENTS.

The Custodian agrees to keep and to cause its agents to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available upon reasonable prior notice for inspection by the Bank, its agents, accountants, attorneys and auditors.

SECTION 14. ORIGINALS AND COUNTERPARTS.

This Agreement may be executed simultaneously in any number of counterparts, each of which counterparts shall be deemed to be an original, and which counterparts shall constitute and be one and the same instrument.

SECTION 15. NOTICES.

Except as otherwise expressly provided in this Agreement, all notices shall be in writing, and delivered personally or by certified or registered United States mail, postage prepaid, or by expedited mail or courier, return receipt requested, charges prepaid, addressed to the respective party at the address set forth below:

If to the Bank, to:

State Street Bank and Trust Company

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

Attention: \_\_\_\_\_

Facsimile: \_\_\_\_\_

If to the Custodian:

Wells Fargo Bank, National Association  
as Trustee  
333 Market St., 18th Floor  
San Francisco, CA 94105  
Facsimile: (415) 371-3400  
Telephone: (415) 371-3365

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

Any party may change the address to which notices are to be sent by giving written notice of such change to the other parties hereto.

SECTION 16. SEVERABILITY.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 17. WAIVERS, AMENDMENTS.

None of the terms or provisions of this Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by each of the Bank, the City and the Custodian. This Agreement and all obligations of the Custodian and the City hereunder shall be binding upon their respective successors and assigns and shall, together with the rights and remedies of the Bank hereunder, inure to the benefit of the Bank and its successors and assigns.

SECTION 18. GOVERNING LAW.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and delivered on the day and year first above written.

STATE STREET BANK AND TRUST COMPANY

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

CITY AND COUNTY OF SAN FRANCISCO

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

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
in its capacity as Custodian

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





## AMENDED AND RESTATED CUSTODIAN AGREEMENT

AMENDED AND RESTATED CUSTODIAN AGREEMENT, dated as of October 8, 2014 (as the same may be amended, modified and supplemented from time to time, this "*Agreement*"), is entered into among STATE STREET BANK AND TRUST COMPANY (the "*Bank*"), CITY AND COUNTY OF SAN FRANCISCO, a charter city and county duly organized and existing under the laws of State of California (the "*City*"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association ("*Wells Fargo Bank*"), as custodian for the Bank.

### WITNESSETH:

WHEREAS, the Bank has agreed to issue its irrevocable direct-pay letter of credit (the "*Letter of Credit*") to provide credit and liquidity support for the City and County of San Francisco Finance Corporation (the "*Corporation*") Lease Revenue Refunding Bonds, Series 2008-2 (Moscone Center Expansion Project) (the "*Bonds*") issued pursuant to the Trust Agreement, dated as of September 1, 2008, among the City, the Corporation and Wells Fargo Bank, in its capacity as trustee (the "*Trust Agreement*");

WHEREAS, the Letter of Credit may be drawn upon to pay, among other things, the purchase price of Bonds secured thereby tendered or deemed tendered for purchase under certain circumstances as set forth in the Trust Agreement; and

WHEREAS, it is a condition precedent, among others, to the obligation of the Bank to enter into the Amended and Restated Letter of Credit and Reimbursement Agreement, dated as of October 1, 2014, among the City, the Corporation and the Bank (as the same may be amended, modified, supplemented and restated from time to time, the "*Reimbursement Agreement*"), that Wells Fargo Bank shall have executed and delivered this Amended and Restated Custodian Agreement.

WHEREAS, the City, Wells Fargo Bank and the Bank are party to a Reimbursement Custodian Agreement dated as of September 1, 2008 (as amended to date, the "*Original Agreement*");

WHEREAS, this Amended and Restated Custodian Agreement amends in its entirety the Original Agreement, and from the date hereof all references made to the Original Agreement in any Related Document or in any other instrument or document shall be deemed to refer to this Agreement. This Agreement shall become effective and supersede all provisions of the Original Agreement upon the execution of this Agreement by each of the parties hereto and the fulfillment of all conditions precedent hereof.

NOW, THEREFORE, in consideration of the foregoing premises, the terms and conditions of this Custodian Agreement, and other good and valuable consideration, the parties hereto do hereby agree as follows:

## SECTION 1. DEFINITIONS.

All terms capitalized herein and not defined herein shall have the meaning ascribed to them in the Trust Agreement, or, if not defined therein, the meanings ascribed to them in the Reimbursement Agreement.

## SECTION 2. APPOINTMENT AND ACCEPTANCE.

(a) The Bank hereby appoints Wells Fargo Bank to act as agent, bailee and custodian ("*Custodian*") for the exclusive benefit of the Bank with respect to the Bank Bonds. Wells Fargo Bank hereby accepts such appointment and agrees to maintain and hold all Bank Bonds at any time delivered to it as agent, bailee or custodian for the exclusive benefit of the Bank in accordance with the terms of this Agreement.

(b) The Custodian acknowledges and agrees that it is acting and will act with respect to the Bank Bonds at the direction of the Bank for the exclusive benefit of the Bank and is not and shall not at any time be subject in any manner or to any extent to the direction or control of the City or any other Person with respect to such Bank Bonds. The Custodian agrees to act in strict accordance with this Agreement and in accordance with any lawful written instructions from the Bank delivered to the Custodian from time to time pursuant hereto. Under no circumstances shall the Custodian deliver possession of the Bank Bonds to, or cause Bank Bonds to be registered in the name of, the City, the Corporation, the Remarketing Agent or any Person other than the Bank except in accordance with the express terms of this Agreement or otherwise upon the written instructions of the Bank.

(c) The Custodian may rely and shall be protected in acting upon any document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Custodian shall not be liable for any error in judgment made in good faith by its responsible officers, employees and agents unless the Custodian, its responsible officers, employees or agents were negligent or engaged in willful misconduct. Anything herein to the contrary notwithstanding, the Custodian shall have no liability hereunder for any act or omission except as shall result from its gross negligence or willful misconduct.

## SECTION 3. RECEIPT OF THE BANK BONDS.

(a) The CUSIP number for the Bank Bonds is 79765XRT5 (the "*Bank Bond CUSIP Number*"). So long as the Bonds are Book-Entry Bonds and held by the Custodian as custodian of DTC as part of DTC's fast automated transfer program ("*FAST Eligible Bonds*"), concurrent with the Custodian's receipt of the Purchase Price for each purchase of Bonds by the Bank with proceeds of a drawing under the Letter of Credit, the Custodian shall, as a participant of DTC (or any other successor securities depository) or an eligible transfer agent, make a direct registration electronic book-entry (i) crediting the DTC account designated by such Bank as its account in which to hold Bank Bonds purchased by it (the "*Bank Book-Entry Account*") by the principal amount of the Bonds purchased hereunder by the Bank using the Bank Bond CUSIP Number; and (ii) debiting the book-entry account of DTC for the Bonds (thereby reducing the principal balance of the global certificate representing the Bonds) (the "*DTC Account*") by the principal

amount of the Bonds by the Bank with proceeds of a drawing under the Letter of Credit. So long as the Bonds are FAST Eligible Bonds, upon a remarketing of Bank Bonds in accordance with the terms of the Reimbursement Agreement and the Trust Agreement, and the Custodian's receipt from the Remarketing Agent of the proceeds thereof, the Custodian shall, as a participant of DTC (or any other successor securities depository) or an eligible transfer agent, make a direct registration electronic book-entry in its records (i) debiting the Bank Book-Entry Account by the principal amount of the Bonds so remarketed; and (ii) crediting the DTC Account for the Bonds (thereby increasing the principal balance of the global certificate representing the Bonds) by the principal amount of the Bonds so remarketed. The Custodian acknowledges that it is familiar with the procedures and requirements set forth in a notice from The Depository Trust Company, dated April 4, 2008, respecting "Variable Rate Demand Obligations ("VRDO") Failed Remarketings and Issuance of Bank Bonds" and agrees that, with respect to any and all Bank Bonds, it will follow the procedures and requirements set forth in such notice, as the same may be amended from time to time. To the extent that, following any amendment of such notice, the procedures and requirements therein should become inconsistent with any aspect of the provisions in this clause (a), the Custodian, the City and the Bank shall promptly negotiate in good faith and agree upon amendments of this clause (a) so as to eliminate such inconsistency.

