

---

---

CONTINUING COVENANT AGREEMENT

dated as of May 1, 2015,

between

CITY AND COUNTY OF SAN FRANCISCO

and

U.S. BANK NATIONAL ASSOCIATION

relating to

\$24,000,000

CITY AND COUNTY OF SAN FRANCISCO TAXABLE GENERAL OBLIGATION BONDS  
(SEISMIC SAFETY LOAN PROGRAM, 1992)

SERIES 2014C

---

---

## TABLE OF CONTENTS

SECTION	HEADING	PAGE
ARTICLE I	DEFINITIONS .....	1
Section 1.01.	Certain Defined Terms.....	1
Section 1.02.	Computation of Time Periods.....	9
Section 1.03.	Construction.....	9
Section 1.04.	Accounting Terms and Determinations .....	9
Section 1.05.	Relation to Other Documents; Acknowledgment of Different Provisions of Related Documents; Incorporation by Reference.....	10
ARTICLE II	PURCHASE OF BONDS.....	10
Section 2.01.	Purchase of Bonds.....	10
ARTICLE III	CONDITIONS PRECEDENT TO PURCHASE OF BONDS .....	11
Section 3.01.	Documentary Requirements.....	11
Section 3.02.	Litigation.....	13
Section 3.03.	Other Matters .....	13
Section 3.04.	Payment of Fees and Expenses.....	13
Section 3.05.	No Bond Rating; DTC; CUSIP.....	13
ARTICLE IV	THE ISSUER’S OBLIGATIONS .....	13
Section 4.01.	Payment Obligations.....	13
Section 4.02.	Increased Payments.....	14
Section 4.03.	Obligations Absolute .....	17
Section 4.04.	Funding Indemnity.....	17
Section 4.05.	Optional Redemption or Conversion Fee .....	18
<b>Section 4.06.</b>	<b>Purchaser Consent to Subsequent Index Interest Rate     Period .....</b>	<b>18</b>
ARTICLE V	REPRESENTATIONS AND WARRANTIES.....	19
Section 5.01.	Representations and Warranties.....	19
ARTICLE VI	COVENANTS OF THE ISSUER .....	23
Section 6.01.	Covenants.....	23
ARTICLE VII	EVENTS OF DEFAULT .....	28
Section 7.01.	Events of Default .....	28
Section 7.02.	Consequences of an Event of Default.....	30
Section 7.03.	Remedies Cumulative; Solely for the Benefit of Purchaser.....	31

Section 7.04.	Waivers or Omissions .....	31
Section 7.05.	Discontinuance of Proceedings.....	31
ARTICLE VIII	INDEMNIFICATION.....	32
Section 8.01.	Indemnification .....	32
Section 8.02.	Survival.....	32
ARTICLE IX	MISCELLANEOUS .....	32
Section 9.01.	Government Regulations .....	32
Section 9.02.	Further Assurances.....	33
Section 9.03.	Amendments and Waivers; Enforcement .....	33
Section 9.04.	No Implied Waiver; Cumulative Remedies .....	33
Section 9.05.	Notices .....	33
Section 9.06.	Reserved.....	34
Section 9.07.	No Third-Party Rights.....	34
Section 9.08.	Severability .....	34
Section 9.09.	Governing Law; Consent to Jurisdiction and Venue; Waiver of Jury Trial.....	34
Section 9.10.	Prior Understandings .....	35
Section 9.11.	Duration .....	35
Section 9.12.	Counterparts.....	35
Section 9.13.	Successors and Assigns.....	35
Section 9.14.	Headings .....	37
<b>Section 9.15.</b>	<b>Acknowledge and Appointment as the Calculation Agent.</b> .....	37
Section 9.16.	No Fiduciary Relationship .....	37
Section 9.17.	Electronic Signatures .....	38

## CONTINUING COVENANT AGREEMENT

THIS CONTINUING COVENANT AGREEMENT, dated as of May 1, 2015 (as amended, modified or restated from time to time, this “*Agreement*”), between the CITY AND COUNTY OF SAN FRANCISCO and U.S. BANK NATIONAL ASSOCIATION, a national banking association.

### RECITALS

WHEREAS, the City and County of San Francisco (the “*Issuer*”) has issued its \* (the “*Bonds*”) pursuant to a Declaration of Trust dated as of May [\_\_\_], 2015 (as the same may be amended, modified or restated in accordance with the terms thereof and hereof, as amended, supplemented or otherwise modified in accordance with the terms hereof, the “*Declaration of Trust*”) of the Issuer; and

WHEREAS, the Purchaser has agreed to make a loan to the Issuer by purchasing the Bonds, and as a condition to such purchase, the Purchaser has required the Issuer to enter into this Agreement.

NOW, THEREFORE, to induce the Purchaser to make a loan to the Issuer by purchasing the Bonds, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Issuer and the Purchaser hereby agree as follows:

### ARTICLE I

#### DEFINITIONS

*Section 1.01. Certain Defined Terms.* In addition to the terms defined in the recitals and elsewhere in this Agreement and the Declaration of Trust, the following terms shall have the following meanings:

“*1933 Act*” means the Securities Act of 1933, as amended.

“*Affiliate*” means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

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

“*Amortization End Date*” means the earliest to occur of (a) the fifth (5th) anniversary of the Mandatory Tender Date, (b) the date on which the interest rate on all of the Bonds have been converted to an interest rate other than the Index Interest Rate and (c) the date on which all

Bonds are redeemed, repaid, prepaid or cancelled in accordance with the terms of the Declaration of Trust.

“*Amortization Payment*” has the meaning set forth in Section 4.01(b) hereof.

“*Amortization Payment Date*” means (a) the Initial Amortization Payment Date and each [\_\_\_\_\_] occurring thereafter which occurs prior to the Amortization End Date and (b) the Amortization End Date.

“*Amortization Period*” has the meaning set forth in Section 4.01(b) hereof.

“*Anti-Terrorism Laws*” has the meaning set forth in Section 5.01(t) hereof.

**[“*Applicable Spread*” has the meaning set forth in the Declaration of Trust.]**

“*Bank Agreement*” means any credit agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement, direct purchase agreement, bond purchase agreement, or other agreement or instrument (or any amendment, supplement or other modification thereof) under which, directly or indirectly, any Person or Persons undertake(s) to make or provide funds to make payment of, or to purchase or provide credit enhancement for bonds or notes of the Issuer secured by a pledge of the full faith and credit and taxing power of the Issuer.

“*Base Rate*” means, for any day, a fluctuating rate of interest per annum equal to the greatest of (i) the Prime Rate in effect at such time *plus* one and one-half percent (1.50%), (ii) the Federal Funds Rate in effect at such time *plus* two and one-half percent (2.50%), and (iii) seven and one-half percent (7.50%).

“*Bond Counsel*” means Schiff Hardin LLP and Richards/Watson/Gershon or any other firm of attorneys nationally recognized on the subject of tax-exempt municipal finance selected by the Issuer.

“*Bondholder*” means the Purchaser and each Purchaser Transferee or Non-Purchaser Transferee pursuant to Section 9.13 hereof so long as such Purchaser Transferee or Non-Purchaser Transferee is an owner of Bonds.

“*Bonds*” has the meaning set forth in the recitals hereof.

“*Business Day*” means a day which is not (a) a Saturday, Sunday or legal holiday on which banking institutions in New York, New York or the states where the principal corporate office of the Issuer or the principal corporate trust office of the Trustee is located are authorized by law to close, (b) a day on which the New York Stock Exchange or the Federal Reserve Bank is closed or (c) a day on which the principal offices of the Calculation Agent or the principal office of the Purchaser is closed.

“*CAFR*” has the meaning set forth in Section 6.01(a) hereof.

“*Calculation Agent*” has the meaning assigned to such term in the Declaration of Trust.

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

“*Code*” means the Internal Revenue Code of 1986, as amended, and, where appropriate any statutory predecessor or any successor thereto.

“*Controlled Group*” means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Issuer, are treated as a single employer under Section 414 of the Code.

“*Debt*” of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all Debt of others secured by a lien on any asset of such Person, whether or not such Debt is assumed by such Person, (f) all Guarantees by such Person of Debt of other Persons and (g) all obligations of such Person under any Swap Agreement; *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 Issuer, Debt shall exclude conduit, enterprise and other Debt that have no claim on the General Fund of the Issuer.

“*Declaration of Trust*” has the meaning set forth in the recitals hereof.

“*Default*” means any event or condition which, with notice, the passage of time or any combination of the foregoing, would constitute an Event of Default.

“*Default Rate*” means, for any day, a rate of interest per annum equal to the sum of the Base Rate in effect on such day plus two percent (2.00%).

