
REIMBURSEMENT AGREEMENT

Dated as of December 1, 2018

between

PUBLIC UTILITIES COMMISSION OF
THE CITY AND COUNTY OF SAN FRANCISCO

and

SUMITOMO MITSUI BANKING CORPORATION,
acting through its New York Branch

relating to:

\$125,000,000
PUBLIC UTILITIES COMMISSION
OF THE CITY AND COUNTY OF SAN FRANCISCO
COMMERCIAL PAPER NOTES
(POWER SERIES)
SERIES A-2 (TAX-EXEMPT)

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REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT dated as of December 1, 2018 (together with any amendments or supplements hereto, this "Agreement"), is between the PUBLIC UTILITIES COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO (together with its successors and assigns, the "Commission") and SUMITOMO MITSUI BANKING CORPORATION, acting through its New York Branch (together with its successors and assigns, the "Bank").

WITNESSETH:

WHEREAS, on June 5, 2018, the voters of the City approved Proposition A, which among other things, authorized the Commission to issue revenue bonds, including notes, commercial paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors of the City (the "Board"), for the purpose of reconstructing, replacing, expanding, repairing or improving power facilities under the jurisdiction of this Commission (the "Power Enterprise," as further defined herein); and

WHEREAS, pursuant to Section 43.5 of the San Francisco Administrative Code ("Article V"), enacted by Ordinance No. 203-98 adopted by the Board on June 8, 1998, and signed by the Mayor of the City on June 19, 1998, as amended by Ordinance No. 270-06, adopted on October 24, 2006 by the Board and signed by the Mayor on October 31, 2006 (as amended, the "Procedural Ordinance"), the Board established a procedure pursuant to which the Commission may issue short-term indebtedness, including commercial paper notes in anticipation of the issuance of its revenue bonds; and

WHEREAS, as of December 1, 2018, \$39,555,000 aggregate principal amount of power revenue bonds have been issued pursuant to Sections 9.107(6) and 9.107(8) of the Charter of the City (the "Charter"), Ordinance No. 40-15, adopted by the Board on March 24, 2015, and signed by the Mayor on April 2, 2015, Ordinance No. 41-15, adopted by the Board on March 24, 2015, and signed by the Mayor on April 2, 2015, and Resolution No. 14-0197, adopted by the Commission on December 9, 2014; and

WHEREAS, the Commission has authorized, pursuant to Resolution No. 15-0183 adopted by the Commission on September 8, 2015 ("Resolution No. 15-0183"), and the Board, pursuant to Resolution No. 427-15 adopted by the Board on November 17, 2015 and signed by the Mayor on November 25, 2015 (the "Resolution No. 427-15"), the establishment of a commercial paper program (the "Power CP Program") for the City's Power Enterprise; and

WHEREAS, pursuant to Resolution No. 18-[____], adopted by the Commission on [____], 2018 ("Resolution No. 18-[____]" and together with Resolution No. 15-183, the "Commission Resolutions") and Ordinance No. [____], adopted by the Board on [____], 2018 and signed by the Mayor on [____], 2018 ("Ordinance No. [____]" and together with Resolution No. 427-15, the "Board Proceedings"), the issuance of up to \$250,000,000 in principal amount of commercial paper notes payable from Available Power Enterprise Revenues on a parity with certain Parity Notes (as defined herein); and

WHEREAS, the Commission is authorized to issue, sell and deliver bonds, additional bonds, refunding bonds and other evidences of indebtedness in order to effect its purposes pursuant to the [Commission Resolutions and the Board Proceedings], including the financing and refinancing of the Series A-2 Commercial Paper Notes and the Bank Note (as each such term is hereinafter defined); and

WHEREAS, pursuant to Resolution No. 18-[____], the Commission has authorized, executed and delivered that certain First Amended and Restated Issuing and Paying Agent Agreement, dated as of December 1, 2018 (the “Issuing and Paying Agent Agreement”), with U.S. Bank National Association, as issuing and paying agent (the “Issuing and Paying Agent”), pursuant to which the Commission has authorized the issuance of the Public Utilities Commission of the City and County of San Francisco Commercial Paper Notes (Power Series) Series A-2 (Tax-Exempt) (the “Series A-2 Commercial Paper Notes”); and

WHEREAS, the Commission has requested the Bank to issue a letter of credit in the original stated amount of \$136,095,891 (representing an amount supporting the total aggregate principal amount of the Series A-2 Commercial Paper Notes in a principal amount \$125,000,000 plus an amount equal to 270 days interest on such principal amount at the rate per annum of twelve percent (12%) computed on the basis of a 365 day year) for the payment by the Issuing and Paying Agent, when and as due, of the principal of and interest on the Series A-2 Commercial Paper Notes; and

WHEREAS, the Bank is willing to issue such letter of credit upon the terms and conditions provided herein.

NOW THEREFORE, in consideration of the premises and the mutual agreements herein contained, the Commission and the Bank agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. As used in this Agreement:

“Acceleration Notice” – has the meaning set forth in Section 6.2 hereof.

“Advance” - has the meaning set forth in Section 2.4(a) hereof.

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

“Alternate Facility” - has the meaning set forth in the Issuing and Paying Agent Agreement.

“Annual Budget” - means the budget or budgets prepared by the Commission in substantially the form that has been previously presented to the Bank.

“Annual Debt Service” - has the meaning set forth in the Master Trust Indenture.

“Applicable Law” - means (i) all applicable common law and principles of equity and (ii) all applicable provisions of all (A) constitutions, statutes, rules, regulations and orders of all governmental and non-governmental bodies, (B) Governmental Approvals and (C) orders, decisions, judgments and decrees of all courts (whether at law or in equity) and arbitrators.

“Authorized Representative” – means each of the General Manager of the Commission, Assistant General Manager, Business Services of the Commission and Chief Financial Officer of the Commission, Deputy Chief Financial Officer, Financial Services of the Commission, and Debt Manager, Financial Planning of the Commission, Utility Specialist, Financial Planning of the Commission, Controller of the City and County of San Francisco, Director of Finance of the City and County of San Francisco, and any other individual designated from time to time as a “Designated Representative” in a certificate executed by the General Manager of the Commission delivered to the Bank.

“Available Funds” – means any unencumbered amounts, including non-appropriated fund balances and reserves, and cash and the book value of investments held by the Treasurer of the City for the Power Enterprise, that the Commission reasonably expects would be available, as of any date of calculation, to pay Principal of and interest on Bonds when due.

“Available Power Enterprise Revenues” - has the meaning set forth in the Issuing and Paying Agent Agreement.

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

“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 Commission secured by or payable from Power Enterprise Revenues.

“Bank Note” - has the meaning set forth in Section 2.6 hereof.

“Bank Rate” - means, subject to the terms of Section 2.16 hereof, a rate of interest per annum (i) with respect to an Advance, for any day commencing on the date such Advance is made up to and including the thirtieth (30th) day next succeeding the date such Advance is made, equal to the Base Rate from time to time in effect, (ii) with respect to an Advance, for any day commencing on the thirty-first (31st) day next succeeding the date such Advance is made up to and including the ninetieth (90th) day next succeeding the date such Advance is made, equal to the Base Rate from time to time in effect plus one percent (1.0%); (iii) with respect to an Advance if not converted to a Term Loan, for any day commencing on the ninety-first (91st) day next succeeding the date the related Advance is made and thereafter, equal to the Default Rate; and (iv) with respect to a Term Loan, equal to the Base Rate from time to time in effect plus two percent (2.0%); *provided, however*, that immediately and automatically upon the occurrence of an Event of Default (and without any notice given with respect thereto) and during the continuance of such Event of Default, “Bank Rate” shall mean the Default Rate.

“Base Rate” - means, for any day, a rate per annum equal to the greatest of (i) the sum of the Prime Rate in effect on such day plus two percent (2.0%), (ii) the sum of the Federal Funds Rate in effect on such day plus three percent (3.0%), (iii) the sum of the SIFMA Rate in effect on such day plus three percent (3.00%), and (iv) seven and one-half of one percent (7.50%). Each determination of the Base Rate by the Bank shall be conclusive and binding on the Commission absent manifest error. Each change in the Base Rate will take effect simultaneously with the corresponding change or changes in the Prime Rate, the Federal Funds Rate or the SIFMA Rate, as the case may be.

“Basic Documents” - means, at any time, each of the following documents or agreements as in effect or as outstanding, as the case may be, at such time: (a) the Series A-2 Commercial Paper Notes, (b) the [Commission Resolutions], (c) the [Board Proceedings], (d) the Offering Memorandum, (e) the Dealer Agreements, (f) the Issuing and Paying Agent Agreement, (g) the Bank Note, (h) the Fee Agreement, and (i) this Agreement, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing.

“Board” - has the meaning set forth in the recitals hereof.

“Board Proceedings” - has the meaning set forth in the recitals hereof.

“Bond Counsel” - has the meaning set forth in the Issuing and Paying Agent Agreement.

“Bond Coverage Ratio” - for any Fiscal Year means the ratio of (a) Net Revenues in such Fiscal Year to (b) Annual Debt Service on the Outstanding Bonds in such Fiscal Year.

“Bonds” - has the meaning ascribed to the term “Bonds” in the Master Trust Indenture.

“Business Day” - has the same meaning set forth in the Letter of Credit.