(b) If the Bonds are no longer FAST Eligible Bonds, concurrent with the Custodian's receipt of the Purchase Price for each purchase of Bonds by the Bank, the Custodian shall register each Bank Bond in the name of the Bank and shall hold such Bank Bonds as the agent, bailee and custodian of the Bank for the exclusive benefit of the Bank. The Custodian acknowledges and agrees that it is acting and will act with respect to Bank Bonds at the direction of the Bank for the exclusive benefit of the Bank and is not and shall not at any time be subject in any manner or to any extent to the direction or control of the City or any other Person with respect to such Bonds. The Custodian agrees to act in strict accordance with this Agreement and in accordance with any lawful written instructions delivered to the Custodian from time to time pursuant hereto by the Bank.

(c) Immediately upon the Custodian's receipt of Bonds that are Bank Bonds, the Custodian shall (i) promptly give telephonic notice to the Bank that it has received such Bank Bonds and (ii) within two (2) Business Days following such receipt, send or cause to be sent to the Bank, (A) a copy of the transfer journal entry for such Bank Bonds identifying the principal amount of such Bank Bonds and (B) confirmation that the Bank or its nominee has been registered as the owner of such Bank Bonds.

#### SECTION 4. PAYMENTS WITH RESPECT TO BANK BONDS.

If, while this Agreement is in effect, the Custodian in its capacity as the Trustee or the Tender Agent shall become entitled to receive or shall receive any payment in respect of any Bank Bonds, the Custodian agrees to accept the same as the Bank's agent and to hold the same in trust on behalf of the Bank and to deliver the same forthwith to the Bank in accordance with the payment instructions provided to the Custodian from time to time by the Bank in writing (any such payment instructions to remain effective until the Custodian receives written instructions from the Bank to the contrary).

SECTION 5. RELEASE OF BANK BONDS.

(a) Upon the remarketing of any Bonds that are Bank Bonds and the Bank's receipt of the Custodian's (in its capacity as Trustee under the Trust Agreement) duly completed and executed certificate in the form of Annex J to the Letter of Credit together with payment of the remarketing proceeds and the Differential Interest Amount, if any, the Custodian shall release Bonds that are Bank Bonds in a principal amount equal to the principal amount so remarketed to the Remarketing Agent for the Bonds in accordance with the terms of the Trust Agreement.

(b) In order to facilitate the transfer of Bank Bonds, the Bank agrees to deliver to the Custodian from time to time upon the written request of the Custodian, instruments of transfer duly endorsed in blank by the Bank.

SECTION 6. NO DISPOSITION, ETC.

Except as provided in Section 5 above, without the prior written consent of the Bank, the Custodian agrees that it will not sell, assign, transfer, exchange or otherwise dispose of, or grant any option with respect to, Bank Bonds, and will not create, incur or permit to exist any pledge, lien, mortgage, hypothecation, security interest, charge, option or any other encumbrance or take any other action with respect to Bank Bonds, or any interest therein, or any proceeds thereof.

SECTION 7. INFORMATION REGARDING BANK BONDS.

The Custodian shall deliver to the Bank at the Bank's request such information as may be in the possession of the Custodian with respect to Bank Bonds.

SECTION 8. STANDARD OF CARE.

The Custodian agrees that it will perform its duties hereunder in accordance with the express terms of this Agreement. The Custodian shall perform such duties and only such duties as set forth herein. The Custodian shall not be liable to the Bank except for gross negligence or willful misconduct in the performance of its obligations under this Agreement. The Bank shall indemnify the Custodian for and hold it harmless against any and all liability arising out of the performance of its obligations under the Agreement except for any liability arising out of the gross negligence or willful misconduct of the Custodian. The terms of this paragraph shall survive the termination of this Agreement.

SECTION 9. REMOVAL OR RESIGNATION.

The Bank may, at any time, effective immediately, and with or without cause, remove and discharge the Custodian from the performance of the Custodian's duties under this Agreement by written notice to the Custodian. Upon the effective date of any such termination, the Custodian shall deliver all Bank Bonds then in its custody to any successor custodian to be held in accordance with this Agreement or any other document executed by such successor custodian or, if the Bank has not designated a successor custodian, to the Bank.

SECTION 10. INSURANCE.

The Custodian, at its own expense, shall maintain and keep in full force and effect at all times during the existence of this Agreement: (a) fidelity insurance, (b) theft of documents insurance, (c) forgery insurance, and (d) errors and omissions insurance (which may be maintained by self-insurance). All such insurance shall be in amounts, with standard coverage and subject to deductibles that are customary for insurance typically maintained by a bank or other financial institution acting as custodian.

SECTION 11. PAYMENT OF EXPENSES.

The City acknowledges and agrees that the transactions contemplated by this Agreement are for the benefit of the City and the City agrees to pay or cause to be paid all reasonable out-of-pocket fees, costs disbursements, taxes and expenses (including, without limitation, the reasonable attorney's fees) incurred in connection with the enforcement of this Agreement by the Bank and, except as otherwise provided herein, the performance by the Custodian and the Bank of their respective obligations hereunder.

SECTION 12. FURTHER ASSURANCES.

The Custodian and the City each agree that at any time upon the written request of the Bank and at the expense of the City, such party will execute and deliver or cause to be executed and delivered any and all such further documents and do any and all such further acts and things as the Bank may reasonably request in order to effect the purposes of this Agreement.

SECTION 13. AVAILABILITY OF DOCUMENTS.

The Custodian agrees to keep and to cause its agents to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available upon reasonable prior notice for inspection by the Bank, its agents, accountants, attorneys and auditors.

SECTION 14. ORIGINALS AND COUNTERPARTS.

This Agreement may be executed simultaneously in any number of counterparts, each of which counterparts shall be deemed to be an original, and which counterparts shall constitute and be one and the same instrument.

SECTION 15. NOTICES.

Except as otherwise expressly provided in this Agreement, all notices shall be in writing, and delivered personally or by certified or registered United States mail, postage prepaid, or by expedited mail or courier, return receipt requested, charges prepaid, addressed to the respective party at the address set forth below:

If to the Bank, to:

State Street Bank and Trust Company

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

Attention: \_\_\_\_\_

Facsimile: \_\_\_\_\_

If to the Custodian:

Wells Fargo Bank, National Association  
as Trustee

333 Market St., 18th Floor

San Francisco, CA 94105

Facsimile: (415) 371-3400

Telephone: (415) 371-3365

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

Any party may change the address to which notices are to be sent by giving written notice of such change to the other parties hereto.

SECTION 16. SEVERABILITY.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 17. WAIVERS, AMENDMENTS.

None of the terms or provisions of this Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by each of the Bank, the City and the Custodian. This Agreement and all obligations of the Custodian and the City hereunder shall be binding upon their respective successors and assigns and shall, together with the rights and remedies of the Bank hereunder, inure to the benefit of the Bank and its successors and assigns.

SECTION 18. GOVERNING LAW.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

IN WITNESS WHEREOF, each of the parties hereto has caused this Amended and Restated Custodian Agreement to be duly executed and delivered on the day and year first above written.