“*Effective Date*” means May [\_\_\_], 2015, subject to the satisfaction or waiver by the Purchaser of the conditions precedent set forth in Article III hereof.

“*EMMA*” means Electronic Municipal Market Access as provided by the Municipal Securities Rulemaking Board.

“*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, and any successor statute of similar import, and regulations thereunder, in each case as in effect from time to time. References to Sections of ERISA shall be construed also to refer to any successor Sections.

“*Event of Default*” with respect to this Agreement has the meaning set forth in Section 7.01 of this Agreement and, with respect to any Related Document, has the meaning assigned therein.

“*Excess Interest Amount*” has the meaning set forth in Section 4.02(c) hereof.

“*Excluded Taxes*” means, with respect to a Bondholder, taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the Laws of which such recipient is organized or in which its principal office is located.

“*Executive Order*” has the meaning set forth in Section 5.01(t) hereof.

“*Federal Funds Rate*” means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that: (a) if such day is not a Business Day, then the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day; and (b) if no such rate is so published on such next succeeding Business Day, then the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of one-hundredth of one percent) charged to the Purchaser on such day on such transactions as determined by the Purchaser.

“*Fiscal Year*” means the twelve month period from July 1 through the following June 30.

“*Fitch*” means Fitch Ratings, Inc.

“*FRB*” means the Board of Governors of the Federal Reserve System of the United States, together with any successors thereof.

*“General Obligation Debt”* means all Debt of the Issuer backed by the full faith and credit and taxing power of the Issuer, including, without limitation, all obligations represented by bonds, notes, indentures, certificates, debentures and similar obligations which are general obligations of the Issuer.

*“Generally Accepted Accounting Principles”* or *“GAAP”* means generally accepted accounting principles in effect from time to time in the United States and applicable to entities such as the Issuer.

*“Governmental Approval”* means an authorization, consent, approval, license, or exemption of, registration or filing with, or report to any Governmental Authority.

*“Governmental Authority”* means any federal, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity (including any zoning authority, the Federal Deposit Insurance Corporation or the Federal Reserve Board, any central bank or any comparable authority), or any arbitrator with authority to bind a party at law.

*“Guarantee”* means, as to any Person, any (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt or other obligation payable or performable by another Person (the *“primary obligor”*) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Debt or other obligation of the payment or performance of such Debt or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Debt or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Debt or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Debt or other obligation of any other Person, whether or not such Debt or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Debt to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term *“Guarantee”* as a verb has a corresponding meaning.

*“Indemnitee”* has the meaning set forth in Section 8.01 hereof.

**[*“Index Interest Rate”* has the meaning set forth in the Declaration of Trust.]**

**[*“Index Interest Rate Period”* has the meaning set forth in the Declaration of Trust.]**



“*Initial Amortization Payment Date*” means the first Business Day of [\_\_\_\_\_]  
following the Mandatory Tender Date.

**[“*Initial Period*” has the meaning set forth in the Declaration of Trust.]**

“*Interest Payment Date*” shall mean with respect to the Bonds, (i) the first Business Day of each calendar month and (ii) any date on which all of the Bonds are redeemed.

“*Investment Policy*” means the investment policy of the Issuer delivered to the Purchaser, pursuant to Section 3.01(a)(iii) hereof.

“*Issuer*” means the City and County of San Francisco, California.

“*Issuer Representative*” means any person authorized from time to time in writing by the Issuer, or its successors and assigns, to perform a designated act or execute a designated document.

“*Laws*” means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“*Liabilities*” has the meaning set forth in Section 8.01 hereof.

“*Lien*” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“*Majority Bondholder*” means the Bondholders with a majority of the aggregate principal amount of Bonds from time to time. As of the Effective Date, U.S. Bank National Association shall be the Majority Bondholder.

“*Mandatory Tender Date*” means the date on which the Bonds are subject to mandatory tender for purchase on the last day of the Initial Period pursuant to [Section \_\_\_\_] of the Declaration of Trust, *i.e.*, May [\_\_\_], 2020.

“*Mandatory Tender Purchase Price*” means an amount equal to 100% of the principal amount of the Bonds subject to mandatory tender for purchase on the Mandatory Tender Date and accrued interest thereon, if applicable.

“*Margin Stock*” has the meaning ascribed to such term in Regulation U promulgated by the FRB, as now and hereafter from time to time in effect.

“*Material Adverse Effect*” means: (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Issuer; (b) a material impairment of the ability of the Issuer to perform its obligations under any Related Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Issuer of any Related Document to which it is a party.

“*Maximum Interest Rate*” means the lesser of (i) the maximum rate of interest on the relevant obligation permitted by applicable law and (ii) twelve (12) percent per annum].

“*Moody’s*” means Moody’s Investors Service, Inc.

“*Non-Purchaser Transferee*” has the meaning set forth in Section 9.13(c) hereof.

“*Obligations*” means all amounts payable by the Issuer, and all other obligations to be performed by the Issuer, pursuant to this Agreement and the other Related Documents (including any amounts to reimburse the Purchaser for any advances or expenditures by it under any of such documents).

“*OFAC*” has the meaning set forth in Section 5.01(t) hereof.

“*Patriot Act*” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107-56 (signed into law October 26, 2001).

“*PBGC*” means the Pension Benefit Guaranty Corporation or any successor thereto.

“*Person*” means any individual, corporation, not for profit corporation, partnership, limited liability company, joint venture, association, professional association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other form of entity.

“*Plan*” means, with respect to the Issuer at any time, an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and either (i) is maintained, or has within the preceding five plan years been maintained, by a member of the Controlled Group for employees of a member of the Controlled Group of which the Issuer is a part, (ii) is maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group of which the Issuer is a part is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

“*Prime Rate*” means on any day, the rate of interest per annum then most recently established by the Purchaser as its “prime rate.” Any such rate is a general reference rate of interest, may not be related to any other rate, and may not be the lowest or best rate actually charged by the Purchaser to any customer or a favored rate and may not correspond with future increases or decreases in interest rates charged by other lenders or market rates in general, and that the Purchaser may make various business or other loans at rates of interest having no relationship to such rate. If the Purchaser ceases to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in The Wall Street Journal (or the average prime rate if a high and a low prime rate are therein reported), and the Prime Rate shall change without notice with each change in such prime rate as of the date such change is reported.

“*Property*” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

“*Purchase Price*” has the meaning set forth in Section 2.01(a) hereof.

“*Purchaser*” means, initially, U.S. Bank National Association, a national banking association, and its successors and assigns, and upon the receipt from time to time by the Trustee and the Issuer of a notice described in Section 9.13(a) from time to time means the Person designated in such notice as the Purchaser, as more fully provided in Section 9.13(a) hereof.

“*Purchaser Letter*” has the meaning set forth in Section 9.13(c) hereof.

“*Purchaser Rate*” means a fluctuating interest rate per annum which, for each day, shall equal the Base Rate from time to time in effect *plus* 1.0%; *provided that* if an Event of Default has occurred and is continuing, the Purchaser Rate shall equal the Default Rate.

“*Purchaser Transferee*” has the meaning set forth in Section 9.13(b) hereof.

“*Rating Agency*” means any of S&P, Moody’s and Fitch, as applicable.

“*Rating Documentation*” has the meaning set forth in Section 3.01(d)(iii) hereof.

“*Related Documents*” means this Agreement, the Declaration of Trust, the Bonds, the Resolution, and [\_\_\_\_\_], and any other documents related to any of the foregoing or executed in connection therewith, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing.

“*Resolution*” means the Issuer’s Resolution No. [\_\_\_] General Obligation Bonds Issuance for Seismic Safety Loan Program Bonds not to exceed \$24,000,000.

“*Risk-Based Capital Guidelines*” means (i) the risk-based capital guidelines in effect in the United States, 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.

“S&P” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business.

“State” means the State of California.

“Swap Agreement” 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” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Unremarketed Bonds” means Bonds with respect to which the Purchaser has not received payment of the Mandatory Tender Purchase Price, if any, on the Mandatory Tender Date.

*Section 1.02. Computation of Time Periods.* In this Agreement, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.”

*Section 1.03. Construction.* Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, to the singular include the plural and to the part include the whole. The word “including” shall be deemed to mean “including but not limited to,” and “or” has the inclusive meaning represented by the phrase “and/or.” The words “hereof,” “herein,” “hereunder” and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The Section headings contained in this Agreement and the table of contents preceding this Agreement are for reference purposes only and shall not control or affect the construction of this Agreement or the interpretation thereof in any respect. Section, subsection and exhibit references are to this Agreement unless otherwise specified.