“Change in Law” - means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any Law, including, without limitation any Risk-Based Capital Guidelines, (b) any change in any Law or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, ruling, guideline, regulation or directive (whether or not having the force of law) by any Governmental Authority; *provided* that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, rulings, guidelines, regulations or directives thereunder or issued in connection therewith and (ii) all requests, rules, rulings, guidelines, regulations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Charter” - has the meaning set forth in the Issuing and Paying Agent Agreement.

“City” - has the meaning set forth in the Issuing and Paying Agent Agreement.

“Closing Date” - means December 27, 2018, which, subject to the satisfaction of the conditions precedent set forth in Section 3.1 hereof, is the date on which the Letter of Credit shall be issued.

“Code” – means the Internal Revenue Code of 1986, as amended from time to time, including regulations, rulings and judicial decisions promulgated thereunder.

“Commercial Paper Notes” – means the Series A-1 Commercial Paper Notes and the Series A-2 Commercial Paper Notes.

“Commission” - has the meaning set forth in the introductory paragraph hereof, and includes any successor or assign permitted hereby.

“Commission Resolutions” - has the meaning set forth in the recitals hereof.

“Consulting Engineer” - has the meaning set forth in the Master Trust Indenture.

“Dealers” - means the dealer or dealers selected from time to time by the Commission (and acceptable to the Bank) to market the Series A-2 Commercial Paper Notes pursuant to the terms of any applicable Dealer Agreement, and any permitted assigns and successors thereto.

“Dealer Agreement” - means each dealer agreement, by and between the Commission and a Dealer, in form and substance acceptable to the Bank, as may be amended and supplemented from time to time in accordance with the terms hereof.

“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, (g) all obligations of such Person under any Swap Contract and (h) all obligations of such Person to reimburse or repay any bank or other Person in respect of amounts paid or advanced under a letter of credit, credit agreement, liquidity facility or other instrument.

“Debt Service” - has the meaning set forth in the Master Trust Indenture.

“Default” - means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

“Default Rate” - subject to the terms of Section 2.16 hereof, means, for any day, a per annum rate of interest equal to the sum of the Base Rate from time to time in effect plus four percent (4.0%).

“Designated Jurisdiction” - means any country or territory to the extent that such country or territory itself is the subject of any Sanction.

“Drawing” - has the meaning set forth in Section 2.3 hereof.

“DTC” - means The Depository Trust Company, New York, New York, and any successor securities depository.

“Employee Plan” - means an employee benefit plan covered by Title IV of ERISA and maintained for employees of the Commission.

“Environmental Laws” - means any and all Federal, state and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes into the environment including, without limitation, ambient air, surface water, ground water or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes or the clean-up or other remediation thereof.

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

“Event of Default” - has the meaning set forth in Section 6.1 hereof.

“Excluded Taxes” - means, with respect to the Bank or any Participant, (a) 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 the Bank or such Participant is organized or in which its principal office is located, and (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which the Commission is located.

“Federal Funds Rate” - means, for any day, a fluctuating interest rate per annum equal to the weighted average (rounded to the next higher 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average (rounded to the next higher 1/100 of 1%) of the quotations for such day on such transactions received by the Bank from three Federal funds brokers of recognized standing selected by the Bank. Each determination of the Federal Funds Rate by the Bank shall be conclusive and binding on the Commission.

“Fee Agreement” - means that certain Fee Agreement dated the Closing Date between the Commission and the Bank, as supplemented and amended from time to time.

“Final Drawing Notice” - has the meaning set forth in the Letter of Credit.

“Fiscal Year” - has the meaning set forth in the Issuing and Paying Agent Agreement.

“Fitch” – means Fitch Ratings, Inc., and its successors and assigns.

“GAAP” - means generally accepted accounting principles in the United States as in effect from time to time, applied by the Commission on a basis consistent with the Commission’s most recent financial statements furnished to the Bank.

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

“Governmental Authority” - means the government of the United States or any other nation or any political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other Person with authority to bind a party at law.

“Guarantees” - means, for any Person, all guarantees, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations of such Person to purchase, to provide funds for payment, to supply funds to invest in any other Person or otherwise to assure a creditor of another Person against loss.

“Indemnified Taxes” - means Taxes other than Excluded Taxes.

“Investment Policy and Guidelines” - means the investment guidelines of the City as in effect on the date hereof, as such investment guidelines may be amended from time to time in accordance with the Issuing and Paying Agent Agreement, the Resolutions, and State laws, as applicable.

“Issuing and Paying Agent” - has the meaning set forth in the recitals to this Agreement and includes any successors and assigns.

“Issuing and Paying Agent Agreement” – has the meaning set forth in the recitals to this Agreement and including as supplemented and amended from time to time in accordance with the terms hereof.

“Law” - means any treaty or any Federal, regional, state and local law, statute, rule, ordinance, regulation, code, license, authorization, decision, injunction, interpretation, policy, guideline, supervisory standard, order or decree of any court or other Governmental Authority.

“Letter of Credit” - means the irrevocable letter of credit issued by the Bank for the account of the Commission in favor of the Issuing and Paying Agent supporting the Series A-2 Commercial Paper Notes, in the form of Exhibit A hereto, with appropriate insertions, as amended.

“Lien” - means, with respect to any asset, (a) any lien, charge, claim, mortgage, security interest, pledge or assignment of revenues of any kind in respect of such asset or (b) the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

“Master Trust Indenture” - means the Master Trust Indenture, dated as of May 1, 2015, between the Commission and U.S. Bank National Association, as trustee for the holders from time to time of the Bonds and including as supplemented and amended from time to time.

“Maximum Rate” - means the lesser of (a) the maximum non-usurious interest rate that may, under applicable Federal law and applicable state law, be contracted for, charged or received under such laws and (b) 12% per annum; provided, however, that if the City or the Commission increases the maximum rate allowable, which currently is set forth in clause (b) of this definition, at any time during the term hereof, then such increased rate shall be the Maximum Rate.

“Net Revenues” - has the meaning set forth in the Master Trust Indenture.

“No-Issuance Notice” - has the meaning set forth in the Letter of Credit.

“Obligations” - means the Reimbursement Obligations (which includes amounts owing to the Bank evidenced by the Bank Note) and all other obligations of the Commission to the Bank arising under or in relation to this Agreement (including the Fee Agreement).

“Offering Memorandum” - means any offering memorandum or similar disclosure documents relating to the Series A-2 Commercial Paper Notes and the Commission as may be prepared by or on behalf of the Commission or the Dealers from time to time in connection with the offering and sale of Series A-2 Commercial Paper Notes.

“Operation and Maintenance Expenses” - has the meaning set forth in the Master Trust Indenture.

“Ordinance” - has the meaning set forth in the recitals hereof.

“Original Stated Amount” - has the meaning set forth in Section 2.1 hereof.

“Other Debt Documents” - has the meaning set forth in Section 5.1(c)(i) hereof.

“Other Taxes” - means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Basic Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Basic Document.

“Parity Debt” - means the Commercial Paper Notes, the Bank Note, the Series A-1 Bank Note and all obligations of the Commission relating to the Commercial Paper Notes under the Issuing and Paying Agent Agreement and under this Agreement and the Series A-1 Reimbursement Agreement and all other Parity Notes secured by Available Power Enterprise Revenues and any other bonds, notes or other obligations of the Commission for borrowed money payable from and secured by a pledge of and lien and charge on revenues of the Power Enterprise on a parity with the lien on Available Power Enterprise Revenues securing the payment of the Series A-2 Commercial Paper Notes or the Obligations.

“Parity Notes” - has the meaning set forth in the Issuing and Paying Agent Agreement. As of the Closing Date, the only Parity Notes outstanding are (i) the clean renewable energy bonds issued in November 2008 in the original aggregate principal amount \$6,325,000; (ii) the taxable qualified energy conservation bonds issued in October 2011 in the original aggregate principal amount \$8,291,000; (iii) the taxable new clean renewable energy bonds issued in April 2012 in the original aggregate principal amount \$6,600,000; (iv) the new clean renewable energy bonds issued in October 2015 in the original aggregate principal amount of \$4,100,000; and (v) the Commercial Paper Notes.

“Participant” - has the meaning set forth in Section 7.3(b) hereof.

“Participation” - has the meaning set forth in Section 7.3(b) hereof.

“Payment Account” - means the payment account for the Bank set forth in the Fee Agreement.

“Person” - means an individual, a corporation, a partnership, an association, a limited liability company, a trust or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

“Power Enterprise” - has the meaning set forth in the Issuing and Paying Agent Agreement.

“Power Enterprise Debt” - means any Debt issued or incurred by the Commission and secured by Power Enterprise Revenues, including any obligations of the Commission under any related reimbursement agreements or liquidity agreements or bank notes secured by or payable from Power Enterprise Revenues.

“Power Enterprise Revenues” - has the meaning ascribed to the term “Revenues” in the Master Trust Indenture.

“Prime Rate” - means the rate of interest announced by the Bank from time to time as its prime commercial rate, or equivalent, as in effect on such day for United States dollar loans, with any change in the Prime Rate resulting from a change in said prime commercial rate to be effective as of the date of the relevant change in said prime commercial rate, it being understood that such rate may not be the Bank’s best or lowest rate. Any change in the Prime Rate announced by the Bank shall take effect at the opening of business on the day specified in the public announcement of such change.

“Project” - has the meaning set forth in the Master Trust Indenture.

“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.

“Quarterly Date” – means the first Business Day of each March, June, September or November.