STATE STREET BANK AND TRUST COMPANY

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

CITY AND COUNTY OF SAN FRANCISCO

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

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
in its capacity as Custodian

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



**REMARKETING – NOT A NEW ISSUE**

Ratings: Moody's: \_\_\_\_\_  
S&P: \_\_\_\_\_  
Fitch: \_\_\_\_\_  
(See "RATINGS" herein)

**REMARKETING SUPPLEMENT DATED \_\_\_\_\_, 2014  
SUPPLEMENTING OFFICIAL STATEMENT DATED SEPTEMBER 4, 2008**

*The opinions of Jones Hall, A Professional Law Corporation, San Francisco, California and Leslie M. Lava, Esq., Sausalito, California (together, "Prior Co-Bond Counsel"), delivered in connection with the original issuance of the Series 2008-1 Bonds stated, among other things, that interest on the Series 2008-1 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on corporations, such interest is taken into account in determining certain income and earnings. Prior Co-Bond Counsel was also of the opinion that interest on the Series 2008-1 Bonds is exempt from California personal income taxes. See APPENDIX B – "FORM OF ORIGINAL APPROVING OPINIONS OF CO-BOND COUNSEL DELIVERED ON SEPTEMBER 11, 2008" herein.*

*In connection with the substitution of the letter of credit and the remarketing of the Series 2008-1 Bonds described below, Fulbright & Jaworski LLP, Los Angeles, California ("Bond Counsel"), a member of Norton Rose Fulbright, will deliver its opinion that, among other things, the delivery of the Series 2008-1 Credit Facility and the remarketing of the Series 2008-1 Bonds on the Substitution Date will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2008-1 Bonds or the treatment of the interest on the Series 2008-1 Bonds for purposes of the federal alternative minimum tax on individuals and corporations. See "TAX MATTERS" in this Remarketing Supplement.*

**\$[55,010,000]  
CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION  
LEASE REVENUE REFUNDING BONDS, SERIES 2008-1  
(MOSCONE CENTER EXPANSION PROJECT)  
CUSIP: 79765X PD2<sup>†</sup>**

Date of Original Issue: September 11, 2008

Date of Letter of Credit Substitution and Remarketing: October [8], 2014

Due: April 1, 2030

**Purpose of Remarketing Supplement:** This Remarketing Supplement provides certain information updating the Official Statement, dated September 4, 2008 (the "Official Statement"), relating to the City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-1 (Moscone Center Expansion Project) (the "Series 2008-1 Bonds") and the City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-2 (Moscone Center Expansion Project) (the "Series 2008-2 Bonds"). This Remarketing Supplement contains certain information regarding State Street Bank and Trust Company (the "Series 2008-1 Credit Provider") and an irrevocable, direct-pay letter of credit to be issued by the Series 2008-1 Credit Provider (the "Series 2008-1 Credit Facility"), which will replace the existing letter of credit securing the Series 2008-1 Bonds (the "Prior Series 2008-1 Credit Facility") issued by Bank of America, N.A. (the "Prior Series 2008-1 Credit Provider"). See "THE CREDIT FACILITY AND THE CREDIT FACILITY PROVIDER." The substitution of the new Series 2008-1 Credit Facility will cause a mandatory tender for purchase and remarketing of the Series 2008-1 Bonds on October [8], 2014 (the "Substitution Date"). This Remarketing Supplement also provides information relating to the extension of the expiration date of the letter of credit securing the Series 2008-2 Bonds. See "EXTENSION OF SERIES 2008-2 CREDIT FACILITY" herein.

This Remarketing Supplement is to be read in conjunction with the Official Statement. Information in the Official Statement relating to the Series 2008-1 Bonds should continue to be referred to unless otherwise updated or supplemented by means of this Remarketing Supplement. The principal purpose of this Remarketing Supplement is to provide certain information in connection with the substitution of the letter of credit for the Series 2008-1 Bonds. Further, no financial or operating data with respect to the City and County of San Francisco (the "City") or the City and County of San Francisco Finance Corporation (the "Corporation") has been included in this Remarketing Supplement. Investors should make any decision with respect to the purchase, holding or tender of the Series 2008-1 Bonds based solely upon the credit of the Series 2008-1 Credit Provider. The ratings assigned to the Series 2008-1 Bonds are based on the creditworthiness of the Series 2008-1 Credit Provider. See "RATINGS" herein. Prospective purchasers of the Series 2008-1 Bonds that wish to make a full evaluation of the financial status of the Series 2008-1 Credit Provider are advised to obtain the financial statements of the Series 2008-1 Credit Provider.

The Series 2008-1 Bonds were issued by the Corporation pursuant to an Indenture of Trust, dated as of September 1, 2008 (the "Indenture"), by and between the Corporation and Wells Fargo Bank, National Association, as trustee (the "Trustee"), to refund certain outstanding bonds of the Corporation. The Series 2008-1 Bonds were originally issued on September 11, 2008 in the Weekly Rate. The Series 2008-1 Bonds will continue to bear interest at the Weekly Rate. Bondholders have the right to tender the Series 2008-1 Bonds for purchase at the times and subject to the conditions described in the Official Statement. The interest rate on the Series 2008-1 Bonds may be adjusted from a Weekly Rate to a Daily Rate, another Variable Rate or a Fixed Rate, as determined in accordance with the Indenture. Upon an adjustment in interest rate mode as described in the Official Statement, the Series 2008-1 Bonds will be subject to mandatory tender for purchase and remarketing in accordance with the Indenture, all as described in the Official Statement. This Remarketing Supplement only provides information on the terms of the Series 2008-1 Bonds while the Series 2008-1 Bonds bear interest at the Weekly Rate or the Daily Rate.

**Substitution of Letter of Credit; Mandatory Tender for Purchase and Remarketing:** On the Substitution Date, the Series 2008-1 Credit Provider will issue the Series 2008-1 Credit Facility, which will replace the Prior Series 2008-1 Credit Facility issued by the Prior Series 2008-1 Credit Provider. The Series 2008-1 Credit Facility will expire on October [7], 2019, unless it is extended or it earlier expires as described herein. See "THE CREDIT FACILITY AND THE CREDIT FACILITY PROVIDER." The substitution of the new Series 2008-1 Credit Facility will cause a mandatory tender for purchase and remarketing of the Series 2008-1 Bonds on the Substitution Date. Payment of the Purchase Price of the Series 2008-1 Bonds tendered for purchase on the Substitution Date and not remarketed will be payable from funds drawn under the Prior Series 2008-1 Credit Facility. From and after the Substitution Date, payment of the principal of, interest on and Purchase Price of the Series 2008-1 Bonds will be payable from funds drawn under the Series 2008-1 Credit Facility.

**[State Street Logo]**

**Ratings:** Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Services ("S&P") and Fitch, Inc. ("Fitch") have assigned ratings on the Series 2008-1 Bonds of "\_\_\_\_", "\_\_\_\_", and "\_\_\_\_", respectively, with the understanding that on the Substitution Date, the Series 2008-1 Credit Facility will be issued by the Series 2008-1 Credit Provider. See "RATINGS" herein.

<sup>†</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP numbers are provided for convenience of reference only. The City, the Corporation and the Series 2008-1 Remarketing Agent do not take any responsibility for the accuracy of such numbers.

**Series 2008-1 Remarketing Agent:** Stifel, Nicolaus & Company, Inc., successor to E.J. De La Rosa & Co., Inc., serves as remarketing agent (the "Series 2008-1 Remarketing Agent") for the Series 2008-1 Bonds.

The Series 2008-1 Bonds are limited obligations of the Corporation payable solely from Revenues which consist principally of certain Base Rental Payments to be made by the City pursuant to a Project Lease, dated as of September 1, 2008 (the "Project Lease"), by and between the Corporation and the City, and other amounts held in certain funds and accounts established pursuant to the Indenture, subject to the provisions of the Indenture permitting the application of such amounts for the purposes and on the terms and conditions set forth in the Indenture. The Corporation is obligated to pay the principal or redemption price of, and interest on, the Series 2008-1 Bonds only from the funds described in the Indenture and neither the Corporation nor any member of its Board of Directors shall incur any liability or any other obligation in respect of the Series 2008-1 Bonds. The obligation of the City to make Base Rental Payments under the Project Lease does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Series 2008-1 Bonds nor the obligation of the City to make Base Rental Payments under the Project Lease constitutes a debt of the City, the State of California or any political subdivision thereof within the meaning of the Constitution of the State of California or any statutory debt limitation or restriction.