*Section 1.04. Accounting Terms and Determinations.* Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder

shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP. If, after the Effective Date, there shall occur any change in GAAP from those used in the preparation of the financial statements referred to in Section 5.01(l) hereof and such change shall result in a change in the method of calculation of any financial covenant, standard or term found in this Agreement including, without limitation, a recharacterization of operating leases to the effect that certain operating leases are to be treated as capital leases, either the Issuer or the Purchaser may by notice to the other party hereto, require that the Purchaser and the Issuer negotiate in good faith to amend such covenants, standards, and terms so as equitably to reflect such change in accounting principles, with the desired result being that the criteria for evaluating the financial condition of the Issuer shall be the same as if such change had not been made. No delay by the Issuer or the Purchaser in requiring such negotiation shall limit their right to so require such a negotiation at any time after such a change in accounting principles. Until any such covenant, standard, or term is amended in accordance with this Section 1.04, financial covenants shall be computed and determined in accordance with GAAP in effect prior to such change in accounting principles.

*Section 1.05. Relation to Other Documents; Acknowledgment of Different Provisions of Related Documents; Incorporation by Reference.* (a) Nothing in this Agreement shall be deemed to amend, or relieve the Issuer of its obligations under, any Related Document to which it is a party. Conversely, to the extent that the provisions of any Related Document allow the Issuer to take certain actions, or not to take certain actions, with regard for example to permitted liens, transfers of assets, maintenance of financial ratios and similar matters, the Issuer nevertheless shall be fully bound by the provisions of this Agreement.

(b) Except as provided in subsection (c) of this Section 1.05, all references to other documents shall be deemed to include all amendments, modifications and supplements thereto to the extent such amendment, modification or supplement is made in accordance with the provisions of such document and this Agreement.

(c) All provisions of this Agreement making reference to specific Sections of any Related Document shall be deemed to incorporate such Sections into this Agreement by reference as though specifically set forth herein (with such changes and modifications as may be herein provided) and shall continue in full force and effect with respect to this Agreement notwithstanding payment of all amounts due under or secured by the Related Documents, the termination or defeasance thereof or any amendment thereto or any waiver given in connection therewith, so long as this Agreement is in effect and until all Obligations are paid in full. No amendment, modification, consent, waiver or termination with respect to any of such Sections shall be effective as to this Agreement until specifically agreed to in writing by the parties hereto with specific reference to this Agreement.

## **ARTICLE II**

### **PURCHASE OF BONDS**

*Section 2.01. Purchase of Bonds.* (a) *Purchase Price.* Upon the conditions set forth in Article III hereof and based on the representations, warranties and covenants of the Issuer set

forth herein, the Purchaser hereby agrees to make a loan to the Issuer by purchasing from the Issuer all, but not less than all, of the Bonds at the purchase price of \$24,000,000 representing the aggregate principal amount of the Bonds (the “*Purchase Price*”).

(b) *Closing*. On the Effective Date, the Issuer shall deliver to the Purchaser the documents described in Article III hereof. Upon delivery of such documents, the Purchaser will pay the full Purchase Price for the Bonds in immediately available federal funds payable to the Issuer. One fully registered Bond, in the aggregate principal amount equal to the Purchase Price, shall be issued to and registered in the name of the Purchaser, or as otherwise directed by the Purchaser. The Bonds shall be so issued and registered to and held by the Purchaser, or as otherwise directed by the Purchaser.

### ARTICLE III

#### CONDITIONS PRECEDENT TO PURCHASE OF BONDS

*Section 3.01. Documentary Requirements.* The obligation of the Purchaser to make a loan to the Issuer by purchasing the Bonds is subject to the conditions precedent that the Purchaser shall have received, on or before the Effective Date, the items listed below in this Section, each dated and in form and substance as is satisfactory to the Purchaser.

(a) The following Issuer documents:

(i) copies of the resolutions of the Issuer approving the execution and delivery of the Related Documents to which the Issuer is a party and the other matters contemplated hereby, certified by an Issuer Representative as being true and complete and in full force and effect on the Effective Date;

(ii) the audited annual financial statements of the Issuer for the Fiscal Year ended [June 30, 2014], together with internally prepared financial statements of the Issuer for each fiscal quarter(s) ended since the end of such Fiscal Year;

(iii) a copy of the Issuer’s Investment Policy in effect as of the Effective Date;  
and

(iv) a certificate dated the Effective Date and executed by a Issuer Representative certifying the names and signatures of the persons authorized to sign, on behalf of the Issuer, the Related Documents to which it is a party and the other documents to be delivered by it hereunder or thereunder.

(b) The following financing documents:

(i) an executed original or certified copy, as applicable, of each of the Related Documents; and

(ii) one fully registered Bond in certificated form, executed by the Issuer, in the principal amount equal to the Purchase Price, issued to and registered in the name of the Purchaser, or as otherwise directed by the Purchaser.

(c) The following opinions, dated the Effective Date and addressed to the Purchaser or on which the Purchaser is otherwise expressly authorized to rely:

(i) An opinion of Bond Counsel, in form and substance satisfactory to the Purchaser and its counsel, addressed to the Purchaser, to the effect that (A) this Agreement and the other Related Documents have been duly authorized, executed and delivered by the Issuer and constitute a legal, valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their respective terms (except that (i) the enforcement of the Agreement and the Related Documents 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) this Agreement satisfies the terms and conditions of the Declaration of Trust and the Resolution, (C) the Obligations are secured by a pledge of the Issuer's full faith and credit and unlimited taxing power on a parity with all holders of General Obligation Debt, (E) the Issuer has the authority and power to execute this Agreement and the other Related Documents, and (F) that the terms of the Declaration of Trust and this Agreement create a valid pledge of the Issuer's full faith and credit and unlimited taxing power to secure the Bonds and the other Obligations.

(ii) from the City Attorney of the Issuer as counsel to the Issuer, in form and substance satisfactory to the Purchaser and its counsel, and addressed to the Purchaser.

(d) The following documents and other information:

(i) a certificate dated the Effective Date and executed by a Issuer Representative certifying (A) that there has been no event or circumstance since June 30, 2014, that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect, (B) that the representations and warranties contained in Article V hereof and the other Related Documents are true and correct in all material respects on the Effective Date, (C) no event has occurred and is continuing, or would result from entry into this Agreement, which would constitute a Default or Event of Default and (D) since the dated date of the Rating Documentation, the unenhanced long-term debt ratings assigned to any General Obligation Debt has not been withdrawn, suspended or reduced;

(ii) true and correct copies of all Governmental Approvals, if any, necessary for the Issuer to execute, deliver and perform the Related Documents to which it is a party; and

(iii) recent evidence that the unenhanced long-term debt rating assigned by Moody's, S&P and Fitch to any General Obligation Debt is at least "Aa1," "AA+" and "AA+," respectively (the "*Rating Documentation*").

*Section 3.02. Litigation.* The Purchaser shall have received a written description of all actions, suits or proceedings pending or threatened against the Issuer in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body which could reasonably be expected to result in a Material Adverse Effect, if any, and such other statements, certificates, agreements, documents and information with respect thereto as the Purchaser may reasonably request.

*Section 3.03. Other Matters.* All other legal matters pertaining to the execution and delivery of this Agreement and the Related Documents shall be satisfactory to the Purchaser and its counsel, and the Purchaser shall have received such other statements, certificates, agreements, documents and information with respect to the Issuer and the other parties to the Related Documents and matters contemplated by this Agreement as the Purchaser may reasonably request.

*Section 3.04. Payment of Fees and Expenses.* On or prior to the Effective Date, (i) the Purchaser shall have received reimbursement of the Purchaser's fees and expenses and any other fees incurred in connection with the transaction contemplated by the Related Documents and (ii) Chapman and Cutler LLP, as counsel to the Purchaser, shall have received payment of its legal fees and expenses incurred in connection with the preparation, review, negotiation, execution and delivery of the Related Documents.

*Section 3.05. No Bond Rating; DTC; CUSIP.* The Bonds shall not be (i) assigned a specific rating by any Rating Agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of official statement, private placement memorandum or other offering document, (iv) assigned a CUSIP number by Standard & Poor's CUSIP Service or (v) placed or offered by a broker-dealer in the capacity of an underwriter or a placement agent.

## **ARTICLE IV**

### **THE ISSUER'S OBLIGATIONS**

*Section 4.01. Payment Obligations.* (a) The Issuer hereby unconditionally, irrevocably and absolutely agrees to make prompt and full payment of all payment obligations owed to the Purchaser under the Related Documents and to pay any other Obligations owing to the Purchaser whether now existing or hereafter arising, irrespective of their nature, whether direct or indirect, absolute or contingent, with interest thereon at the rate or rates provided in such Related Documents and under such Obligations.