“Rating Agency” and “Rating Agencies” - means, individually or collectively, as applicable, Fitch and S&P.

“Reimbursement Obligations” - means any and all obligations of the Commission to reimburse the Bank for Drawings under the Letter of Credit and all obligations to repay the Bank for any Advance or Term Loan, including in each instance all interest accrued thereon, which obligations are evidenced and secured by the Bank Note.

“Reserve Fund” - has the meaning set forth in the Master Trust Indenture.

“Resolution No. 15-0183” - has the meaning set forth in the recitals to this Agreement.

“Resolution No. 18-[_____]” - has the meaning set forth in the recitals to this Agreement.

“Resolution No. 427-15” - has the meaning set forth in the recitals to this Agreement.

“Resolution No. [____]-18” - has the meaning set forth in the recitals to this Agreement.

“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, and its successors and assigns.

“Sanctions” - means any international economic sanction administered or enforced by the United States Government (including, without limitation, OFAC), the United Nations Security Council, the European Union, Her Majesty’s Treasury or other relevant sanctions authority.

“Semi-Annual Date” - means the first Quarterly Date that is at least 180 days following the date of the related Advance and the first Business Day of each sixth (6th) month thereafter.

“Senior Debt” - means any Debt issued or incurred by the Commission and secured by or payable from Power Enterprise Revenues on a basis senior or superior to the Lien in favor of the Commercial Paper Notes and other Parity Notes, the Bank Note and the Series A-1 Bank Note and includes, without limitation, the Bonds.

“Series A-1 Bank Note” - has the meaning set forth in the Issuing and Paying Agent Agreement.

“Series A-1 Commercial Paper Notes” - has the meaning set forth for the term “Series A-1 Notes” in the Issuing and Paying Agent Agreement.

“Series A-1 Reimbursement Agreement” - has the meaning set forth in the Issuing and Paying Agent Agreement.

“Series A-2 Commercial Paper Notes” - has the meaning set forth in the recitals to this Agreement.

“SIFMA Rate” - means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry and Financial Markets Association or any Person acting in cooperation with or under the sponsorship of the Securities Industry and Financial Markets Association and acceptable to the Bank and effective from such date. In the event Municipal Market Data no longer produces an index satisfying the requirements of the preceding sentence, the SIFMA Rate (a/k/a, the “SIFMA Municipal Swap Index”) shall be deemed to be the S&P Weekly High Grade Index, or if either such index is not available, such other similar national index as reasonably designated by the Bank.

“State” - means the State of California.

“Stated Amount” - has the meaning set forth in the Letter of Credit.

“Stated Expiration Date” – has the meaning set forth in the Letter of Credit.

“Subordinate Obligation” – has the meaning set forth in the Master Trust Indenture.

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

“Taxes” - 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, fines, additions to tax or penalties applicable thereto.

“Term Loan” - has the meaning set forth in Section 2.4(e) hereof.

“Term Loan Conversion Date” - has the meaning set forth in Section 2.4(b) hereof.

“Term Loan Maturity Date” - means, with respect to any Term Loan, the earliest to occur of (i) the fifth (5th) anniversary of the date the related Advance was made, (ii) the tenth (10th)

anniversary of the Closing Date, (iii) the date on which an Alternate Facility is substituted for the Letter of Credit, (iv) the date on which the Stated Amount is permanently reduced to zero or the Letter of Credit is otherwise terminated in accordance with its terms (other than as a result of the Letter of Credit expiring on the Stated Expiration Date, including as a result of the occurrence of an Event of Default, and (v) the date on which the Commission issues Series A-2 Commercial Paper Notes or bonds, the proceeds of which could be used to repay such Term Loan.

“Termination Date” - has the meaning set forth in the Letter of Credit.

“2017 Audited Financial Statements” - has the meaning set forth in Section 4.6 hereof.

“Unpaid Drawing” - has the meaning set forth in Section 2.3 hereof.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms. Any capitalized terms used herein which are not specifically defined herein shall have the same meanings herein as in the Ordinance. All references in this Agreement to times of day shall be references to New York City time unless otherwise expressly provided herein. Unless otherwise inconsistent with the terms of this Agreement, all accounting terms shall be interpreted and all accounting determinations hereunder shall be made in accordance with GAAP.

ARTICLE II

LETTER OF CREDIT

Section 2.1. Issuance of Letter of Credit. Upon the terms, subject to the conditions and relying upon the representations and warranties set forth in this Agreement or incorporated herein by reference, the Bank agrees to issue the Letter of Credit substantially in the form of Exhibit A hereto. The Letter of Credit shall be in the original stated amount of \$136,095,891 (the “Original Stated Amount”), which is the sum of (i) the total aggregate principal amount of the Series A-2 Commercial Paper Notes authorized to be issued under the Issuing and Paying Agent Agreement, plus (ii) interest thereon at the rate of 12 percent (12%) per annum for a period of two hundred seventy (270) days calculated on the basis of a 365 day year.

Section 2.2. Letter of Credit Drawings. The Issuing and Paying Agent is authorized to make Drawings under the Letter of Credit in accordance with its terms. The Commission hereby directs the Bank to make payments under the Letter of Credit in the manner therein provided. The Commission hereby irrevocably approves reductions and reinstatements of the Stated Amount as provided therein.

Section 2.3. Reimbursement. Subject to the provisions of Section 2.4 hereof, the Commission agrees to pay, or to cause to be paid, to the Bank (i) on each date on which the Bank shall honor any demand for payment under the Letter of Credit (each such payment by the Bank being herein referred to as a “Drawing”) a sum equal to the amount so paid under the Letter of Credit (any amount so paid until reimbursed being herein referred to as an “Unpaid Drawing”), plus (ii) interest on the amount of each such Unpaid Drawing from and including the date such Drawing is paid until the Bank is reimbursed in full for such Drawing equal to the Default Rate. Subject to the provisions of Section 2.4 hereof respecting Advances (each of which Advances

when made shall constitute reimbursement of a Drawing in an amount equal to the amount of such Advance), the Commission shall be obligated, without notice of a Drawing or demand for reimbursement (which notice is hereby waived by the Commission), to reimburse the Bank for all Drawings on the same day as made. For avoidance of doubt, the amount of any Drawing relating to accrued interest on the related Series A-2 Commercial Paper Notes shall be reimbursed by the Commission on the date on which such Drawing is made. The Commission and the Bank agree that the reimbursement in full for each Drawing on the day such Drawing is made is intended to be a contemporaneous exchange for new value given to the Commission by the Bank. If a Drawing is reimbursed at or prior to 4:00 p.m. New York City time, on the same day on which it is made, no interest shall be payable on such Drawing.

Section 2.4. Advances; Term Loans.

(a) Making of Advances. The Bank agrees that if (i) the Bank shall honor any Drawing under the Letter of Credit, (ii) the portion of such Drawing relating to the principal amount of the related Series A-2 Commercial Paper Notes shall not be reimbursed in full on the date of such Drawing by payment to the Bank as provided in Section 2.3 hereof, and (iii) (A) the representations and warranties of the Commission contained in Article IV of this Agreement are true and correct as of the date of such Drawing, and (B) no Default or Event of Default shall have occurred and be continuing on the date of such Drawing, the portion of such Drawing relating to the principal amount of the related Series A-2 Commercial Paper Notes (or the portion thereof) which is not so reimbursed by the Commission to the Bank shall automatically constitute an advance made by the Bank to the Commission on the date and in an amount equal to the amount of such Drawing relating to the principal amount of the related Series A-2 Commercial Paper Notes (or portion thereof) which is not so reimbursed by the Commission to the Bank (individually an “Advance” and, collectively, the “Advances”). For purposes of Section 2.3 hereof, each Advance when made shall constitute reimbursement of the portion of the related Drawing relating to the principal amount of the related Series A-2 Commercial Paper Notes in an amount equal to the amount of such Advance; and each Advance when made shall preclude, to the extent of the amount of such Advance, the portion of the related Drawing relating to the principal amount of the related Series A-2 Commercial Paper Notes from being or constituting an Unpaid Drawing. Unless the Commission shall have otherwise previously advised the Bank in writing, payment by the Bank of any Drawing under the Letter of Credit shall be deemed to constitute a representation and warranty by the Commission that on the date of such Drawing (i) the representations and warranties of the Commission contained in Article IV hereof are true and correct, and (ii) no Default or Event of Default has occurred and is continuing.

(b) Payment of Principal and Interest on Advances. Except as otherwise required or permitted by Section 2.4(c), 2.4(d) or 2.4(e) of this Agreement, the Commission shall repay, or cause to be repaid, the unpaid amount of each Advance on the earlier to occur of (i) the ninetieth (90th) day next following the date such Advance was made and (ii) the Termination Date (with respect to such Advance, the “Term Loan Conversion Date”). The Commission shall pay interest on the unpaid amount of each Advance from the date of such Advance until paid in full at the Bank Rate from time to time in effect; *provided* that from and after the occurrence of an Event of Default, each Advance shall bear interest at the Default Rate. Interest on each Advance shall be payable monthly, in arrears, on the first Business Day of each month

(commencing with the first such date to occur after the making of the related Advance) and upon prepayment or maturity of such Advance.