**Legal Matters:** The substitution of the Series 2008-1 Credit Facility for the Prior Series 2008-1 Credit Facility is subject to receipt by the Trustee of an opinion of Bond Counsel to the effect that the delivery of the Series 2008-1 Credit Facility to the Trustee is authorized under the Indenture, and that the delivery of the Series 2008-1 Credit Facility will not adversely affect the exclusion of interest on the Series 2008-1 Bonds from gross income for federal income tax purposes, and certain other conditions. Certain legal matters will be passed upon for the Corporation and the City by the City Attorney. Hawkins Delafield & Wood LLP, San Francisco, California, is acting as Disclosure Counsel to the City. Chapman and Cutler LLP, Chicago, Illinois, is acting as counsel to the Series 2008-1 Credit Provider.

[Stifel Logo]

The information contained in this Remarketing Supplement, including the Appendices attached hereto, has been obtained from the City and the Corporation and other sources which are deemed reliable, except that the information contained under "THE CREDIT FACILITY AND THE CREDIT PROVIDER" and APPENDIX A – "FORM OF THE SERIES 2008-1 CREDIT FACILITY" has been obtained from the Series 2008-1 Credit Provider. No representation or warranty is made, however, as to the accuracy or completeness of such information, and nothing contained in this Remarketing Supplement is, or shall be relied upon as, a promise or representation by the Series 2008-1 Remarketing Agent. This Remarketing Supplement is submitted in connection with the sale of securities described herein, and may not be reproduced or used, in whole or in part, for any other purpose. The information contained herein is subject to change without notice, and neither the delivery of this Remarketing Supplement nor any sale made hereunder shall under any circumstances create any implication that there have not been changes in the affairs of the City or the Corporation since the date hereof.

No broker, dealer, salesperson or any other person has been authorized by the Corporation, the City, the Series 2008-1 Remarketing Agent or the Series 2008-1 Credit Provider to give any information or to make any representation other than as contained in this Remarketing Supplement and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. The Series 2008-1 Remarketing Agent has reviewed the information in this Remarketing Supplement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but does not guarantee the accuracy or completeness of such information. This Remarketing Supplement does not constitute an offer or reoffering of any securities other than those described on the cover page, or an offer to sell or a solicitation of an offer to buy by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

IN CONNECTION WITH THIS OFFERING, THE SERIES 2008-1 REMARKETING AGENT MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2008-1 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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DELIVERED ON SEPTEMBER 11, 2008

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## REMARKETING SUPPLEMENT

\$[55,010,000]

### CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION LEASE REVENUE REFUNDING BONDS, SERIES 2008-1 (MOSCONE CENTER EXPANSION PROJECT)

#### SUMMARY DESCRIPTION OF TRANSACTION

##### General

This Remarketing Supplement provides certain information updating the Official Statement, dated September 4, 2008 (the "Official Statement"), relating to the City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-1 (Moscone Center Expansion Project) (the "Series 2008-1 Bonds") and the City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-2 (Moscone Center Expansion Project) (the "Series 2008-2 Bonds"). This Remarketing Supplement contains certain information regarding State Street Bank and Trust Company (the "Series 2008-1 Credit Provider") and an irrevocable, direct-pay letter of credit to be issued by the Series 2008-1 Credit Provider (the "Series 2008-1 Credit Facility"), which will replace the existing irrevocable, direct-pay letter of credit securing the Series 2008-1 Bonds (the "Prior Series 2008-1 Credit Facility") issued by Bank of America, N.A. (the "Prior Series 2008-1 Credit Provider"). This Remarketing Supplement also provides information relating to the extension of the expiration date of the letter of credit securing the Series 2008-2 Bonds. See "EXTENSION OF SERIES 2008-2 CREDIT FACILITY" herein.

Concurrently with the issuance of the Series 2008-1 Bonds on September 11, 2008, the City and County of San Francisco (the "City") and the City and County of San Francisco Finance Corporation (the "Corporation") caused to be delivered to Wells Fargo Bank, National Association, as trustee (the "Trustee") the Prior Series 2008-1 Credit Facility issued by the Prior Series 2008-1 Credit Provider, to support the payment of principal of, interest on and the Purchase Price of the Series 2008-1 Bonds upon the optional or mandatory tender of the Series 2008-1 Bonds.

On October [8], 2014 (the "Substitution Date"), the City and the Corporation will cause to be delivered to the Trustee the Series 2008-1 Credit Facility to be issued by the Series 2008-1 Credit Provider, to replace the Prior Series 2008-1 Credit Facility. The substitution of the new Series 2008-1 Credit Facility will cause a mandatory tender for purchase and remarketing of the Series 2008-1 Bonds on the Substitution Date. Payment of the Purchase Price of the Series 2008-1 Bonds tendered for purchase on the Substitution Date and not remarketed will be payable from funds drawn under the Prior Series 2008-1 Credit Facility. From and after the Substitution Date, payment of the principal of, interest on and Purchase Price of the Series 2008-1 Bonds will be payable from funds drawn under the Series 2008-1 Credit Facility. See "THE CREDIT FACILITY AND THE CREDIT PROVIDER" herein.

On or around the Substitution Date, the City, the Corporation and State Street Bank and Trust Company (the "Series 2008-2 Credit Provider"), as the provider of an existing irrevocable, direct-pay letter of credit supporting the Series 2008-2 Bonds (the "Series 2008-2 Credit Facility"), will extend the current expiration date of the Series 2008-2 Credit Facility. **The extension of the expiration date of the Series 2008-2 Credit Facility will not cause a mandatory tender for purchase and remarketing of the Series 2008-2 Bonds.** See "EXTENSION OF THE SERIES 2008-2 CREDIT FACILITY" herein.

No financial or operating data with respect to the City or the Corporation has been included in this Remarketing Supplement. Investors should make any decision with respect to the purchase, holding or tender of the Series 2008-1 Bonds based solely upon the credit of the Series 2008-1 Credit Provider. The ratings assigned to the Series 2008-1 Bonds are based on the creditworthiness of the Series 2008-1

**Credit Provider.** See "RATINGS" herein. Prospective purchasers of the Series 2008-1 Bonds that wish to make a full evaluation of the financial status of the Series 2008-1 Credit Provider are advised to obtain the financial statements of the Series 2008-1 Credit Provider.

**This Remarketing Supplement should be read in conjunction with the Official Statement. To the extent the information in this Remarketing Supplement conflicts with information in the Official Statement, this Remarketing Supplement shall govern. No attempt has been made to update the Official Statement except as specifically set forth in this Remarketing Supplement. Information in the Official Statement relating to the Series 2008-1 Bonds should continue to be referred to unless otherwise updated or supplemented by means of this Remarketing Supplement.**

Each capitalized term used herein and not otherwise defined shall have the corresponding meaning as set forth in the Official Statement, and references herein and in the Official Statement to the "Series 2008-1 Credit Provider," the "Series 2008-1 Credit Facility" and the "Credit Agreement" relating to the Series 2008-1 Bonds, should be read as referring to State Street Bank and Trust Company, the irrevocable, direct-pay letter of credit to be issued by State Street Bank and Trust Company, and the Letter of Credit and Reimbursement Agreement, dated as of October 1, 2014 (the "Series 2008-1 Credit Agreement"), by and among the City, the Corporation and State Street Bank and Trust Company, respectively. The summary descriptions of the documents contained herein are qualified in their entirety by reference to such documents, copies of which will be available for inspection at the corporate trust office of the Trustee in San Francisco, California. All such descriptions are further qualified in their entirety by reference to bankruptcy laws and laws relating to or affecting generally the enforcement of creditors' rights.

#### **The Series 2008-1 Bonds and Certain Provisions of the Bond Documents**

The Series 2008-1 Bonds were issued by the City on September 11, 2008 pursuant to an Indenture of Trust, dated as of September 1, 2008 (the "Indenture"), between the Corporation and the Trustee. The proceeds of the Series 2008-1 Bonds were applied to refund the Corporation's Lease Revenue Bonds, Series 2000-1, Series 2000-2 and Series 2000-3, which were issued to finance a portion of the costs of acquiring, constructing and improving a free-standing expansion to the Moscone Convention Center (the "Project") located on the northwest corner of Howard and Fourth Streets in the City and County of San Francisco (the "City").