(b) In the event the Purchaser has not received the Mandatory Tender Purchase Price on the Mandatory Tender Date, the Issuer shall cause the Unremarketed Bonds to be redeemed in full on the Mandatory Tender Date; *provided* that, if the Issuer is required to redeem Unremarketed Bonds as set forth above and (i) no Default or Event of Default shall have occurred and be continuing and (ii) the representations and warranties set forth in Article V shall be true and correct as if made on, and shall be deemed to have been made on, the Mandatory Tender Date (except to the extent that any such representations and warranties expressly relate to



an earlier date), then the Issuer shall cause the principal amount of such Bonds to be redeemed in installments payable on each Amortization Payment Date (each such payment, an “*Amortization Payment*”), with the final installment in an amount equal to the entire then-outstanding principal amount of such Bonds to be redeemed on the Amortization End Date (the period commencing on the Mandatory Tender Date and ending on the Amortization End Date is herein referred to as the “*Amortization Period*”). **[Each Amortization Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate Amortization Payments over the Amortization Period] [To be discussed].** During the Amortization Period, interest on Unremarketed Bonds shall accrue at the Purchaser Rate, be payable monthly in arrears on the first Business Day of each calendar month and be calculated on the basis of a 360-day year and actual days elapsed.

(c) The Issuer shall pay within thirty (30) days after demand:

(i) if an Event of Default shall have occurred, all costs and expenses of the Purchaser in connection with the enforcement (whether by means of legal proceedings or otherwise) of any of its rights under this Agreement, the other Related Documents and such other documents which may be delivered in connection therewith;

(ii) a fee for each amendment to this Agreement or any other Related Document or any consent or waiver by the Purchaser with respect to any Related Document, in each case, in a minimum amount of \$2,500 plus the reasonable fees and expenses of counsel to the Purchaser;

(iii) the reasonable fees and out-of-pocket expenses for counsel or other reasonably required consultants to the Purchaser in connection with advising the Purchaser as to its rights and responsibilities under this Agreement and the other Related Documents or in connection with responding to requests from the Issuer for approvals, consents and waivers; and

(iv) any amounts advanced by or on behalf of the Purchaser to the extent required to cure any Default, Event of Default or event of nonperformance hereunder or any Related Document, together with interest at the Default Rate.

In addition, if at any time any Governmental Authority shall require revenue or other documentary stamps or any other tax in connection with the execution or delivery of this Agreement or other Related Documents, then, if the Issuer lawfully may pay for such stamps, taxes or fees, the Issuer shall pay, when due and payable, for all such stamps, taxes and fees, including interest and penalties thereon, and the Issuer agrees to save the Purchaser harmless from and against any and all liabilities with respect to or resulting from any delay of the Issuer in paying, or omission of the Issuer to pay, such stamps, taxes and fees hereunder.

*Section 4.02. Increased Payments.* (a) *Increased Costs.* (i) If, on or after the Effective Date, the adoption of any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law), or any change in the interpretation, promulgation, implementation or administration thereof by any

governmental or quasi-governmental authority, central bank or comparable agency charged with the interpretation or administration thereof including, notwithstanding the foregoing, all requests, rules, guidelines or directives in connection with Dodd-Frank Wall Street Reform and Consumer Protection Act, or promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) pursuant to Basel III or any successor Basel accord regardless of the date enacted, adopted or issued, or compliance by the Purchaser or any other Bondholder with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(A) subjects the Purchaser or any other Bondholder to any Taxes, or changes the basis of taxation of payments (other than with respect to Excluded Taxes) to the Purchaser or any other Bondholder hereunder or with respect to the Bonds, or

(B) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by the Purchaser or any other Bondholder, or

(C) imposes any other condition the result of which is to increase the cost to the Purchaser or any other Bondholder with respect to this Agreement, the Bonds or its making, maintenance or funding of the Bonds or any security therefor, or reduces any amount receivable by the Purchaser or any other Bondholder with respect to this Agreement, the Bonds, or the making, maintenance or funding of any loan, or requires any Purchaser to make any payment calculated by reference to any amount received with respect to this Agreement, the Bonds, or the making, maintenance or funding of any loan, by an amount deemed material by such Purchaser or other Bondholder as the case may be,

and the result of any of the foregoing is to increase the cost to such Purchaser or other Bondholder with respect to this Agreement, the Bonds, or the making, maintenance or funding of the purchase of the Bonds or of participating the same or to reduce the return received by such Purchase or other Bondholder, as the case may be, in connection with the same, then, to the extent permitted by law, within thirty (30) days of demand by such Purchaser or other Bondholder, as the case may be, the Issuer shall pay such Purchaser or other Bondholder such additional amount or amounts as will compensate such Purchaser, or other Bondholder for such increased cost or reduction in amount received; *provided however*, the Issuer shall not be obligated to pay such costs incurred before 180 days prior to the notification thereof, except where (i) the Bank or such other Bondholder, 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, reserve or tax apply to the Bank or such other Bondholder retroactively to a date prior to the date which is 180 days prior to the notification thereof.

(ii) If a Purchaser or other Bondholder determines the amount of capital required or expected to be maintained by such Purchaser or other Bondholder or any corporation controlling such Purchaser or other Bondholder is increased as a result of a Change (as hereinafter defined),

then, within fifteen (15) days of demand by such Purchaser or other Bondholder, the Issuer shall, to the extent permitted by law, pay such Purchaser or other Bondholder the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Purchaser or other Bondholder determines is attributable to this Agreement or the Bonds, as the case may be, hereunder (after taking into account such Purchaser or other Bondholder's policies as to capital adequacy). "Change" means (i) any change after the date of this Agreement in the Risk-Based Capital Guidelines (as hereinafter defined) 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 after the date of this Agreement which affects the amount of capital required or expected to be maintained by any Purchaser or other Bondholder or any corporation controlling any such Purchaser or other Bondholder. Notwithstanding the foregoing, for purposes of this Agreement, all requests, rules, guidelines or directives in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act shall be deemed to be a Change regardless of the date enacted, adopted or issued and all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) pursuant to Basel III or any successor Basel accord or the United States financial regulatory authorities shall be deemed to be a Change regardless of the date adopted, issued, promulgated or implemented; *provided however*, the Issuer shall not be obligated to pay such additional compensation for a period up to 180 days prior to the notification thereof, except where (i) the Bank or such other Bondholder, as applicable, had no actual knowledge of the action resulting in such amounts, as of the date which is 180 days prior to the notification thereof or (ii) such amounts apply to the Bank or such other Bondholder retroactively to a date prior to the date which is 180 days prior to the notification thereof.

(iii) In connection with any costs imposed upon the Issuer by the Purchaser or other Bondholder pursuant to this Section 4.02(a), the Purchaser or other Bondholder shall (A) promptly notify the Issuer of such costs and (B) provide the Issuer with a certificate as to such increased cost, increased capital or reduction in return incurred by the Purchaser or other Bondholder as a result of any event mentioned in clause (i) or (ii) of this Section 4.02(a) setting forth, in reasonable detail, the basis for such calculation and the amount of such calculation submitted by the Purchaser or other Bondholder to the Issuer which calculation shall be conclusive (absent manifest error) as to the amount thereof. In making the determinations contemplated by the above referenced certificate, the Purchaser or other Bondholder may make such reasonable estimates, assumptions, allocations and the like that the Purchaser or other Bondholder in good faith determines to be appropriate.

(b) *Default Rate.* Upon the occurrence and during the continuance of an Event of Default, the Obligations shall bear interest at the Default Rate, which shall be payable by the Issuer to each Bondholder (or, if applicable, the Purchaser) upon demand therefore and be calculated on the basis of a 360-day year and actual days elapsed.

(c) *Maximum Interest Rate.* (i) If the amount of interest payable for any period in accordance with the terms hereof or the Bonds exceeds the amount of interest that would be payable for such period had interest for such period been calculated at the Maximum Interest

Rate, then interest for such period shall be payable in an amount calculated at the Maximum Interest Rate.

(ii) Any interest that would have been due and payable for any period but for the operation of the immediately preceding subclause (i) shall accrue and be payable as provided in this subclause (ii) and shall, less interest actually paid to each Bondholder for such period, constitute the “Excess Interest Amount.” If there is any accrued and unpaid Excess Interest Amount as of any date, then the principal amount with respect to which interest is payable shall bear interest at the Maximum Interest Rate until payment to each Bondholder of the entire Excess Interest Amount.

(iii) Notwithstanding the foregoing, on the date on which no principal amount with respect to the Bonds remains unpaid, the Issuer shall pay to each Bondholder a fee equal to any accrued and unpaid Excess Interest Amount.