(c) Mandatory Prepayment of Advances and Term Loans. The Commission shall prepay Advances and Term Loans if the aggregate proceeds of the issuance of Series A-2 Commercial Paper Notes exceed the aggregate principal amount of Series A-2 Commercial Paper Notes maturing on the date of such issuance. On the date of each such prepayment of Advances or Term Loans, as applicable (or portions thereof), the Commission shall pay to the Bank interest accrued and unpaid to the date of such prepayment on the aggregate amount of the Advances and Term Loans (or portions thereof) prepaid. Upon the Bank's receipt of any payment or prepayment of any Advance or Term Loan, the amount of such Advance and/or Term Loan shall be reduced by the amount of such payment or prepayment. Any prepayment pursuant to this clause (c) or clause (d) below shall be applied first to outstanding Term Loans, in the inverse order of maturity, and then to outstanding Advances in the inverse order of maturity.

(d) Optional Prepayment. The Commission may prepay Advances in whole, or in part in a minimum amount of \$500,000 and in integral multiples of \$100,000 in excess thereof, in each case without penalty or premium on one Business Day's prior written notice, such prepayment to be applied as set forth in clause (c) above.

(e) Term Loan Option. On a Term Loan Conversion Date, each Advance maturing on such date shall, if the conditions set forth in Section 2.4(f) hereof have been satisfied, be converted to a term loan (a "Term Loan").

(f) Conditions Precedent to Term Loans. Amounts owed by the Commission for Advances remaining unpaid on their respective Term Loan Conversion Dates shall be converted to Term Loans if and only if:

(i) the representations and warranties of the Commission contained in Article IV of this Agreement are true and correct on and as of the Term Loan Conversion Date as though made on and as of such date;

(ii) no Default or Event of Default has occurred and is continuing or would result from converting the Advance to a Term Loan; and

(iii) neither a No-Issuance Notice nor the Final Drawing Notice shall be in effect and no Acceleration Notice has been delivered to the Commission.

(g) Repayment of Term Loans. The Commission agrees to pay to the Bank an amount equal to the unpaid principal amount of each Term Loan made by the Bank together with interest thereon from and including the Term Loan Conversion Date to but excluding the date the Bank is reimbursed therefor at a rate per annum equal to the Bank Rate; *provided* that from and after the occurrence of an Event of Default, each Term Loan shall bear interest at the Default Rate. Interest on the unpaid balance of each Term Loan shall be paid to the Bank monthly in arrears on the first Business Day of each calendar month during the term of such Term Loan (commencing with the first such date to occur after the Term Loan Conversion Date) and on the Term Loan Maturity Date. Each Term Loan shall be repaid in equal (or as nearly as possible) semi-annual installments (each such installment herein referred to as a "Principal Payment"),

such Principal Payments commence on the first Semi-Annual Date that is at least 180 days following the date of the related Advance and on each Semi-Annual Date thereafter, until paid in full; *provided* that the unpaid amount of each Term Loan shall be paid in full not later than the applicable Term Loan Maturity Date; *provided further*, that if the Commission elects to prepay a Term Loan in part, each such prepayment shall be applied (i) to the Term Loans in inverse order of the Term Loan Conversion Dates of the Term Loans, and (ii) to the remaining Principal Payments relating to each Term Loan prepaid in inverse order of the date of such Principal Payment.

(h) Prepayment of Term Loans. The Commission may prepay any Term Loan in whole, or in part in a minimum amount of \$500,000 and in integral multiples of \$100,000 in excess thereof, in each case without penalty on one Business Day's prior written notice, such prepayment to be applied as set forth in clause (g) above.

Section 2.5. Fees. The Commission hereby agrees to pay and perform its obligations provided for in the Fee Agreement, including the payment of all fees and expenses provided for therein in the amounts and on the dates set forth therein. The terms and provisions of the Fee Agreement are incorporated herein by reference. All references to amounts due hereunder or under this Agreement shall be deemed to include all amounts and obligations due under the Fee Agreement. All fees paid under this Agreement and the Fee Agreement will be fully earned when due and nonrefundable when paid.

Section 2.6. The Bank Note. All Reimbursement Obligations shall be evidenced by one promissory note of the Commission, designated "San Francisco Public Utilities Bank Note, (Power Series A-2 – Sumitomo Mitsui Banking Corporation, New York Branch)," in substantially the form of Exhibit B hereto (the "Bank Note") to be issued on the Closing Date, payable to the Bank in a principal amount equal to the amount of the Original Stated Amount. All Reimbursement Obligations made by the Bank and all payments and prepayments made on account of principal and interest thereof shall be recorded by the Bank on its books and records relating to the Bank Note. The Commission shall pay principal and interest on the Bank Note on the dates and at the rates provided for in Sections 2.3 and 2.4 hereof with respect to Unpaid Drawings, Advances and Term Loans.

Section 2.7. Termination or Replacement of Letter of Credit; Permanent Reduction of Stated Amount.

(a) Notwithstanding any provisions of the Ordinance to the contrary, the Commission agrees not to terminate, replace, or permanently reduce the Stated Amount of the Letter of Credit to zero, nor to direct the Issuing and Paying Agent to take any such action, except upon (i) the surrender (and cancellation) of the Letter of Credit to the Bank, (ii) the payment by the Commission to the Bank of the fees and expenses, if any, in the amount set forth in the Fee Agreement (including any termination fee) and all other Obligations payable hereunder and under the Fee Agreement, including, without limitation, all principal and accrued interest due and owing on any Unpaid Drawing, Advance, Term Loan or any amount due under the Bank Note and (iii) the Commission providing the Bank with thirty (30) days prior written notice of its intent to terminate, replace or permanently reduce the Stated Amount of the Letter of Credit to zero.

(b) Notwithstanding any provisions of the Ordinance to the contrary, the Commission agrees not to permanently reduce the Stated Amount of the Letter of Credit to an amount greater than zero, nor to direct the Issuing and Paying Agent to take any such action, except upon (i) delivery by the Bank to the Issuing and Paying Agent of a Decrease Notice (as defined in the Letter of Credit) which will amend the Letter of Credit to confirm the reduction of the Stated Amount, (ii) the payment by the Commission to the Bank of the fees and expenses, if any, in the amount set forth in the Fee Agreement (including any reduction fee) and (iii) the Commission providing the Bank with thirty (30) days prior written notice of its intent to permanently reduce the Stated Amount of the Letter of Credit to an amount greater than zero.

(c) All payments from the Commission to the Bank referred to in this Section 2.7 shall be made with immediately available funds on or before the date of termination, replacement or permanent reduction.

Section 2.8. Computation of Interest and Fees. Interest and fees payable hereunder and under the Fee Agreement shall be calculated on the basis of a year of 365 days and the actual number of days elapsed. Interest shall accrue during each period during which interest is computed from and including the first day thereof to but excluding the last day thereof.

Section 2.9. Payment Due on Non-Business Day to Be Made on Next Business Day. If any sum becomes payable pursuant to this Agreement on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of interest and fees.

Section 2.10. Late Payments. If the principal amount of any Obligation is not paid when due, such Obligation shall bear interest until paid in full at a rate per annum equal to the Default Rate, payable on demand.

Section 2.11. Source of Funds. All payments made by the Bank pursuant to the Letter of Credit shall be made from funds of the Bank, and not from the funds of any other Person.

Section 2.12. Extension of Stated Expiration Date. If the Commission on any date which is not more than one hundred twenty (120) days nor less than sixty (60) days prior to the Stated Expiration Date (as the same may be extended from time to time) submits to the Bank a written request for an extension of the Stated Expiration Date for a period as specified in such written request, the Bank will make reasonable efforts to respond to such request within thirty (30) days after receipt of all information necessary, in the Bank's reasonable judgment, to permit the Bank to make an informed credit decision. In the event the Bank fails to definitively respond to such request within such period of time, the Bank shall be deemed to have refused to grant the extension requested. The Bank may, in its sole and absolute discretion, decide to accept or reject any such proposed extension and no extension shall become effective unless the Bank shall have consented thereto in writing. The consent of the Bank, if granted, shall be conditioned upon the preparation, execution and delivery of documentation in form and substance satisfactory to the Bank and consistent with this Agreement. If such an extension request is accepted by the Bank in its sole and absolute discretion, the then current Stated Expiration Date for the Letter of Credit shall be extended to the date agreed to by the Commission and the Bank.

Section 2.13. Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Commission hereunder or under the Bank Note or the Fee Agreement shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes; *provided* that if the Commission shall be required by Applicable Law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Bank or any Participant receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Commission shall make such deductions and (iii) the Commission shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with Applicable Law.

(b) Payment of Other Taxes by the Commission. Without limiting the provisions of paragraph (a) above, the Commission shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.

(c) Indemnification by the Commission. The Commission shall indemnify the Bank and each Participant, within thirty (30) days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Bank or any Participant and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate stating the amount of such payment or liability delivered to the Commission by the Bank or any Participant shall be conclusive absent manifest error. In addition, the Commission shall indemnify the Bank and each Participant, within thirty (30) days after demand therefor, for any incremental Taxes that may become payable by the Bank or any Participant as a result of any failure of the Commission to pay any Taxes when due to the appropriate Governmental Authority or to deliver to the Bank or any Participant pursuant to clause (d), documentation evidencing the payment of Taxes.

(d) Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Commission to a Governmental Authority, the Commission shall deliver to the Bank or such Participant the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Bank or such Participant, as applicable.