The Corporation and the City entered into a Project Lease, dated as of September 1, 2008 (the "Project Lease"), pursuant to which the Corporation leased the Project to the City. The Corporation holds a leasehold interest in the Project pursuant to a Site and Facilities Lease, dated as of September 1, 2008 (the "Site Lease"), between the City, as lessor, and the Corporation, as lessee. Under the Project Lease, the City is required, so long as it has the benefit of the use and occupancy of the Project, to pay to the Corporation specified rental payments ("Base Rental") in amounts sufficient to pay, when due, the principal of and interest on the Series 2008-1 Bonds, and to pay certain "Additional Rental" (which is not pledged to the payment of debt service on the Series 2008-1 Bonds).

The Series 2008-1 Bonds were issued pursuant to the Indenture as variable rate obligations initially bearing interest at a Weekly Rate and the Series 2008-1 Bonds will continue to bear interest at the Weekly Rate upon remarketing. The interest rate on the Series 2008-1 Bonds may be adjusted from a Weekly Rate to a Daily Rate, another Variable Rate or a Fixed Rate, as determined in accordance with the Indenture. **This Remarketing Supplement only provides information on the terms of the Series 2008-1 Bonds while the Series 2008-1 Bonds bear interest at the Weekly Rate or the Daily Rate. If the interest on the Series 2008-1 Bonds is converted to another interest rate mode, the Series 2008-1 Bonds would be subject to mandatory tender for purchase and the Corporation would circulate new disclosure for the related remarketing of the Series 2008-1 Bonds.**

The Indenture requires the Trustee to draw on the Series 2008-1 Credit Facility in an amount and at such times (as such times are set forth in the Series 2008-1 Credit Facility) required to pay in full the principal

of and interest on the Series 2008-1 Bonds (excluding any Bank Bonds registered in the name of the Series 2008-1 Credit Provider or its designee or Series 2008-1 Bonds registered in the name of the Corporation or the City).

If the Series 2008-1 Credit Facility is a direct-pay letter of credit, the Trustee will make such draw at such time as is required to receive amounts needed on each Interest Payment Date, maturity date, mandatory sinking fund redemption date, other redemption date and the date (if any) on which the Series 2008-1 Bonds are declared due and payable due to the occurrence of an Event of Default under the Indenture. If the Series 2008-1 Credit Facility is a direct-pay letter of credit, the Trustee will pay the principal of and interest on the Series 2008-1 Bonds (excluding any Outstanding Bank Bonds registered in the name of the Series 2008-1 Credit Provider or its designee) when due and payable solely from moneys drawn under the Series 2008-1 Credit Facility. The Trustee will also draw moneys under a Liquidity Facility for the purpose of paying the Purchase Price of any of the Series 2008-1 Bonds (excluding any Outstanding Bank Bonds registered in the name of the Liquidity Provider or its designee or in the name of the Corporation or the City) to the extent required by the Indenture. Pending application as aforesaid, except as required by the Indenture in connection with paying the Purchase Price of the Series 2008-1 Bonds, all moneys drawn under the Series 2008-1 Credit Facility will be deposited in a special fund designated the "Credit Facility Bond Payment Fund." The Credit Facility Bond Payment Fund was established and is maintained by the Trustee and held in trust apart from all other moneys and securities held under the Indenture or otherwise, and the Trustee has the exclusive and sole right of withdrawal from the Credit Facility Bond Payment Fund for the exclusive benefit of the Owners of the bonds with respect to which such drawing was made. Moneys drawn on the Series 2008-1 Credit Facility and deposited in the Credit Facility Bond Payment Fund for the payment of debt service will be used only to pay debt service on the Series 2008-1 Bonds or returned to the Series 2008-1 Credit Provider if not so needed. Moneys in the Credit Facility Bond Payment Fund must be held in cash and must not be invested.

The Series 2008-1 Bonds are limited obligations of the Corporation payable solely from Revenues which consist principally of certain Base Rental Payments to be made by the City pursuant to the Project Lease and other amounts held in certain funds and accounts established pursuant to the Indenture, subject to the provisions of the Indenture permitting the application of such amounts for the purposes and on the terms and conditions set forth in the Indenture. The Corporation is obligated to pay the principal or redemption price of, and interest on, the Series 2008-1 Bonds only from the funds described in the Indenture and neither the Corporation nor any member of its Board of Directors shall incur any liability or any other obligation in respect of the Series 2008-1 Bonds. The obligation of the City to make Base Rental Payments under the Project Lease does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Neither the Series 2008-1 Bonds nor the obligation of the City to make Base Rental Payments under the Project Lease constitutes a debt of the City, the State of California or any political subdivision thereof within the meaning of the Constitution of the State of California or any statutory debt limitation or restriction.

Neither the City nor the Corporation is obligated to provide any moneys for the purchase of tendered Series 2008-1 Bonds other than moneys received pursuant to the remarketing of such Series 2008-1 Bonds or from drawings under the Series 2008-1 Credit Facility. See "Failure of the Series 2008-1 Credit Provider" and "REMARKETING" below.

#### **Alternate Credit Facility**

The Indenture authorizes the Corporation, at its option, to provide for the delivery to the Trustee of an Alternate Credit Facility for the Series 2008-1 Bonds in substitution for the Credit Facility or Liquidity Facility then in effect for the Series 2008-1 Bonds on any Conversion Date.

The Corporation will give written notice of its intention to exercise such option to the Trustee, the Series 2008-1 Remarketing Agent, the Liquidity Provider and the Credit Provider at least 45 days before the

proposed effective date of such Alternate Credit Facility. The Series 2008-1 Bonds will be subject to mandatory tender upon delivery of an Alternate Credit Facility. A substitution may be made only if the existing Liquidity Facility may be drawn upon to pay the Purchase Price of the Series 2008-1 Bonds that will be tendered, and the draw to pay the Purchase Price of the Series 2008-1 Bonds, if any, being tendered will be made on such existing Liquidity Facility. Not fewer than 10 days prior to the proposed mandatory tender date, the Trustee will mail (by first class mail) a written notice thereof to the Owners of such Series 2008-1 Bonds at their addresses as they appear on the registration books of the Trustee on the day on which notice is received by the Trustee from the Corporation as provided above. Such notice will set forth the information required by the Indenture for mandatory tender notices.

#### **Failure of the Series 2008-1 Credit Provider**

In the event the Series 2008-1 Credit Provider fails to honor a draw on the Series 2008-1 Credit Facility to pay principal of and interest on the Series 2008-1 Bonds, the Trustee will pay principal of and interest on such Series 2008-1 Bonds with amounts available for that purpose under the Indenture, consisting primarily of amounts on deposit in the Revenue Fund (generally consisting of Base Rental payments made by the City under the Project Lease). In the event amounts available under the Indenture are insufficient to pay principal of and interest on the Series 2008-1 Bonds, the Corporation's failure to pay debt service on such Series 2008-1 Bonds will constitute an Event of Default under the Indenture. However, the Corporation's obligation to pay debt service on the Series 2008-1 Bonds is a limited obligation of the Corporation and the Base Rental payments are a limited obligation of the City.