(d) *Survival.* The obligations of the Issuer under clauses (a) and (b) of this Section 4.02 shall survive the termination of this Agreement and the redemption or other payment in full of the Bonds.

*Section 4.03. Obligations Absolute.* The payment obligations of the Issuer under this Agreement shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including without limitation the following:

(a) any lack of validity or enforceability of this Agreement, the Bonds or any of the other Related Documents;

(b) any amendment or waiver of or any consent to departure from all or any of the Related Documents;

(c) the existence of any claim, set-off, defense or other right which the Issuer may have at any time against the Purchaser, any other Bondholder or any other person or entity, whether in connection with this Agreement, the other Related Documents, the transactions contemplated herein or therein or any unrelated transaction; or

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

Notwithstanding this Section, the Purchaser acknowledges the Issuer may have the right to bring a collateral action with respect to one or more of the foregoing circumstances. The Issuer’s payment obligations shall remain in full force and effect pending the final disposition of any such action. All fees payable pursuant to this Agreement shall be deemed to be fully earned when due and non-refundable when paid.

*Section 4.04. Funding Indemnity.* In the event the Purchaser shall incur any loss, cost, or expense (including, without limitation, any loss, cost, or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired or contracted to be acquired by

the Purchaser to purchase or hold the Bonds or the relending or reinvesting of such deposits or other funds or amounts paid or prepaid to the Purchaser) as a result of any redemption or conversion of the Bonds on a date other than an Interest Payment Date for any reason, whether before or after default, and whether or not such payment is required by any provision of this Agreement or the Declaration of Trust, then upon the demand of the Purchaser, the Issuer shall pay to the Purchaser a redemption or conversion premium, as applicable in such amount as will reimburse the Purchaser for such loss, cost, or expense. If the Purchaser requests such redemption or conversion premium, as applicable, it shall provide to the Issuer a certificate setting forth the computation of the loss, cost, or expense giving rise to the request for such redemption or conversion premium, as applicable in reasonable detail and such certificate shall be conclusive if reasonably determined. All of the Issuer's obligations under this Section 4.04 shall survive the termination of this Agreement and the repayment, satisfaction or discharge of all other Obligations.

*Section 4.05. Optional Redemption or Conversion Fee.* The Issuer shall pay to the Purchaser an optional redemption or conversion fee in connection with each optional redemption of all or any portion of the Bonds or each conversion of the interest rate on all or any portion of the Bonds from the Index Interest Rate prior to [\_\_\_\_\_], in an amount equal to the product of (A) the Applicable Spread in effect on the date of optional redemption or conversion, as applicable, (B) the principal amount of the Bonds to be optionally redeemed or converted to an interest rate other than the Index Interest Rate, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such optional redemption or conversion, as applicable, to and including [\_\_\_\_\_], and the denominator of which is 360, payable on the date that all or any portion of the Bonds are optionally redeemed or the date on which the interest rate on all or any portion of the Bonds are converted to bear interest at a rate other than the Index Interest Rate.<sup>1</sup>

**[Section 4.06. Purchaser Consent to Subsequent Index Interest Rate Period. (a) So long as the Purchaser is the Bondholder, on or before the date one hundred fifty (150) days prior to the end of the Initial Period, the Issuer may provide written notice to the Purchaser of its desire to change the interest rate mode of the Bonds (including conversion to a new Index Interest Rate Period) and requesting the Purchaser to purchase such Bonds in such new Index Interest Rate Period or provide the liquidity or credit enhancement necessary to facilitate the conversion of the Bonds to such new interest rate mode. The Purchaser will make reasonable efforts to respond to such request within ninety (90) days after receipt of all information necessary, in the Purchaser's reasonable judgment, to permit the Purchaser to make an informed credit decision. The Purchaser may, in its sole and absolute discretion, decide to accept or reject any such request and no consent shall become effective unless the Purchaser shall have consented thereto in writing. In the event the Purchaser fails to definitively respond to such request within such ninety (90) day period, the Purchaser shall be deemed to have refused to grant such request. The consent of the Purchaser, if granted, shall be conditioned upon the preparation, execution and**

---

<sup>1</sup> Drafting Note: Confirm that an optional redemption or conversion fee is set forth in the term sheet or desired by the Purchaser. If not, such provision may be removed in its entirety.

**delivery of documentation in form and substance satisfactory to the Purchaser (which may include, but not be limited to the delivery of a “no adverse effect opinion” of Bond Counsel to the Purchaser with respect to the tax-exempt status of the Bonds as a result of such conversion and interest rate setting). In the event the Issuer and the Purchaser fail to document in writing their agreement of the proposed rate(s) and terms of the succeeding period(s), the Issuer shall continue to be required to repurchase the Bonds on the Mandatory Tender Date for a purchase price of 100% of the par amount plus accrued interest to the Mandatory Tender Date.]**

## ARTICLE V

### REPRESENTATIONS AND WARRANTIES

*Section 5.01. Representations and Warranties.* The Issuer makes the following representations and warranties to each Bondholder:

(a) *Existence.* The Issuer 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 Issuer of this Agreement and the other Related Documents to which it is a party are within the Issuer’s powers, have been duly authorized by all necessary action, and duly executed, 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 Issuer or by which the Issuer 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 Issuer (other than pursuant to such enumerated documents). The Issuer is not a party to, or otherwise subject to, any provision contained in any instrument evidencing indebtedness of the Issuer, 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 Issuer that would materially and adversely affect the ability of the Issuer 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 Issuer is a party each constitutes a valid, binding and enforceable agreement of the Issuer, 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 Issuer 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 Purchaser 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 Issuer, threatened against or affecting, the Issuer 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 (including, without limitation the Unremarketed Bonds) or in any way contesting or affecting the validity of the Bonds (including, without limitation the Unremarketed 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 Issuer to perform its obligations hereunder or under the Related Documents to which it is a party or (ii) the enforceability or validity of the Declaration of Trust or any of the other Related Documents.

(f) *No Sovereign Immunity.* The Issuer 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 Issuer hereby makes to the Purchaser the same representations and warranties made by the Issuer 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 Purchaser.

(h) *No Proposed Legal Changes.* There is no amendment, or, to the knowledge of the Issuer, 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 Issuer is a party, or (ii) the performance by the Issuer of its obligations under this Agreement or the other Related Documents to which the Issuer is a party.

(i) *No Public Vote or Referendum.* There is no public vote or referendum pending, proposed or concluded, the results of which could reasonably be expected to result in a Material Adverse Effect.

(j) *Title to Property.* The Issuer has good and marketable title to its assets except where the failure to have good and marketable title to any of its assets would not have a Material Adverse Effect.

(k) *Disclosure.* Except as disclosed in writing to the Purchaser prior to the Effective Date, there is no fact known to the Issuer, as of the date this representation is made, that would have a material adverse effect on (i) the ability of the Issuer 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 Issuer as of June 30, 2014, as well as each CAFR of the Issuer as of any more recent date, delivered to the Purchaser 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 Issuer as at such date and the results of the operations of the Issuer 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 Issuer which would materially and adversely affect the ability of the Issuer to perform its obligations hereunder or under any other Related Documents to which it is a party which has not been disclosed by the Issuer to the Purchaser.

(m) *Legal Matters.* The Issuer is in material compliance with all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction over the Issuer, non-compliance with which would materially and adversely affect the ability of the Issuer 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 Issuer conducts an ongoing review of Environmental Regulations on the business, operations and properties of the Issuer, 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 Issuer has reasonably concluded that Environmental Regulations are unlikely to have



a material adverse effect on the Property or the ability of the Issuer to pay any of its Obligations hereunder or under any other Related Document.

(o) *Regulations T, U and X.* The Issuer 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 Purchaser prior to the Effective Date, the Issuer 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 Issuer'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) *General Obligation.* The Charter and the Declaration of Trust obligate the Issuer to levy ad valorem property taxes on all taxable property in the Issuer subject to taxation sufficient to pay the principal of and interest on the Bonds (including, without limitation the Unremarketed Bonds) and all other Obligations. All obligations in respect of principal of, and interest on, the Bonds (including, without limitation the Unremarketed Bonds) and all other Obligations constitute unlimited tax general obligations of the Issuer payable from an annual tax upon all property subject to taxation by the Issuer or other available moneys, and such principal and interest are secured by a pledge of the Issuer's full faith and credit and unlimited taxing power.