(e) Treatment of Certain Refunds. If the Bank or any Participant determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified pursuant to this Section (including additional amounts paid by the Commission pursuant to this Section), it shall pay to the applicable indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, under this Section with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Bank or such Participant, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); *provided* that the applicable indemnifying party, upon the request of the Bank, or such Participant, as

applicable, agrees to repay the amount paid over pursuant to this Section (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Bank or such Participant in the event the Bank or such Participant is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (e), in no event will the Bank or any Participant be required to pay any amount to an indemnifying party pursuant to this paragraph (e) the payment of which would place the Bank or such Participant in a less favorable net after-Tax position than the Bank or such Participant would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require the Bank or any Participant to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Commission or any other Person.

(f) Survival. Without prejudice to the survival of any other agreement of the Commission hereunder, the agreements and obligations of the Commission contained in this Section shall survive the termination of this Agreement and the Letter of Credit and the payment in full of the Bank Note and the obligations of the Commission thereunder and hereunder.

Section 2.14. Increased Costs; Capital or Liquidity Requirements.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, liquidity ratio, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, the Bank or any Participant or the Bank's or any such Participant's parent or holding company, as the case may be;

(ii) subject to the Bank or any Participant or the Bank's or any such Participant's parent or holding company, as the case may be, to any Tax of any kind whatsoever with respect to this Agreement, the Bank Note, the Fee Agreement or the Letter of Credit, or change the basis of taxation of payments to the Bank or such Participant or the Bank's or any such Participant's parent or holding company, as the case may be, in respect thereof (except for Indemnified Taxes or Other Taxes covered by Section 2.13 and the imposition of, or any change in the rate of any Excluded Tax payable by the Bank or any Participant or the Bank's or any such Participant's parent or holding company, as the case may be); or

(iii) impose on the Bank or any Participant or the Bank's or any such Participant's parent or holding company, as the case may be, any other condition, cost or expense affecting this Agreement, the Bank Note, the Fee Agreement or the Letter of Credit;

and the result of any of the foregoing shall be to increase the cost to the Bank or such Participant or the Bank's or any such Participant's parent or holding company, as the case may be, related to issuing, funding or maintaining the Letter of Credit, or to reduce the amount of any sum received or receivable by the Bank or such Participant or the Bank's or any such Participant's parent or holding company, as the case may be, under this Agreement, the Bank Note or the Fee

Agreement (whether of principal, interest or any other amount) then, upon written request of the Bank or such Participant as set forth in clause (c) of this Section, the Commission shall promptly pay to the Bank or such Participant, as the case may be, such additional amount or amounts as will compensate the Bank or such Participant or the Bank's or any such Participant's parent or holding company, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital or Liquidity Requirements. If the Bank or any Participant determines that any Change in Law affecting the Bank or such Participant or the Bank's or such Participant's parent or holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on the Bank's or such Participant's or the Bank's or such Participant's parent or holding company holding, if any, as a consequence of this Agreement, the Bank Note or the Fee Agreement, or for issuing, funding or maintaining the Letter of Credit, to a level below that which the Bank or such Participant or the Bank's or such Participant's parent or holding company could have achieved but for such Change in Law (taking into consideration the Bank's or such Participant's policies and the policies of the Bank's or such Participant's parent or holding company with respect to capital adequacy or liquidity), then from time to time upon written request of the Bank or such Participant as set forth in clause (c) of this Section, the Commission shall promptly pay to the Bank or such Participant, as the case may be, such additional amount or amounts as will compensate the Bank or such Participant or the Bank's or such Participant's parent or holding company for any such reduction suffered. Notwithstanding the foregoing, the amount that any Participant shall be entitled to receive under this Section 2.14(b) shall in no event exceed the amount that the Bank would have been entitled to receive under this Section 2.14(b) had such Participant's funding obligation been a direct obligation of the Bank.

(c) Certificates for Reimbursement. A certificate of the Bank or a Participant setting forth the amount or amounts necessary to compensate the Bank or any such Participant or the Bank's or any such Participant's parent or holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Commission, shall be conclusive absent manifest error. The Commission shall pay the Bank or any such Participant, as the case may be, the amount shown as due on any such certificate within thirty (30) days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of the Bank or any such Participant to demand compensation pursuant to this Section shall not constitute a waiver of the Bank's or any such Participant's right to demand such compensation; *provided* that the Commission shall not be required to compensate the Bank or any such Participant pursuant to this Section for any increased costs incurred or reductions suffered more than one hundred eighty (180) days prior to the date that the Bank or any such Participant, as the case may be, notifies the Commission of the Change in Law giving rise to such increased costs or reductions, and of the Bank's or any such Participant's intention to claim compensation therefor (except that (i) if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof and (ii) if the Bank or any such Participant had no actual knowledge of the action resulting in such increased costs as of the date six months prior to the date of notice to the Commission, then the six-month period referred to above will not apply). As of the Closing Date, the Bank has no

knowledge of any enacted, adopted or issued Change in Law that would result in the imposition of increased costs pursuant to this Section 2.14.

(e) Survival. Without prejudice to the survival of any other agreement of the Commission hereunder, the agreements and obligations of the Commission contained in this Section shall survive the termination of this Agreement and the Letter of Credit and the payment in full of the Bank Note and the obligations of the Commission thereunder and hereunder.

Section 2.15. Margin Regulations. No portion of the proceeds of any Drawings under the Letter of Credit shall be used by the Commission (or the Issuing and Paying Agent or any other Person on behalf of the Commission) for the purpose of “purchasing” or “carrying” any margin stock or used in any manner which might cause the borrowing or the application of such proceeds to violate Regulation U, Regulation T, or Regulation X of the Board of Governors of the Federal Reserve System or any other regulation of said Board of Governors or to violate the Securities Exchange Act of 1934, as amended, in each case as in effect on the date or dates of such Drawings or Advances and such use of proceeds.

Section 2.16. Maximum Rate; Payment of Fee. Anything in Section 2.3, 2.4 or 2.10 hereof to the contrary notwithstanding, the amount of interest payable hereunder for any interest period shall not exceed the Maximum Rate. If (i) for any interest period the applicable interest rate would exceed the Maximum Rate, then (ii) such interest rate shall not exceed but shall be capped at such Maximum Rate and (iii) in any interest period thereafter that the applicable interest rate is less than the Maximum Rate, any Obligation hereunder shall bear interest at the Maximum Rate until the earlier of (x) payment to the Bank of an amount equal to the amount which would have accrued but for the limitation set forth under clause (i) of this paragraph and (y) the Term Loan Maturity Date. Upon the Term Loan Maturity Date or, if no Term Loan is or could be outstanding on the Termination Date, the Termination Date, in consideration for the limitation of the rate of interest otherwise payable hereunder, to the extent permitted by applicable law the Commission shall pay to the Bank a fee in an amount equal to the amount which would have accrued but for the limitation set forth under clause (i) of this paragraph that has not previously been paid to the Bank in accordance with the immediately preceding sentence.

Section 2.17. Security of Obligations. Notwithstanding any other provision of this Agreement or any other Basic Document to the contrary, all obligations to the Bank under this Agreement, including, without limitation, the Bank Note, are limited obligations of the Commission payable solely from the Available Power Enterprise Revenues and the Funds and Accounts created under the Issuing and Paying Agent Agreement with respect thereto (except the Rebate Fund), as provided in the Issuing and Paying Agent Agreement, and subject to application as set forth in the Master Trust Indenture. The Obligations and the Bank Note are Subordinate Obligations (as defined in the Master Trust Indenture).

Section 2.18. Commercial Paper Operations.

(a) Issuance Generally. The Commission will permit Series A-2 Commercial Paper Notes to be issued, and authorize the Issuing and Paying Agent to issue Series A-2 Commercial Paper Notes, only in accordance with the terms of the Issuing and Paying Agent Agreement and this Agreement.

(b) No-Issuance Notices; Final Drawing Notice; Acceleration Notice. Series A-2 Commercial Paper Notes may be issued from time to time prior to the Stated Expiration Date in accordance herewith and with the Issuing and Paying Agent Agreement so long as (i) the Issuing and Paying Agent is not in receipt of a No-Issuance Notice, and not rescinded, by the Bank not to issue Series A-2 Commercial Paper Notes and (ii) the Issuing and Paying Agent is not in receipt of the Final Drawing Notice or Acceleration Notice. The Bank may deliver a No-Issuance Notice at any time a Default or an Event of Default shall have occurred and be continuing. The Bank may deliver the Final Drawing Notice at any time when an Event of Default shall have occurred and be continuing. The Bank may deliver the Acceleration Notice at any time an “event of default” has occurred and is continuing under the Issuing and Paying Agent Agreement. A No-Issuance Notice, the Final Drawing Notice or the Acceleration Notice (for purposes of this Section 2.18(b)) shall be effective when received by the Issuing and Paying Agent; *provided, however*, that a No-Issuance Notice, the Final Drawing Notice or the Acceleration Notice received by the Issuing and Paying Agent after 10:00 a.m. New York City time, on any Business Day shall be effective on the next succeeding Business Day. A No-Issuance Notice, the Final Drawing Notice or the Acceleration Notice may be given by facsimile or electronic mail transmission, confirmed in writing within 24 hours, but the failure to so confirm such No-Issuance Notice, the Final Drawing Notice or the Acceleration Notice in writing shall not render such No-Issuance Notice, the Final Drawing Notice or the Acceleration Notice ineffective. The Bank will furnish a copy of any No-Issuance Notice, the Final Drawing Notice and the Acceleration Notice to the Commission and the Dealers promptly following delivery thereof to the Issuing and Paying Agent, but the failure to furnish any such copy shall not render ineffective such No-Issuance Notice, the Final Drawing Notice or the Acceleration Notice.