The Indenture provides that the Tender Agent shall purchase tendered Series 2008-1 Bonds with moneys in the Bond Purchase Fund established under the Indenture in the following order: (i) first, moneys paid to it by the Series 2008-1 Remarketing Agent as proceeds of the remarketing of tendered Series 2008-1 Bonds and (ii) second, moneys furnished to the Tender Agent by the Trustee and derived from drawings under the Series 2008-1 Credit Facility. In the event amounts in the Bond Purchase Fund are insufficient for the purchase of Series 2008-1 Bonds tendered for purchase, whether as a result of a failure by the Series 2008-1 Credit Provider to honor a draw or otherwise, no purchase of such Series 2008-1 Bonds will be consummated and the Tender Agent will return all tendered Series 2008-1 Bonds to the owners. In that case, the Indenture authorizes the Series 2008-1 Remarketing Agent to continue remarketing the Series 2008-1 Bonds at a rate not in excess of the Maximum Interest Rate. However, there is no assurance that the Series 2008-1 Remarketing Agent will be able to remarket the tendered Series 2008-1 Bonds in this circumstance, and the Corporation is not obligated to provide any moneys for the purchase of tendered Series 2008-1 Bonds other than those received pursuant to the remarketing of such Series 2008-1 Bonds or from drawings under the Series 2008-1 Credit Facility.

**Neither the City nor the Corporation is obligated to provide any moneys for the purchase of tendered Series 2008-1 Bonds other than moneys received pursuant to the remarketing of such Series 2008-1 Bonds or from drawings under the Series 2008-1 Credit Facility.** The Indenture provides that neither the failure of the Series 2008-1 Credit Provider to honor a properly presented draw on the Series 2008-1 Credit Facility nor the bankruptcy, insolvency, receivership or dissolution of the Series 2008-1 Credit Provider will constitute an Event of Default under the Indenture or, in and of itself, create any right of redemption or tender with respect to the Series 2008-1 Bonds. Prospective purchasers of the Series 2008-1 Bonds should evaluate the financial strength of the Series 2008-1 Credit Provider based upon the information contained and referred to in "THE CREDIT FACILITY AND THE CREDIT PROVIDER" and other information available upon request from the Series 2008-1 Credit Provider, and should not rely upon any governmental supervision by any regulatory entity or any rating by any rating agency.

#### **EXTENSION OF THE SERIES 2008-2 CREDIT FACILITY**

Concurrently with the issuance of the Series 2008-2 Bonds on September 11, 2008, the City and the Corporation caused to be delivered to the Trustee the Series 2008-2 Credit Facility issued by State Street Bank



and Trust Company as the Series 2008-2 Credit Provider, to support the payment of principal of, interest on and the Purchase Price of the Series 2008-2 Bonds upon the optional or mandatory tender of the Series 2008-2 Bonds. Merrill Lynch, Pierce, Fenner & Smith Incorporated serves as remarketing agent (the "Series 2008-2 Remarketing Agent") for the Series 2008-2 Bonds.

The Series 2008-2 Credit Facility currently has an expiration date of \_\_\_\_\_, 2014. Prior to the current expiration date of the Series 2008-2 Credit Facility, the expiration date of the Series 2008-2 Credit Facility will be extended to October [7], 2019. Such expiration date is subject to earlier termination or extension, as provided in an amended and restated reimbursement agreement (the "Series 2008-2 Credit Agreement"), to be executed by the City, the Corporation and the Series 2008-2 Credit Provider on or about the Substitution Date. **The extension of the expiration date of the Series 2008-2 Credit Facility will not cause a mandatory tender for purchase and remarketing of the Series 2008-2 Bonds.** [Copies of the amended and restated Series 2008-2 Credit Agreement and the Series 2008-2 Credit Facility will be posted on the Electronic Municipal Market Access site ("EMMA") maintained by the Municipal Securities Rulemaking Board, currently located at <http://emma.msrb.org>, under CUSIP number 79765X PC4<sup>†</sup>.]

## REMARKETING

### The Series 2008-1 Remarketing Agent

Stifel, Nicolaus & Company, Inc., as successor to E.J. De La Rosa & Co., serves as remarketing agent (the "Series 2008-1 Remarketing Agent") for the Series 2008-1 Bonds. The Series 2008-1 Remarketing Agent has agreed to use its best efforts to remarket the Series 2008-1 Bonds subject to certain conditions set forth in the Series 2008-1 Remarketing Agreement. The Series 2008-1 Remarketing Agent has agreed to purchase for its own account Series 2008-1 Bonds tendered but not remarketed under certain conditions specified in the Series 2008-1 Remarketing Agreement.

### Remarketing of the Series 2008-1 Bonds

The Indenture provides that the Series 2008-1 Remarketing Agent will offer for sale and use its best efforts to find purchasers for the Series 2008-1 Bonds tendered for purchase, either as the result of an optional tender or a mandatory tender, and Series 2008-1 Bonds registered in the name of the Series 2008-1 Credit Provider or its designee, and any such sale will be made at an interest rate not in excess of the Maximum Interest Rate and at a price equal to 100% of the principal amount thereof plus accrued interest to the Tender Date, in accordance with the terms of the Indenture.

### Disclosure Concerning Sale of Series 2008-1 Bonds by Series 2008-1 Remarketing Agent

**Potential Conflict of Interest.** The Series 2008-1 Remarketing Agent's responsibilities with respect to the Series 2008-1 Bonds include determining the interest rate on such Series 2008-1 Bonds from time to time and remarketing such Series 2008-1 Bonds that are subject to optional or mandatory tender by the owners thereof (subject, in each case to the terms of the Series 2008-1 Remarketing Agreement), all as described in the Official Statement. The Series 2008-1 Remarketing Agent is appointed by the Corporation and is paid by the Corporation for its services. As a result, the interests of the Series 2008-1 Remarketing Agent may differ from those of existing holders and potential purchasers of the Series 2008-1 Bonds.

**Purchase of Series 2008-1 Bonds by the Series 2008-1 Remarketing Agent.** The Series 2008-1 Remarketing Agent has agreed to purchase for its own account Series 2008-1 Bonds tendered but not remarketed under certain conditions specified in the Series 2008-1 Remarketing Agreement. The Series 2008-1 Remarketing Agent may also make a market in the Series 2008-1 Bonds by routinely purchasing and selling

<sup>†</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP numbers are provided for convenience of reference only. The City, the Corporation and the Remarketing Agents do not take any responsibility for the accuracy of such numbers.

Series 2008-1 Bonds other than in connection with an optional tender and remarketing. Such purchases and sales may be at or below par. However, the Series 2008-1 Remarketing Agent is not required to make a market in the Series 2008-1 Bonds. If the Series 2008-1 Remarketing Agent purchases Series 2008-1 Bonds for its own account, it may offer those Series 2008-1 Bonds at a discount to par to some investors. The Series 2008-1 Remarketing Agent may also sell any Series 2008-1 Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Series 2008-1 Bonds. The purchase of Series 2008-1 Bonds by the Series 2008-1 Remarketing Agent may create the appearance that there is greater third-party demand for the Series 2008-1 Bonds in the market than is actually the case. The practices described above also may reduce the supply of Series 2008-1 Bonds that may be tendered in a remarketing.

***Offer and Sale of Series 2008-1 Bonds.*** The Series 2008-1 Remarketing Agent is required to determine on certain dates the applicable rate of interest that, in its judgment, is the lowest rate that would cause the Series 2008-1 Bonds to have a market value equal to the principal amount thereof, plus accrued interest, under prevailing market conditions as of the date of determination. The interest rate will reflect, among other factors, the level of market demand for such Series 2008-1 Bonds (including whether the Series 2008-1 Remarketing Agent is willing to purchase such Series 2008-1 Bonds for its own account). The Series 2008-1 Remarketing Agreement and the Indenture requires that the Series 2008-1 Remarketing Agent use its best efforts to sell tendered bonds at par, plus accrued interest. There may or may not be Series 2008-1 Bonds tendered and remarketed on the date the Series 2008-1 Remarketing Agent determines the interest rate on such Series 2008-1 Bonds. As an owner of Series 2008-1 Bonds, the Series 2008-1 Remarketing Agent may sell Series 2008-1 Bonds at varying prices, including at a discount to par, to different investors on the date the interest rate on the Series 2008-1 Bonds is set or any other date. The Series 2008-1 Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third-party buyers for all of such Series 2008-1 Bonds at the remarketing price.