(t) *Anti-Terrorism Laws.* Neither the Issuer nor any of its Affiliates is in violation of any Laws relating to terrorism or money laundering ("*Anti-Terrorism Laws*"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "*Executive Order*"), and the Patriot Act;

(a) Neither the Issuer nor any of its Affiliates is any of the following:

(i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(iii) a Person with which the Purchaser is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(iv) a Person that commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order; or

(v) a Person that is named as a “specially designated national and blocked person” on the most current list published by the Office of Foreign Asset Control (“OFAC”) or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list;

(b) Neither the Issuer nor any of its Affiliates (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (a)(ii) above, (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

## ARTICLE VI

### COVENANTS OF THE ISSUER

*Section 6.01. Covenants.* The Issuer covenants and agrees, until the full and final payment and satisfaction of all of the Obligations, except in any instance in which the Purchaser specially agrees in writing to any performance or noncompliance, that:

(a) *Information.* The Issuer will prepare or cause to be prepared and deliver to the Purchaser 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 Issuer, the complete Comprehensive Annual Financial Report (“CAFR”) of the Issuer, 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 Purchaser 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 Issuer 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 Issuer, evidence that such annual operating budget includes therein as a separate line item all principal of and interest on the Bonds and all other Obligations due during such period;

(iv) promptly after the occurrence thereof, written notice of any Default or Event of Default; and

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

All factual information hereinafter delivered by Issuer in writing to the Purchaser 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 Purchaser.* Without the prior written consent of the Purchaser, the Issuer will not agree or consent to any amendment, supplement, waiver or modification of any provision of any Related Document to which the Issuer is a party that affects the rights, interests, security or remedies of the Purchaser hereunder.

(c) *Incorporation of Covenants by Reference.* The Issuer 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 Purchaser and such document, opinion or other instrument shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Purchaser.

(d) [Reserved]

(e) *Defaults.* The Issuer will promptly (and in any event within five Business Days) notify the Purchaser 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 Issuer proposes to take with respect thereto.

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

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

(h) *Litigation; Material Change.* The Issuer shall promptly notify the Purchaser 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 Issuer to perform its obligations hereunder or under the other Related Documents or (B) the enforceability or validity of the Declaration of Trust or any of the other Related Documents.

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

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

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

(l) *No Impairment.* The Issuer will not take any action, or cause or permit the any other party thereto to take any action, under the Declaration of Trust or any other

Related Document inconsistent with the rights and remedies of the Purchaser under this Agreement.

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

(n) *General Obligation.* The Issuer shall maintain the pledge of the Issuer's full faith and credit and unlimited taxing power to pay the interest on and principal of the Bonds and the Obligations and shall, as necessary, levy taxes on all taxable property in the Issuer subject to taxation sufficient to pay the interest on and principal of the Bonds and the Obligations.

(o) *Budget.* The Issuer shall include in each annual budget of the Issuer all amounts reasonably anticipated to be necessary to pay all principal of and interest on the Bonds (including, without limitation, Unremarketed Bonds) and all amounts necessary to pay all Obligations due to the Purchaser hereunder and under the Related Documents. If the amounts so budgeted are not adequate for the payment of the Obligations due hereunder and under the Related Documents and in connection with all Bonds (including, without limitation, Unremarketed Bonds), the Issuer will take such action as may be necessary to cause such annual budget to be amended, corrected or augmented so as to include therein the amounts required to be paid to the Purchaser during the course of the Fiscal Year to which such annual budget applies.

(p) *Use of Proceeds.* The Issuer will not take or omit to take any action, which action or omission will in any way result in the proceeds from the issuance of the Bonds being applied in a manner other than as provided in the Declaration of Trust.

(q) *Ratings.* The Issuer shall give written notice to the Purchaser 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 General Obligation Debt, in respect of the Issuer's unenhanced General Obligation Debt, unless such rating is terminated due to the payment in full of such General Obligation Debt; *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 Issuer shall cause to be maintained at all times long-term unenhanced ratings on its General Obligation Debt from at least two (2) of Moody's, Fitch and S&P.

(r) *Conversions and Redemptions.* (i) The Issuer shall provide thirty (30) days written notice to the Purchaser prior to the date of any proposed conversion of the interest rate on the Bonds to a rate of interest other than the Index Interest Rate.

(ii) The Issuer shall provide thirty (30) days written notice to the Purchaser prior to the date of any proposed optional redemption or purchase in lieu of redemption of Bonds pursuant to [Section \_\_\_\_] of the Declaration of Trust.

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

(t) *Reserved.*

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

(v) *Swap Agreements.* (i) The Issuer will use its best efforts to enter into all future Swap Contracts secured by or payable from a pledge of the full faith and credit and taxing power of the Issuer 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 secured by or payable from a pledge of the full faith and credit and taxing power of the Issuer 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 Purchaser, at the time of entering into such Swap Contract.

(w) *Future Credit Facilities.* In the event that the Issuer 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 Purchaser 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 Purchaser shall have the benefits of such Additional Rights. Upon the request of the Purchaser, the Issuer shall promptly, enter into an amendment to this Agreement to include such Additional Rights, provided that the Purchaser shall maintain the benefit of such Additional Rights even if the Issuer 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 Issuer 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 Issuer 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, and the Issuer shall enter into an amendment hereto to include such Additional Rights, no matter when such Bank Agreement is entered into. If the Issuer shall amend the related Bank Agreement such that it no longer provides for

such Additional Rights, then, without the consent of the Purchaser this Agreement shall be deemed to automatically no longer contain the related Additional Rights and the Purchaser shall no longer have the benefits of any such Additional Rights.

## ARTICLE VII

### EVENTS OF DEFAULT

*Section 7.01. Events of Default.* The occurrence of any of the following events (whatever the reason for such event and whether voluntary, involuntary, or effected by operation of Law) shall be an “Event of Default” hereunder, unless waived in writing by Purchaser:

(a) The Issuer shall fail to pay (i) the principal of or interest on any Bond (including any Unremarketed Bond) when due (whether by scheduled maturity, required prepayment, redemption or otherwise) or (ii) any Obligation (other than the obligation to pay the principal of or interest on the Bonds or Unremarketed Bonds) when due and such failure shall continue for three (3) Business Days;

(b) The Issuer shall default in the performance of any of the covenants set forth in Section 6.01(b), (c) (but subject to any grace periods or cure provisions set forth in such Related Documents), (d), (e), (g), (j), (n), (o), (s) or (v) hereof;

(c) The Issuer 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 Issuer by the Purchaser or (ii) the tenth (10th) day after the Controller of the Issuer shall have actual knowledge of such default;

(d) Any representation, warranty, certification or statement made by the Issuer (or incorporated by reference) in this Agreement or by the Issuer 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 Issuer shall (A) fail to make any payment on any General Obligation 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 General Obligation 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 General Obligation 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 General Obligation Debt; or (C) any General Obligation 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;

(f) The Issuer 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 Issuer;

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

(i) Any pledge or security interest created hereunder or under the Declaration of Trust 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);

(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 General Obligation Debt) to any General Obligation Debt shall be withdrawn, suspended or otherwise unavailable for credit related reasons or (ii) 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 General Obligation Debt) on any General Obligation Debt shall be reduced below



“Baa1” (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 Issuer and such judgment or order shall continue unsatisfied and unstayed for a period of sixty (60) days; or

(m) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any Debt of the Issuer by the Issuer or any Governmental Authority with appropriate jurisdiction;

*Section 7.02. Consequences of an Event of Default.* If an Event of Default specified in Section 7.01 hereof shall occur and be continuing, the Purchaser may take one or more of the following actions at any time and from time to time (regardless of whether the actions are taken at the same or different times):

(a) (i) by written notice to the Issuer, declare the outstanding amount of the Obligations under this Agreement to be immediately due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived, and an action therefor shall immediately accrue;

(ii) deliver a written notice to the Issuer that an Event of Default has occurred and is continuing and direct the Issuer to cause a mandatory tender of the Bonds or take such other remedial action as is provided for in the Declaration of Trust;

(iii) either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable under the Related Documents or to enforce performance or observance of any obligation, agreement or covenant of the Issuer under the Related Documents, whether for specific performance of any agreement or covenant of the Issuer or in aid of the execution of any power granted to the Purchaser in the Related Documents;

(iv) cure any Default, Event of Default or event of nonperformance hereunder or under any Related Document; *provided, however,* that the Purchaser shall have no obligation to effect such a cure; and

(v) exercise, or cause to be exercised, any and all remedies as it may have under the Related Documents (other than as provided for in clause (ii) of this Section 7.02(a)) and as otherwise available at law and at equity.