Section 2.19. Method of Payment; Etc. All payments to be made by the Commission under this Agreement, the Bank Note or the Fee Agreement shall be made to the Payment Account not later than 4:00 p.m. New York City time on the date when due and shall be made in lawful money of the United States of America in freely transferable and immediately available funds. Any payment received after such time shall be deemed to be received on the next succeeding Business Day for purposes of calculating any interest payable in respect thereof.

ARTICLE III

CONDITIONS PRECEDENT

Section 3.1. Conditions Precedent to Effectiveness. As conditions precedent to the obligation of the Bank to issue the Letter of Credit, each of the following conditions precedent shall have been fulfilled to the satisfaction of the Bank and its counsel:

(a) Opinions. The Bank shall have received (i) an opinion of the City Attorney of the City dated the Closing Date and addressed to the Bank (or on which the Bank may rely) to the effect that (A) the Commission is duly organized and validly existing as a commission of the City pursuant to the Charter with full legal power and authority to execute this Agreement, the Fee Agreement, the Issuing and Paying Agent Agreement and the other Basic Documents to which it is a party and to issue the Series A-2 Commercial Paper Notes; (B) this Agreement, the Fee Agreement, the Issuing and Paying Agent Agreement and the other Basic

Documents to which it is a party are valid and binding agreements of the Commission enforceable against the Commission in accordance with their respective terms, subject to bankruptcy, insolvency, moratorium or other laws affecting creditors' rights, to general principles of equity and to limitations on remedies against public agencies; (C) no authorization, approval, consent or order of any agency or body having jurisdiction over the Commission is required in connection with the issuance of the Series A-2 Commercial Paper Notes which has not been obtained; (D) the issuance of the Series A-2 Commercial Paper Notes and the execution, delivery and performance of this Agreement, the Fee Agreement, the Issuing and Paying Agent Agreement and the other Basic Documents to which it is a party do not conflict with any material law or agreements to which the Commission is a party, or cause a default under any material documents to which the Commission is a party; and (E) no litigation is pending or, to the best knowledge of the Commission, threatened against the Commission threatening its existence or power, its ability to issue the Series A-2 Commercial Paper Notes or to enter into and perform its obligations under this Agreement, the Fee Agreement, the Issuing and Paying Agent Agreement and the other Basic Documents to which it is a party, or in which a final adverse decision could materially adversely affect the business, operations or financial condition of the Commission, each such opinion (or, in lieu thereof, a reliance letter) to be addressed to the Bank, dated the Closing Date and in form and substance satisfactory to the Bank; and (ii) an opinion of Bond Counsel addressed to the Bank (or on which the Bank may rely) in the form of Appendix B to the Offering Memorandum, dated December [___], 2018 and an opinion of Bond Counsel addressed to the Bank with respect to this Agreement, the Fee Agreement, the Bank Note and the Issuing and Paying Agent Agreement.

(b) Documents. The Bank and its counsel shall have had an opportunity to review the Resolutions, the Ordinance, the Offering Memorandum, the Dealer Agreements and the Issuing and Paying Agent Agreement, and such documents shall be in form and substance satisfactory to the Bank. The Bank shall have received executed originals of this Agreement, the Fee Agreement, the Bank Note and the Issuing and Paying Agent Agreement, and certified copies of the Ordinance, the Resolutions, the Dealer Agreements and the Offering Memorandum, including all amendments and supplements, if any, to the foregoing, certified by the Secretary of the Commission or the Board, as applicable, as true, correct and complete copies thereof and being in full force and effect on and as of the Closing Date.

(c) Defaults; Representations and Warranties. On and as of the Closing Date hereof, (i) no Default or Event of Default hereunder and no default or event of default under any of the other Basic Documents shall have occurred and be continuing or would occur upon the issuance of the Letter of Credit or the making of any Advance or Term Loan and (ii) the representations of the Commission set forth in Article IV hereof and in each of the other Basic Documents shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as if made on and as of such date.

(d) No Litigation. No action, suit, investigation or proceeding shall be pending or, to the knowledge of the Commission, threatened (i) in connection with the Series A-2 Commercial Paper Notes or the other Basic Documents or any transactions contemplated thereby or hereby or (ii) against or affecting the Commission, the result of which could have a material adverse effect on the business, operations or condition (financial or otherwise) of the Commission or its ability to perform its obligations hereunder or under the Fee

Agreement, the Series A-2 Commercial Paper Notes or the other Basic Documents to which it is a party.

(e) No Material Adverse Change. Since the date of the Commission's most recent audited financial statements, (i) no material adverse change shall have occurred in the status of the business, operations or condition (financial or otherwise) of the Commission or its ability to perform its obligations hereunder or under the Fee Agreement, the Series A-2 Commercial Paper Notes or the other Basic Documents to which it is a party and (ii) no law, regulation, ruling or other action (or interpretation or administration thereof) of the United States, the State of California or any political subdivision or authority therein or thereof is in effect or has occurred, the effect of which would be to prevent the Bank from fulfilling its obligations hereunder or under the Series A-2 Commercial Paper Notes, this Agreement, the Fee Agreement or the other Basic Documents to which it is a party.

(f) Certificate. The Bank shall have received (i) certified copies of all proceedings of the Commission authorizing the execution, delivery and performance of this Agreement, the Fee Agreement, the Bank Note, the Issuing and Paying Agent Agreement and the other Basic Documents to which it is a party and the transactions contemplated hereby and thereby and (ii) a certificate or certificates of one or more Authorized Representatives dated the Closing Date certifying to the accuracy of the statements made in Section 3.1(c), (d) and (e) hereof and further certifying the name, incumbency and signature of each individual authorized to sign this Agreement, the Fee Agreement, the Bank Note, the Issuing and Paying Agent Agreement and the other documents or certificates to be delivered by the Commission pursuant hereto or thereto, on which the Bank may conclusively rely until a revised certificate is similarly delivered, and that the conditions precedent set forth in this Section 3.1 have been satisfied.

(g) Payment of Fees. The Bank shall have received all fees and expenses due and payable to the Bank or its legal counsel pursuant to the Fee Agreement shall be paid, or alternative arrangements satisfactory therefor have been made with the Bank.

(h) Financial Statements. The Bank shall have received the audited financial statements of the Commission for the Fiscal Year ended June 30, 2017, and internally prepared quarterly budget reports of the Commission for the most recent fiscal quarter end, and a copy of the current quarterly budgeting status report, if not previously provided.

(i) Investment Policy and Guidelines. The Bank shall have received a copy of the current Investment Policy and Guidelines and other permitted investments, certified as of a recent date by an Authorized Representative, which shall be satisfactory to the Bank.

(j) Bank Note. The Bank shall have received written confirmation that (i) a CUSIP number has been obtained from Standard and Poor's CUSIP Services for the Bank Note and (ii) the Bank Note (and its CUSIP number) has been assigned a long term rating of at least investment grade from at least one Rating Agency.

(k) Ratings. The Bank shall have received written confirmation that the Series A-2 Commercial Paper Notes have been rated "F1" by Fitch and "A-1" by Standard &

Poor's and that the underlying long-term credit ratings assigned to the Commission's unenhanced Bonds are rated at least "AA-" by Fitch and "A+" by Standard & Poor's.

(l) Other Matters. The Bank shall have received such other statements, certificates, agreements, documents and information with respect to the Commission and matters contemplated by this Agreement as the Bank may request.

In addition, (A) the Bank shall have made a reasonable determination that, as of the Closing Date, no law, regulation, ruling or other action of the United States of America, the State or any other Governmental Authority or any political subdivision or authority therein or thereof shall be in effect or shall have occurred, the effect of which would be to prevent the Commission, the Issuing and Paying Agent, the Dealers or the Bank from fulfilling their respective obligations under this Agreement and the Basic Documents and (B) no material adverse change in the financial condition of the Commission or in the laws, rules, guidelines, or regulations (or their interpretation or administration) currently in effect and applicable to the parties hereto, the Commission and the transactions contemplated hereby, as reasonably determined by the Bank, shall have occurred. The execution and delivery of this Agreement by the Bank shall signify its having made such determination.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

In order to induce the Bank to issue the Letter of Credit, the Commission represents and warrants to the Bank as of the Closing Date and as of the Date of each Drawing under the Letter of Credit, as follows:

Section 4.1. Organization, Powers, Etc. The Commission (a) is a commission of the City and County of San Francisco organized and existing under the Charter and (b) has the full legal right, power and authority to (i) issue and sell the Series A-2 Commercial Paper Notes in accordance with the Issuing and Paying Agent Agreement; (ii) own and operate the Power Enterprise and control its properties and to carry on its business as now conducted and as contemplated to be conducted in connection with the issuance of the Series A-2 Commercial Paper Notes, and the execution, delivery and performance of its obligations under this Agreement, the Fee Agreement, the Bank Note and the other Basic Documents to which it is a party, (iii) execute, deliver and perform its obligations under the Bank Note, the Fee Agreement, the other Basic Documents to which it is a party and this Agreement, and (iv) provide for the security of the Series A-2 Commercial Paper Notes and the Bank Note pursuant to the Charter, the Resolutions, the Issuing and Paying Agent Agreement, the Master Trust Indenture and this Agreement; and (c) has complied with all Laws in all matters related to such actions of the Commission as are contemplated by this Agreement, the Bank Note, the Fee Agreement and the other Basic Documents to which it is a party.