***Limited Opportunity to Sell Series 2008-1 Bonds.*** While the Series 2008-1 Remarketing Agent may buy and sell Series 2008-1 Bonds, it is not obligated to do so and may cease doing so at any time without notice. Thus, investors who purchase the Series 2008-1 Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series 2008-1 Bonds other than by tendering through the Tender Agent, as set forth in the Indenture and described in the Official Statement. See also "SUMMARY DESCRIPTION OF TRANSACTION – Failure of the Series 2008-1 Credit Provider" above.

***Removal or Resignation of the Series 2008-1 Remarketing Agent; Termination of Remarketing Activities.*** Under certain circumstances the Series 2008-1 Remarketing Agent may be removed or may resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Series 2008-1 Remarketing Agreement. In the event there is no Series 2008-1 Remarketing Agent, the Tender Agent may assume such duties, as described in the Indenture.

## **THE CREDIT FACILITY AND THE CREDIT PROVIDER**

### **General**

The payment of the principal of and interest on the Series 2008-1 Bonds and the Purchase Price of the Series 2008-1 Bonds upon the optional or mandatory tender thereof will be supported by the Series 2008-1 Credit Facility issued by State Street Bank and Trust Company as the Series 2008-1 Credit Provider. The Series 2008-1 Credit Facility has a stated expiration date of \_\_\_\_\_, subject to earlier termination or extension as described below.

### **The Series 2008-1 Credit Facility**

Under the Series 2008-1 Credit Facility, the Series 2008-1 Credit Provider irrevocably authorizes the Trustee to draw on the Series 2008-1 Credit Facility in accordance with its terms in an aggregate amount of

\$\_\_\_\_\_, representing \$\_\_\_\_\_ in principal (the "Principal Portion") and \$\_\_\_\_\_ in interest (the "Interest Portion"), representing \_\_\_\_\_ days of interest, calculated on the basis of a 365-day year and actual days elapsed, using an assumed rate of interest equal to 12% per annum (the "Interest Coverage").

After the Series 2008-1 Credit Provider honors payment of a drawing in respect of the payment of regularly scheduled interest on the Series 2008-1 Bonds secured by the Series 2008-1 Credit Facility, the Interest Portion of the stated amount of the Series 2008-1 Credit Facility shall be reduced by the amount of such drawing. Immediately thereafter, the Interest Portion shall be reinstated by the amount of such drawing.

After the Series 2008-1 Credit Provider honors payment of a drawing in respect of the payment of the principal or redemption price of the Series 2008-1 Bonds secured by the Series 2008-1 Credit Facility, the stated amount shall be automatically and permanently reduced as follows: (1) the Principal Portion shall be reduced by the amount so drawn with respect to the payment of the principal or the principal component of the redemption price of the Series 2008-1 Bonds, and (2) the Interest Portion shall be reduced by the Interest Coverage Amount calculated with respect to such principal amount or principal component.

After the Series 2008-1 Credit Provider honors payment of a drawing (other than a final drawing) in respect of the payment of the Purchase Price of the Series 2008-1 Bonds in connection with the tender for purchase thereof at the request of the owner or in connection with a mandatory tender for purchase of all Series 2008-1 Bonds (each, a "Purchase Drawing"), the stated amount shall be automatically reduced as follows: (1) the Principal Portion shall be reduced by the amount so drawn with respect to the payment of principal of the Series 2008-1 Bonds, and (2) the Interest Portion shall be reduced by the Interest Coverage Amount calculated with respect to such principal amount. Following a Purchase Drawing and the Series 2008-1 Credit Provider's receipt of a certificate from the Trustee requesting reinstatement of the Series 2008-1 Credit Facility and stating that reimbursement of such Purchase Drawing has been made to the Series 2008-1 Credit Provider, the stated amount of the Series 2008-1 Credit Facility shall automatically be reinstated as follows: (a) the Principal Portion shall be reinstated by an amount equal to the principal amount of Series 2008-1 Bonds that have been remarketed, and (b) the Interest Portion shall be reinstated by an amount equal to the Interest Coverage Amount calculated with respect to such principal amount.

After the Series 2008-1 Credit Provider honors payment of the Trustee's final drawing under the Series 2008-1 Credit Facility, the stated amount, the Principal Portion and the Interest Portion of the Series 2008-1 Credit Facility shall be automatically and permanently reduced to zero and the Series 2008-1 Credit Facility will terminate.

### **The Series 2008-1 Credit Agreement**

The City, the Corporation and the Series 2008-1 Credit Provider will execute the Series 2008-1 Credit Agreement prior to the letter of credit substitution and remarketing of the Series 2008-1 Bonds which, among other things, sets the terms and conditions under which the Corporation is required to repay the Series 2008-1 Credit Provider any amounts drawn by the Trustee under the Series 2008-1 Credit Facility.

**Events of Default.** The Series 2008-1 Credit Agreement describes certain events which constitute an "Event of Default" under the Series 2008-1 Credit Agreement. Upon the occurrence of an Event of Default, the Series 2008-1 Credit Provider may cause a mandatory purchase or a mandatory redemption of all Outstanding Series 2008-1 Bonds pursuant to the Indenture.

**Termination.** The Series 2008-1 Credit Facility provides that it will terminate upon the earliest of (a) October [7], 2019 (as the same may be extended from time to time); (b) the date which is one Business Day following the Conversion Date (as defined in the Indenture) of the Bonds; (c) the date which is one Business Day following receipt by the Series 2008-1 Credit Provider from the Trustee of a notice terminating the Series 2008-1 Credit Facility, in accordance with the terms of the Indenture and the Series 2008-1 Credit Agreement; (d) the date of a draw against the Series 2008-1 Credit Facility upon the maturity or acceleration of the Series

2008-1 Bonds in accordance with the Indenture; and (e) the date which is 15 days following receipt by the Trustee of a Notice of Default from the Series 2008-1 Credit Provider, stating that an Event of Default as defined in the Series 2008-1 Credit Agreement has occurred and directing the Trustee to cause a mandatory tender of the Series 2008-1 Bonds.

### **The Series 2008-1 Credit Provider**

*The following information has been obtained from the Series 2008-1 Credit Provider and is not to be construed as a representation by the Corporation, the City or the Series 2008-1 Remarketing Agent. The delivery of this Remarketing Supplement shall not create any implication that there has been no change in the affairs of the Series 2008-1 Credit Provider since the date of this Remarketing Supplement, or that the information contained or referred to in this section is correct as of any time subsequent to its date.*

State Street Bank and Trust Company (referred to in this Remarketing Supplement as the "Series 2008-1 Credit Provider") is a wholly-owned subsidiary of State Street Corporation (the "Corporation"). The Corporation (NYSE: STT) provides financial services to institutional investors, including investment servicing, investment management and investment research and trading. With \$27.43 trillion in assets under custody and administration and \$2.35 trillion in assets under management as of December 31, 2013, the Corporation operates in more than 100 geographic markets worldwide. The consolidated total assets of the Series 2008-1 Credit Provider as of December 31, 2013 accounted for approximately 98% of the consolidated total assets of the Corporation as of the same date. As of December 31, 2013, the Corporation had consolidated total assets of \$243.29 billion, total deposits (including deposits in non-U.S. offices) of \$182.27 billion, total investment securities of \$116.91 billion, total loans and leases, net of unearned income and allowance for loan losses, of \$13.46 billion and total shareholders' equity of \$20.38 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, 2013 have been submitted through the Federal Financial Institutions Examination Council and provided to the Board of Governors of the Federal Reserve System, the primary U.S. federal banking agency responsible for regulating the Corporation and the Bank. Publicly available portions of those Call Reports, and future Call Reports so submitted by the Bank, are available on the Federal Deposit Insurance Corporation's website at [www.fdic.gov](http://www.fdic.gov). The Call Reports are prepared in conformity with regulatory instructions that do not in all cases follow U.S. generally accepted accounting principles.

Additional financial and other information related to the Corporation and the Bank, including the Corporation's Annual Report on Form 10-K for the year ended December 31, 2013 and additional annual, quarterly and current reports subsequently filed or furnished by the Corporation with the U.S. Securities and Exchange Commission (the "SEC"), can be accessed free of charge on the SEC's website at [www.sec.gov](http://www.sec.gov).