(b) Notwithstanding the provisions of Section 7.02(a)(i) or 7.02(a)(ii), (x) the Purchaser shall not cause a mandatory tender of the Bonds as described in Section

7.02(a)(i) or 7.02(a)(ii) until seven (7) days after the occurrence of an Event of Default specified in Section 7.01(a), 7.01(b) (but only in the event that the Issuer defaults in the performance of the covenant set forth in Section 6.01(n)), 7.01(e), 7.01(f), 7.01(g), 7.01(h), 7.01(i) or 7.01(m) and (y) the Purchaser shall notify the Issuer of a mandatory tender at least thirty (30) days prior thereto in the case of any Event of Default not specified in the immediately preceding clause (x). Notwithstanding the foregoing sentence of this Section 7.02(b), if any other holder or credit enhancer of Debt or any counterparty under any Swap Agreement related thereto causes any such Debt or other obligations of the Issuer to become immediately due and payable, the Purchaser may immediately, without notice, avail itself of the remedies set forth in Section 7.02(a)(i) or 7.02(a)(ii) hereof and/or declare or cause to be declared the unpaid principal amount of all outstanding Bonds, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder to be immediately due and payable.

*Section 7.03. Remedies Cumulative; Solely for the Benefit of Purchaser.* To the extent permitted by, and subject to the mandatory requirements of, applicable Law, each and every right, power and remedy herein specifically given to the Purchaser in the Related Documents shall be cumulative, concurrent and nonexclusive and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy (whether specifically herein given or otherwise existing) may be exercised from time to time and as often and in such order as may be deemed expedient by the Purchaser, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy.

The rights and remedies of the Purchaser specified herein are for the sole and exclusive benefit, use and protection of the Purchaser, and the Purchaser is entitled, but shall have no duty or obligation to the Issuer, the Trustee or any other Person or otherwise, to exercise or to refrain from exercising any right or remedy reserved to the Purchaser hereunder or under any of the other Related Documents.

*Section 7.04. Waivers or Omissions.* No delay or omission by the Purchaser in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right remedy or power or be construed to be a waiver of any default on the part of the Purchaser or to be acquiescence therein. No express or implied waiver by the Purchaser of any Event of Default shall in any way be a waiver of any future or subsequent Event of Default.

*Section 7.05. Discontinuance of Proceedings.* In case the Purchaser shall proceed to invoke any right, remedy or recourse permitted hereunder or under the Related Documents and shall thereafter elect to discontinue or abandon the same for any reason, the Purchaser shall have the unqualified right so to do and, in such event, the Issuer and the Purchaser shall be restored to their former positions with respect to the Obligations, the Related Documents and otherwise, and the rights, remedies, recourse and powers of the Purchaser hereunder shall continue as if the same had never been invoked.

## ARTICLE VIII

### INDEMNIFICATION

*Section 8.01. Indemnification.* In addition to any and all rights of reimbursement, indemnification, subrogation or any other rights pursuant hereto or under law or equity, the Issuer hereby agrees (to the extent permitted by law) to indemnify and hold harmless each Bondholder and its officers, directors and agents (each, an “*Indemnitee*”) from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever (including reasonable attorneys’ fees) which may incur or which may be claimed against an Indemnitee by any Person or entity whatsoever (collectively, the “*Liabilities*”) by reason of or in connection with (a) the execution and delivery or performance or transfer of, or payment or failure to pay under, any Related Document; (b) the issuance and sale of the Bonds; and (c) the use of the proceeds of the Bonds; *provided* that the Issuer shall not be required to indemnify an Indemnitee 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 such Indemnitee. Nothing under this Section 8.01 is intended to limit the Issuer’s payment of the Obligations.

*Section 8.02. Survival.* The obligations of the Issuer under this Article VIII shall survive the payment of the Bonds and the termination of this Agreement.

## ARTICLE IX

### MISCELLANEOUS

*Section 9.01. Government Regulations.* (a) The Purchaser hereby notifies the Issuer that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Issuer, which information includes the name and address of the Issuer and other information that will allow the Purchaser to identify the Issuer in accordance with the Patriot Act. The Issuer hereby agrees that it shall promptly provide such information upon request by the Purchaser.

(b) The Issuer shall ensure that (i) no person who controls the Issuer 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 Purchaser from making any advance or extension of credit to the Issuer or from otherwise conducting business with the Issuer, and (ii) 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 Issuer shall comply with all applicable Bank Secrecy Act (“*BSA*”) laws and regulations, as amended. The Issuer agrees to provide documentary and other evidence of Issuer’s identity as may be requested by the Purchaser at any time to enable the Purchaser to verify the Issuer’s identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the Patriot Act.

*Section 9.02. Further Assurances.* From time to time upon the request of either party hereto, the other shall promptly and duly execute, acknowledge and deliver any and all such further instruments and documents as the requesting party may in its reasonable discretion deem necessary or desirable to confirm this Agreement, and the other Related Documents, to carry out the purpose and intent hereof and thereof or to enable the requesting party to enforce any of its rights hereunder or thereunder. At any time, and from time to time, upon request by the Purchaser, the Issuer will, at the Issuer's expense, correct any defect, error or omission which may be discovered in the form or content of any of the Related Documents. Upon any failure by the Issuer to do so, the Purchaser or the Trustee may make, execute and record any and all such instruments, certificates and other documents for and in the name of the Issuer, all at the sole expense of the Issuer, and the Issuer hereby appoints the Purchaser and the Trustee the agent and attorney-in-fact of the Issuer to do so, this appointment being coupled with an interest and being irrevocable. In addition, at any time, and from time to time, upon request by the Purchaser or the Trustee, the Issuer will, at the Issuer's expense, provide any and all further instruments, certificates and other documents as may, in the opinion of the Purchaser or the Trustee, be necessary or desirable in order to verify the Issuer's identity and background in a manner satisfactory to the Purchaser or the Trustee, as the case may be.

*Section 9.03. Amendments and Waivers; Enforcement.* The Purchaser and the Issuer may from time to time enter into agreements amending, modifying or supplementing this Agreement or the other Related Documents or changing the rights of the Purchaser or the Issuer hereunder or thereunder, and the Purchaser may from time to time grant waivers or consents to a departure from the due performance of the obligations of the Issuer hereunder or thereunder. Any such agreement, waiver or consent must be in writing and shall be effective only to the extent specifically set forth in such writing. In the case of any such waiver or consent relating to any provision hereof, any Default or Event of Default so waived or consented to shall be deemed to be cured and not continuing, but no such waiver or consent shall extend to any other or subsequent Default or Event of Default or impair any right consequent thereto.

*Section 9.04. No Implied Waiver; Cumulative Remedies.* No course of dealing and no delay or failure of the Purchaser in exercising any right, power or privilege under this Agreement or the other Related Documents shall affect any other or future exercise thereof or exercise of any right, power or privilege; nor shall any single or partial exercise of any such right, power or privilege or any abandonment or discontinuance of steps to enforce such a right, power or privilege preclude any further exercise thereof or of any other right, power or privilege. The rights and remedies of the Purchaser under this Agreement are cumulative and not exclusive of any rights or remedies which the Purchaser would otherwise have under any Related Document, at law or in equity.

*Section 9.05. Notices.* All notices, requests, demands, directions and other communications (collectively "*notices*") under the provisions of this Agreement shall be in writing (including facsimile communication), unless otherwise expressly permitted hereunder, and shall be sent by first-class mail or overnight delivery and shall be deemed received as follows: (i) if by first class mail, five (5) days after mailing; (ii) if by overnight delivery, on the next Business Day; (iii) if by telephone, when given to a person who confirms such receipt; and (iv) if by facsimile, when confirmation of receipt is obtained. All notices shall be sent to the

applicable party at the following address or in accordance with the last unrevoked written direction from such party to the other parties hereto:

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

The Purchaser: U.S. Bank National Association  
15910 Ventura Boulevard, Suite 1712  
Encino, California 91436  
Attention: Kenneth Haber  
Facsimile: (818) 789-3041  
Telephone: (818) 817-7235

The Purchaser may rely on any notice (including telephone communication) purportedly made by or on behalf of the other, and shall have no duty to verify the identity or authority of the Person giving such notice, unless such actions or omissions would amount to gross negligence or intentional misconduct.

*Section 9.06. Reserved.*

*Section 9.07. No Third-Party Rights.* Nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the parties hereto and the Bondholders any legal or equitable right, remedy or claim under or in respect of this Agreement, which is intended for the sole and exclusive benefit of the parties hereto.

*Section 9.08. Severability.* The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

*Section 9.09. Governing Law; Consent to Jurisdiction and Venue; Waiver of Jury Trial.*  
(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS.