Section 4.2. Authorization, Absence of Conflicts, Etc. The issuance of the Series A-2 Commercial Paper Notes and the execution, delivery and performance by the Commission of this Agreement, the Bank Note, the Fee Agreement and the other Basic Documents to which it is a party (a) have been duly authorized by all necessary action on the part of the Commission, (b) do

not and will not conflict with, or result in a violation of, any Laws, including the Charter, or any order, writ, rule or regulation of any court or governmental agency or instrumentality binding upon or applicable to the Commission which violation would result in a material adverse impact on the Commission and (c) do not and will not conflict with, result in a violation of, or constitute a default under, any resolution, agreement or instrument to which the Commission is a party or by which the Commission or any of its property is bound which in each case would result in a material adverse impact on the Commission.

Section 4.3. Binding Obligations; Security for Bank Note.

(a) This Agreement, the Fee Agreement, the Bank Note and each of the other Basic Documents to which the Commission is a party, when executed by the parties hereto and thereto, will be, valid and binding obligations of the Commission (assuming due authorization and execution by the other parties thereto) enforceable against the Commission in accordance with their respective terms, except to the extent, if any, that the enforceability thereof may be limited by (i) any applicable bankruptcy, insolvency, reorganization, moratorium or other similar law of the State or Federal government affecting the enforcement of creditors' rights heretofore or hereafter enacted, (ii) the fact that enforcement may also be subject to the exercise of judicial discretion in appropriate cases and (iii) the limitations on legal remedies against public agencies of the State, if any.

(b) The obligations hereunder, under the Fee Agreement and under the Bank Note are obligations secured by a first Lien on, and payable from, the Available Power Enterprise Revenues, equally and ratably with, and on a parity with, all other Parity Debt and a first Lien on, and payable from, the Funds and Accounts created under the Issuing and Paying Agent Agreement with respect to the Available Power Enterprise Revenues (except the Rebate Fund), equally and ratably with, the Commercial Paper Notes, the Bank Note, the Series A-1 Bank Note and all obligations of the Commission relating to such Commercial Paper Notes under the Issuing and Paying Agent Agreement and under the Series A-1 Reimbursement Agreement, this Agreement and [all Parity Notes] secured by Available Power Enterprise Revenues.

(c) There is no pledge of or Lien on Power Enterprise Revenues that ranks senior to the obligations hereunder, under the Fee Agreement, the Bank Note, or Parity Notes other than the Bonds.

(d) The Bank is the "Series A-2 Bank" within the meaning of the Issuing and Paying Agent Agreement, the Letter of Credit is the "Series A-2 Letter of Credit" within the meaning of the Issuing and Paying Agent Agreement, and this Agreement is the "Series A-2 Reimbursement Agreement" within the meaning of the Issuing and Paying Agent Agreement.

Section 4.4. Governmental Consent or Approval. No consent, approval, permit, authorization or order of, or registration or filing with, any court or government agency, authority or other instrumentality not already obtained, given or made is required on the part of the Commission for the execution, delivery and performance by the Commission of this Agreement, the Bank Note, the Fee Agreement or any other Basic Document to which it is a party. All consents, approvals, permits, authorizations and orders of, and registrations and filings

with, any court or governmental or public agency, authority or other instrumentality required for the issuance, sale, execution, delivery and performance of this Agreement, the Fee Agreement, the Bank Note or any other Basic Document to which it is a party, have been or will be obtained prior to the delivery thereof.

Section 4.5. Absence of Material Litigation. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator, governmental or other board, body or official, pending or, to the best knowledge of the Commission, threatened against or affecting the Commission, questioning the validity of the Charter, the Ordinance or the Resolutions, or any proceeding taken or to be taken by the Commission in connection with the execution, delivery and performance by the Commission of this Agreement, the Bank Note, the Fee Agreement, or any other Basic Document to which it is a party, or seeking to prohibit, restrain or enjoin the execution, delivery or performance by the Commission of any of the foregoing, or which, if adversely determined, could reasonably be expected to result in any material adverse change in the financial condition, operations or prospects of the Commission, or wherein an unfavorable decision, ruling or finding would in any way materially adversely affect the transactions contemplated by this Agreement or any of the other Basic Documents.

Section 4.6. Financial Condition. The audited financial statements of the Commission, as at and for the period ended June 30, 2017 (the “2017 Audited Financial Statements”), and all other financial statements of the Commission furnished to the Bank were prepared in accordance with GAAP applied on a consistent basis throughout the periods involved and are subject to certification by independent certified public accountants of nationally recognized standing or by independent certified public accountants otherwise acceptable to the Bank. The 2017 Audited Financial Statements were prepared by KPMG LLP. The audited financial statements of the Commission for fiscal year 2018 will be prepared by KPMG LLP or similar qualified independent auditing firm. The data on which such financial statements and budget reports are based were true and correct. The 2017 Audited Financial Statements and the budget reports present fairly the financial position of the Commission as of the date they purport to represent and the revenues, expenses and changes in fund balances and in financial position for the periods then ended. Since June 30, 2017, no material adverse change has occurred in the business, operations or condition (financial or otherwise) of the Commission.

Section 4.7. Incorporation of Representations and Warranties. The representations and warranties of the Commission set forth in the Basic Documents are true and accurate in all material respects on the Closing Date, as fully as though made on the Closing Date. The Commission makes, as of the Closing Date, each of such representations and warranties to, and for the benefit of, the Bank, as if the same were set forth at length herein together with all applicable definitions thereto. No amendment, modification or termination of any such representations, warranties or definitions contained in the Basic Documents shall be effective to amend, modify or terminate the representations, warranties and definitions incorporated herein by this reference, without the prior written consent of the Bank.

Section 4.8. Accuracy and Completeness of Information. All certificates, financial statements, documents and other written information furnished to the Bank by the Commission on or prior to the Closing Date in connection with the transactions contemplated hereby were, as of their respective dates, complete and correct in all material respects to the extent necessary to

give the Bank true and accurate knowledge of the subject matter thereof and did not contain any untrue statement of a material fact and there are no facts that the Commission has not disclosed in writing to the Bank that, individually or in the aggregate, could materially impair the ability of the Commission to perform its obligations under the Series A-2 Commercial Paper Notes, the Bank Note, this Agreement, the Fee Agreement or the other Basic Documents. To the best knowledge of the Commission, the Offering Memorandum does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided*, that no representation is made with respect to information included in the Offering Memorandum concerning (i) the Bank, furnished in writing by the Bank expressly for inclusion therein, or (ii) DTC, furnished in writing by DTC expressly for inclusion therein.

Section 4.9. No Default.

(a) No Default or Event of Default under this Agreement has occurred and is continuing that is or would, with the passage of time or the giving of notice, or both, constitute a default by the Commission in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Basic Document to which it is a party.

(b) No “event of default” shall have occurred and be continuing under any other material mortgage, indenture, contract, agreement or undertaking to which the Commission is a party or which purports to be binding on the Commission or on any of its property.

Section 4.10. No Proposed Legal Changes. There is no amendment or, to the knowledge of the Commission, proposed amendment to the Constitution of the State, any State law or the Charter or any administrative interpretation of the Constitution of the State, any State law, or the Charter, or any judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have a material adverse effect on the Commission’s obligations under this Agreement, the Fee Agreement, the Bank Note or the any of the other Basic Documents to which the Commission is a party or the ability of the Commission to perform its obligations in connection herewith or therewith.

Section 4.11. Compliance with Laws, Etc.. The Commission is in compliance with all Laws applicable to it, non-compliance with which might have a material adverse effect on the security for the Series A-2 Commercial Paper Notes and the obligations under this Agreement, the Fee Agreement, the Bank Note and the validity and enforceability of this Agreement and the other Basic Documents to which the Commission is a party. In addition, no benefit plan maintained by the Commission for its employees is subject to the provisions of ERISA, and the Commission is in compliance with all Laws in respect of each such benefit plan.

Section 4.12. Environmental Matters. In the ordinary course of its business, the Commission conducts an ongoing review of Environmental Laws on the business, operations and the condition of its property, 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 Commission does not believe that Environmental Laws are likely to have a material adverse effect on the ability of the Commission to make any payments in respect of the Series A-2 Commercial Paper Notes, the Bank Note or any of its obligations hereunder or under the Fee Agreement.

Section 4.13. Tax Status of Interest on Series A-2 Commercial Paper Notes. The Commission represents to the Bank that it has not taken any action, and knows of no action that any other Person has taken, which would cause interest on the Series A-2 Commercial Paper Notes to be includable in the gross income of the recipients thereof for Federal income tax purposes or State of California income tax purposes.

Section 4.14. Issuing and Paying Agent; Dealers. The Commission represents that U.S. Bank National Association has been appointed the Issuing and Paying Agent for the Series A-2 Commercial Paper Notes and that Barclays Capital Inc., Goldman Sachs & Co. LLC and RBC Capital Markets, LLC, collectively, have each been duly appointed to serve as Dealers for the Series A-2 Commercial Paper Notes under their respective Dealer Agreement and the Resolutions.

Section 4.15. Regulation U. The Commission is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System); and no proceeds of the Series A-2 Commercial Paper Notes, the Advances or the Term Loans will be used to extend credit to others for the purpose of purchasing or carrying any margin stock.