Any statement contained in any document referred to above shall be deemed to be modified or superseded for purposes of this Remarketing Supplement to the extent that a statement contained herein or in any subsequently submitted, filed or furnished document that also is referred to above modifies or supersedes such statement. The delivery hereof shall not create any implication that there has been no change in the affairs of the Series 2008-1 Credit Provider or the Corporation since the date hereof, or that information contained or referred to in this subheading is correct as of any time subsequent to this date.

A copy of any or all of the publicly available portions of the documents referred to above, other than exhibits to such documents, may be obtained without charge to each person to whom a copy of this Remarketing Supplement has been delivered, on the written request of any such person. 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.

The Series 2008-1 Credit Agreement is an obligation solely of the Series 2008-1 Credit Provider and is not an obligation of, or otherwise guaranteed by, the Corporation or any of its affiliates (other than the Bank). Neither the Corporation nor any of its affiliates (other than the Bank) is required to make payments under the Series 2008-1 Credit Agreement. None of the Bank, the Corporation or any of their respective affiliates makes any representation as to, or is responsible for the suitability of the Series 2008-1 Bonds for any investor, the feasibility or performance of any project or compliance with any securities or tax laws or regulations. The Series 2008-1 Bonds are not direct obligations of, or guaranteed by, the Bank, the Corporation or any of their respective affiliates, except to the extent provided by in the Series 2008-1 Credit Agreement.

## TAX MATTERS

The opinions of Jones Hall, A Professional Law Corporation, San Francisco, California and Leslie M. Lava, Esq., Sausalito, California (together, "Prior Co-Bond Counsel"), delivered in connection with the original issuance of the Series 2008-1 Bonds stated, among other things, that interest on the Series 2008-1 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on corporations, such interest is taken into account in determining certain income and earnings. Prior Co-Bond Counsel was also of the opinion that interest on the Series 2008-1 Bonds is exempt from California personal income taxes. See APPENDIX B - "FORM OF ORIGINAL APPROVING OPINIONS OF CO-BOND COUNSEL DELIVERED ON SEPTEMBER 11, 2008" herein.

In connection with the substitution of the letter of credit and the remarketing of the Series 2008-1 Bonds, Fulbright & Jaworski LLP, Los Angeles, California ("Bond Counsel"), a member of Norton Rose Fulbright, will deliver its opinion that, among other things, the delivery of the Series 2008-1 Credit Facility and the remarketing of the Series 2008-1 Bonds on the Substitution Date will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2008-1 Bonds or the treatment of the interest on the Series 2008-1 Bonds for purposes of the federal alternative minimum tax on individuals and corporations. Bond Counsel will express no opinion as to the current exclusion from gross income of interest on the Series 2008-1 Bonds for federal income tax purposes or the treatment of the interest on the Series 2008-1 Bonds for purposes of the federal alternative minimum tax on individuals and corporations. See APPENDIX C - "PROPOSED FORM OF OPINION OF BOND COUNSEL" herein. Further, Bond Counsel has not been engaged to make, and has not made, any inquiry or investigation with respect to any circumstances that may have occurred since the date of issuance of the Series 2008-1 Bonds that would adversely affect the exclusion from gross income of interest on the Series 2008-1 Bonds for federal income tax purposes or the treatment of the interest on the Series 2008-1 Bonds for purposes of the federal alternative minimum tax on individuals and corporations.

## RATINGS

Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Services ("S&P") and Fitch, Inc. ("Fitch") have assigned ratings on the Series 2008-1 Bonds of "\_\_\_," "\_\_\_," and "\_\_\_," respectively, with the understanding that on the Substitution Date, the Series 2008-1 Credit Facility will be issued by the Series 2008-1 Credit Provider. The ratings issued reflect only the views of such rating agencies, and any explanation of the significance of such ratings should be obtained from Moody's, S&P and Fitch, respectively. No assurance can be given that any rating issued by the rating agencies will be retained for any given period of time or that the same will not be revised or withdrawn entirely by such rating agencies if, in their judgment, circumstances so warrant. Any such revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Series 2008-1 Bonds.

While the Series 2008-1 Bonds bear interest at the Weekly Rate or the Daily Rate, the City, the Corporation and the Series 2008-1 Remarketing Agent have undertaken no responsibility either to bring to the

attention of the holders of the Series 2008-1 Bonds any proposed change in or withdrawal or any rating or to oppose any such proposed revision or withdrawal. See "EXEMPTION FROM CONTINUING DISCLOSURE" below.

### **EXEMPTION FROM CONTINUING DISCLOSURE**

The Series 2008-1 Bonds were issued on September 11, 2008 and are exempt from the continuing disclosure requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule") as set forth in paragraph (d)(5) of the Rule.

### **CERTAIN LEGAL MATTERS**

Certain legal matters incident to the remarketing of the Series 2008-1 Bonds are subject to delivery by Bond Counsel of an opinion that the delivery of the Series 2008-1 Credit Facility is permitted under the Indenture and complies with the terms of such Indenture, and that the delivery of the Series 2008-1 Credit Facility will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2008-1 Bonds or the treatment of the interest on the Series 2008-1 Bonds for purposes of the federal alternative minimum tax on individuals and corporations. The proposed form of such opinion is attached hereto as APPENDIX C. Certain legal matters will be passed upon for the City and the Corporation by the City Attorney. Hawkins Delafield & Wood LLP, San Francisco, California is acting as Disclosure Counsel to the City. Certain legal matters will be passed upon for the Series 2008-1 Credit Provider by Chapman and Cutler LLP, Chicago, Illinois.

The various legal opinions to be delivered concurrently with the remarketing of the Series 2008-1 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. The rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

### **MISCELLANEOUS**

The foregoing and subsequent summaries or descriptions of provisions of the Series 2008-1 Credit Provider, the Series 2008-1 Credit Facility and the Reimbursement Agreement and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof, and statements herein are qualified in their entirety by reference to said documents for full and complete statements of the provisions.

The preparation and distribution of this Remarketing Supplement have been duly authorized by the Corporation.

### **CITY AND COUNTY OF SAN FRANCISCO FINANCE CORPORATION**

By: \_\_\_\_\_ /s/\_\_\_\_\_  
[Authorized Officer]

**APPENDIX A**

**FORM OF THE SERIES 2008-1 CREDIT FACILITY**

**APPENDIX B**

**FORM OF ORIGINAL APPROVING OPINIONS OF CO-BOND COUNSEL  
DELIVERED ON SEPTEMBER 11, 2008**



## **APPENDIX C**

### **PROPOSED FORM OF OPINION OF BOND COUNSEL**



OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE  
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: *Ed* Mayor Edwin M. Lee *NW*  
RE: Ordinance Approving Remarketing of San Francisco Finance Corporation  
Lease Revenue Bonds (Moscone Center Expansion Project)  
DATE: September 2, 2014

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Attached for introduction to the Board of Supervisors is the ordinance approving the remarketing of the City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-1 (Moscone Center Expansion Project) and City and County of San Francisco Finance Corporation Lease Revenue Refunding Bonds, Series 2008-2 (Moscone Center Expansion Project); approving the form of a reimbursement agreement among the City and County of San Francisco, the City and County of San Francisco Finance Corporation and State Street Bank and Trust Company; approving the form of an amended and restated reimbursement agreement; approving the form of a fee agreement; approving the form of an amended and restated fee agreement; approving the form of a remarketing supplement; approving the form of custodian agreement; approving the form of amended and restated custodian agreement; granting general authority to City officials to take necessary actions in connection with the remarketing of the Bonds; approving modifications to documents; approving the execution and delivery of certain documents described herein and ratifying previous actions taken in connection therewith.

I respectfully request a waiver of the 30 day rule and placement on the Budget & Finance calendar for September 17<sup>th</sup>.

Should you have any questions, please contact Nicole Wheaton at (415) 554-7940.

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