(b) EACH PARTY HERETO CONSENTS TO AND SUBMITS TO IN PERSONAM JURISDICTION AND VENUE IN THE STATE OF CALIFORNIA AND THE STATE OF NEW YORK AND IN THE FEDERAL DISTRICT COURTS WHICH ARE LOCATED IN THE BOROUGH OF MANHATTAN IN THE STATE OF NEW YORK AND THE CITY OF SAN FRANCISCO IN THE STATE OF CALIFORNIA. EACH PARTY ASSERTS THAT IT HAS PURPOSEFULLY AVAILED ITSELF OF THE BENEFITS OF THE LAWS OF THE STATE OF CALIFORNIA AND NEW YORK AND WAIVES ANY OBJECTION TO IN PERSONAM JURISDICTION ON THE GROUNDS OF MINIMUM CONTACTS, WAIVES ANY OBJECTION TO VENUE, AND WAIVES ANY PLEA OF

FORUM NON CONVENIENS. THIS CONSENT TO AND SUBMISSION TO JURISDICTION IS WITH REGARD TO ANY ACTION RELATED TO THIS AGREEMENT. REGARDLESS OF WHETHER THE PARTY'S ACTIONS TOOK PLACE IN THE STATE OF CALIFORNIA OR THE STATE OF NEW YORK OR ELSEWHERE IN THE UNITED STATES, THIS SUBMISSION TO JURISDICTION IS NONEXCLUSIVE, AND DOES NOT PRECLUDE EITHER PARTY FROM OBTAINING JURISDICTION OVER THE OTHER IN ANY COURT OTHERWISE HAVING JURISDICTION.

(c) TO THE EXTENT PERMITTED BY APPLICABLE LAWS, EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE RELATED DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. IF AND TO THE EXTENT THAT THE FOREGOING WAIVER OF THE RIGHT TO A JURY TRIAL IS UNENFORCEABLE FOR ANY REASON IN SUCH FORUM, EACH OF THE PARTIES HERETO HEREBY CONSENTS TO THE ADJUDICATION OF 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 ALL ISSUES IN SUCH REFERENCE, WHETHER FACT OR LAW. EACH OF THE PARTIES HERETO REPRESENTS THAT EACH HAS REVIEWED THIS WAIVER AND CONSENT AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS AND CONSENTS TO JUDICIAL REFERENCE FOLLOWING CONSULTATION WITH LEGAL COUNSEL 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 covenants and waivers made pursuant to this Section 9.09 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. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

*Section 9.10. Prior Understandings.* This Agreement and the other Related Documents supersede all other prior understandings and agreements, whether written or oral, among the parties hereto relating to the transactions provided for herein and therein.

*Section 9.11. Duration.* All representations and warranties of the Issuer contained herein or made in connection herewith shall survive the making of and shall not be waived by the execution and delivery of this Agreement or the other Related Documents. All covenants and agreements of the Issuer contained herein shall continue in full force and effect from and after the date hereof until the Obligations have been fully discharged.

*Section 9.12. Counterparts.* This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

*Section 9.13. Successors and Assigns.*

(a) *Successors and Assigns Generally.* This Agreement is a continuing obligation and shall be binding upon the Issuer, its successors, transferees and assigns and shall inure to the benefit of the Bondholders and their respective permitted successors, transferees and assigns. The Issuer may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Purchaser. Each Bondholder may, in its sole discretion and in accordance with applicable Law, from time to time assign, sell or transfer in whole or in part, this Agreement, its interest in the Bonds and the Related Documents in accordance with the provisions of paragraph (b) or (c) of this Section. Each Bondholder may at any time and from time to time enter into participation agreements in accordance with the provisions of paragraph (d) of this Section. Each Bondholder may at any time pledge or assign a security interest subject to the restrictions of paragraph (e) of this Section. U.S. Bank National Association shall be the Purchaser hereunder until such time as the Majority Bondholder designates an alternate Person to serve as the Purchaser hereunder by delivery of written notice to the Issuer and the Trustee and such Person accepts and agrees to act as the Purchaser hereunder and under the Related Documents. The Majority Bondholder may so designate an alternate Person to act as the Purchaser from time to time. Upon acceptance and notification thereof to the Issuer and the Trustee, the successor to the Purchaser for such purposes shall thereupon succeed to and become vested with all of the rights, powers, privileges and responsibilities of the Purchaser, and U.S. Bank National Association or any other Person being replaced as the Purchaser shall be discharged from its duties and obligations as the Purchaser hereunder.

(b) *Sales and Transfers by Bondholder to a Purchaser Transferee.* Without limitation of the foregoing generality, a Bondholder may at any time sell or otherwise transfer to one or more transferees all or a portion of the Bonds to a Person that is (i) an Affiliate of the Purchaser or (ii) a trust or other custodial arrangement established by the Purchaser or an Affiliate of the Purchaser (each, a “*Purchaser Transferee*”). From and after the date of such sale or transfer, U.S. Bank National Association (and its successors) shall continue to have all of the rights of the Purchaser hereunder and under the other Related Documents as if no such transfer or sale had occurred; *provided, however*, that (A) no such sale or transfer referred to in clause (b)(i) or (b)(ii) hereof shall in any way affect the obligations of the Purchaser hereunder, (B) the Issuer and the Trustee shall be required to deal only with the Purchaser with respect to any matters under this Agreement and (C) in the case of a sale or transfer referred to in clause (b)(i) or (b)(ii) hereof, only the Purchaser shall be entitled to enforce the provisions of this Agreement against the Issuer.

(c) *Sales and Transfers by Bondholder to a Non-Purchaser Transferee.* Without limitation of the foregoing generality, a Bondholder may at any time sell or otherwise transfer all or any portion of the Bonds to one or more transferees that the Purchaser reasonably believes is qualified to purchase or hold the Bonds which are not Purchaser Transferees (each a “*Non-Purchaser Transferee*”) if written notice of such sale or transfer, including that such sale or transfer is to a Non-Purchaser Transferee, together with addresses and related information with respect to the Non-Purchaser Transferee, shall have been given to the Issuer, the Trustee and the Purchaser (if different than the Bondholder) by such selling Bondholder and the Non-Purchaser Transferee.

From and after the date the Issuer, the Trustee and the selling Bondholder have received written notice and an executed Purchaser Letter, (A) the Non-Purchaser Transferee thereunder shall be a party hereto and shall have the rights and obligations of a Bondholder hereunder and under the other Related Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the Non-Purchaser Transferee, and any reference to the assigning Bondholder hereunder and under the other Related Documents shall thereafter refer to such transferring Bondholder and to the Non-Purchaser Transferee to the extent of their respective interests, and (B) if the transferring Bondholder no longer owns any Bonds, then it shall relinquish its rights and be released from its obligations hereunder and under the Related Documents.

(d) *Participations.* The Purchaser shall have the right to grant participations in all or a portion of the Purchaser's interest in the Bonds, this Agreement and the other Related Documents to one or more other banking institutions; *provided, however,* that (i) no such participation by any such participant shall in any way affect the obligations of the Purchaser hereunder and (ii) the Issuer and the Trustee shall be required to deal only with the Purchaser, with respect to any matters under this Agreement, the Bonds and the other Related Documents and no such participant shall be entitled to enforce any provision hereunder against the Issuer.

(e) *Certain Pledges.* In addition to the rights of the Purchaser set forth above, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights or interests under the Bonds, this Agreement and/or the Related Documents to secure obligations of the Purchaser or an Affiliate of the Purchaser, including any pledge or assignment to secure obligations to a Federal Reserve Bank or to any state or local governmental entity or with respect to public deposits; *provided* that no such pledge or assignment shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or assignee for the Purchaser as a party hereto.

*Section 9.14. 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 9.15. Acknowledge and Appointment as the Calculation Agent. The Purchaser hereby acknowledges and accepts its appointment as Calculation Agent during the Initial Period pursuant to the Declaration of Trust and acknowledges, accepts and agrees to all the duties and obligations of the Calculation Agent set forth in the Declaration of Trust.]***

*Section 9.16. No Fiduciary Relationship.* The Issuer acknowledges and agrees that its dealing with the Purchaser are solely in the nature of a debtor/creditor relationship and that in no event shall the Purchaser be considered to be a partner or joint venturer of the Issuer. Also, the Issuer represents and warrants that it has independently evaluated the business transaction and has not relied upon, nor will it rely upon, the expertise, advice or other comments or statements of the Purchaser (including agents of the Purchaser), if any, in deciding to pursue such undertaking. As the Issuer is experienced in business, in no event shall the Purchaser owe any fiduciary or similar obligations to it in connection with the subject transaction.



*Section 9.17. Electronic Signatures.* The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or “printouts,” if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a “pdf” (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the Effective Date.

U.S. BANK NATIONAL ASSOCIATION

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

CITY AND COUNTY OF SAN FRANCISCO

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