Section 4.16. Liens. The Issuing and Paying Agent Agreement creates a valid lien on and pledge of the Available Power Enterprise Revenues and the Funds and Accounts created under the Issuing and Paying Agent Agreement with respect thereto (except the Rebate Fund), subject only to the provisions of the Issuing and Paying Agent Agreement permitting the application thereof for purposes and on the terms and conditions set forth therein, to provide security for the payment of the principal of and interest on the Series A-2 Commercial Paper Notes and the obligations of the Commission under this Agreement, the Fee Agreement and the Bank Note, and no filings, recordings, registrations or other actions are necessary to create or perfect such lien.

Section 4.17. Sovereign Immunity. The Commission is not entitled to immunity from legal proceedings to enforce this Agreement, the Fee Agreement, the Bank Note, the Series A-2 Commercial Paper Notes or any other Basic Document to which the Commission is a party (including, without limitation, immunity from service of process or immunity from jurisdiction of any court otherwise having jurisdiction) and is subject to claims and suits for damages in connection with its obligations under this Agreement, the Fee Agreement, the Bank Note, the Series A-2 Commercial Paper Notes or any other Basic Document to which the Commission is a party.

Section 4.18. City Business Days. Attached to this Agreement as Exhibit D is a complete and accurate list of the days that are legal holidays of the City for 2019, as well as any other day the City is authorized by law to be closed for official business during 2019.

Section 4.19. Usury. The terms of this Agreement and the Basic Documents to which the Commission is a party regarding the calculation and payment of interest and fees do not violate any applicable usury laws.

Section 4.20. Insurance. As of the Closing Date, the Commission maintains such insurance, including self-insurance, as is required by Section 5.1(l) hereof.

Section 4.21. ERISA. The Commission does not maintain or contribute to, and has not maintained or contributed to, any Employee Plan that is subject to Title IV of ERISA.

Section 4.22. Sanctions Concerns and Anti-Corruption Laws.

(a) Neither the Commission, nor, to the knowledge of the Commission, any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is (i) currently the subject or target of any Sanctions, (ii) included on OFAC's List of Specially Designated Nationals, HMT's Consolidated List of Financial Sanctions Targets and the Investment Ban List, or any similar list enforced by any other relevant sanctions authority or (iii) located, organized or resident in a Designated Jurisdiction.

(b) The Commission has conducted its business in compliance with the United States Foreign Corrupt Practices Act of 1977 and other similar anti-corruption legislation in other jurisdictions, and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

Section 4.23. Swap Contracts. The Commission has not entered into any Swap Contract secured by Power Enterprise Revenues (a) wherein any termination payment thereunder is senior to or on a parity with the payment of the Series A-2 Commercial Paper Notes or the Obligations or (b) which requires the Commission to post cash collateral to secure its obligations thereunder.

ARTICLE V

COVENANTS

Section 5.1. Affirmative Covenants. So long as any amounts may be drawn under the Letter of Credit or any Obligations remain outstanding under this Agreement, the Commission will perform and observe the covenants set forth below, unless the Bank shall otherwise consent in writing:

(a) Accounting and Reports. The Commission will maintain a standard system of accounting in accordance with GAAP consistently applied and furnish to the Bank:

(i) as soon as practicable and, in any event, within two hundred ten (210) days after the end of each Fiscal Year of the Commission, a balance sheet of the

Commission as at the end of such Fiscal Year and statements of income, changes in fund balances and cash flows for the Fiscal Year then ended, all in reasonable detail prepared in accordance with GAAP consistently applied, accompanied by (A) a report and opinion of the Commission's independent accountants (who shall be of nationally recognized standing or an independent certified public accountant otherwise acceptable to the Bank) which report and opinion shall have been prepared in accordance with generally accepted auditing standards and (B) a compliance certificate, substantially in the form of Exhibit C hereto, signed by an Authorized Representative stating that no Event of Default or Default has occurred, or if such Event of Default or Default has occurred, specifying the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to correct such Event of Default or Default;

(ii) as soon as practicable but, in any event, within ten (10) days after the issuance thereof, copies of any prospectus, official statement, offering circular, placement memorandum or similar document, and any supplements thereto and updates and amendments thereof (including any filings made pursuant to Rule 15c2-12 under the Securities Act of 1933, as amended), that the Commission makes available in connection with the offering for sale of any bonds or notes of which it is the issuer and copies of any other financial reports or other written information distributed generally to holders of bonds or notes issued by the Commission;

(iii) within sixty (60) days after the first day of the Fiscal Year, a copy of its Annual Budget for such Fiscal Year and such additional period as may be covered by such Annual Budget, which Annual Budget shall include all obligations due hereunder, under the Fee Agreement and in connection with the Series A-2 Commercial Paper Notes and the Bank Note;

(iv) as soon as practicable but, in any event, within ten (10) days after the adoption of any resolution authorizing the issuance of any Parity Debt, notice of the proposed issuance of such Parity Debt and a copy of such resolution; and

(v) with reasonable promptness, such other data regarding the financial position or business of the Commission or its property as the Bank may reasonably request from time to time.

As and to the extent that any financial statement, audit report or other filing described in Section 5.1(a) hereof has been filed in accordance with the terms thereof with any nationally recognized municipal securities information repository and with the Municipal Securities Rulemaking Board, the requirements of Section 5.1(a) hereof with respect thereto shall be deemed satisfied.

(b) Access to Records. At any reasonable time and from time to time, during normal business hours and on at least five (5) Business Days' notice, the Commission will permit the Bank or any of its agents or representatives to visit and inspect any of the properties of the Commission and the other assets of the Commission, to examine the books of account of the Commission (and to make copies thereof and extracts therefrom), and to discuss the affairs,

finances and accounts of the Commission with, and to be advised as to the same by, its officers, all at such reasonable times and intervals as the Bank may reasonably request.

(c) Compliance with Documents and Other Debt Documents; Operation and Maintenance of Power Enterprise.

(i) The Commission will perform and comply with each covenant set forth in the Basic Documents, the Master Trust Indenture and in any other authorizing document that shall be entered into by the Commission and created subsequent to the Closing Date with respect to the Commercial Paper Notes, the Master Trust Indenture or any Parity Debt including, without limitation, each line of credit, letter of credit, bond insurance policy, surety bond or other form of credit or liquidity enhancement the Commission may provide in conjunction with the issuance of any Power Enterprise Debt (the foregoing documents and the Master Trust Indenture (exclusive of the Basic Documents) being referred to herein as "Other Debt Documents"). By the terms of this Agreement, the Bank shall be a third party beneficiary of the covenants set forth in each of the Basic Documents, including each amendment and supplement to the foregoing, and in each Other Debt Document, and each such covenant, together with the related definitions of terms contained therein, is hereby incorporated by reference herein with the same effect as if it were set forth herein in its entirety. Except as otherwise set forth in paragraph (ii) below and in Section 5.2(a) hereof, the Commission will not amend, supplement or otherwise modify (or permit any of the foregoing), or request or agree to any consent or waiver under, or effect or permit the cancellation, acceleration or termination of, or release or permit the release of any collateral held under any of the Basic Documents or any Other Debt Document in any manner without the prior written consent of the Bank, and the Commission will take, or cause to be taken, all such actions as may be reasonably requested by the Bank to strictly enforce the obligations of the other parties to any of the Basic Documents and any Other Debt Documents, as well as each of the covenants set forth therein. The Commission shall give prior written notice to the Bank of any action referred to in this subparagraph (i).

(ii) The Commission covenants that it will maintain and preserve the Power Enterprise in good repair and working order at all times from the Power Enterprise Revenues available for such purposes, in conformity with standards customarily followed for electric power systems of like size and character. The Commission will from time to time make all necessary and proper repairs, renewals, replacements and substitutions to the properties of the Power Enterprise, so that at all times business carried on in connection with the Power Enterprise shall and can be properly and advantageously conducted in an efficient manner and at reasonable cost, and will operate the Power Enterprise in an efficient and economical manner and shall not commit or allow any waste with respect to the Power Enterprise.

(d) Defaults. The Commission will notify the Bank of any Default or Event of Default of which the Commission has knowledge, as soon as possible and, in any event, within three (3) Business Days of acquiring knowledge thereof, setting forth the details of such Default or Event of Default and the action which the Commission has taken and proposes to take with respect thereto.

(e) Compliance with Laws. The Commission will comply in all material respects with all Laws binding upon or applicable to the Commission (including Environmental Laws) and material to this Agreement, the Fee Agreement, the Bank Note or any other Basic Documents.

(f) Series A-2 Commercial Paper Notes. No Series A-2 Commercial Paper Note issued pursuant to the Resolution or the Issuing and Paying Agent Agreement shall have a maturity of greater than two hundred seventy (270) days.

(g) Use of Proceeds of the Series A-2 Commercial Paper Notes. The Commission will use the proceeds derived from the sale of the Series A-2 Commercial Paper Notes only for the purposes set forth in the Basic Documents and for such other purpose or purposes as may be approved by the Bank. In addition, the Commission will not use, nor permit the use of, the proceeds of the Series A-2 Commercial Paper Notes or any Drawing to be applied in violation of Regulation U issued by the Board of Governors of the Federal Reserve System.

(h) Litigation Notice. The Commission covenants that it will promptly give notice to the Bank of any action, suit or proceeding actually known to it at law or in equity or by or before any court, governmental instrumentality or other agency which, if adversely determined, would materially impair the ability of the Commission to perform its obligations under the Series A-2 Commercial Paper Notes, the Bank Note, this Agreement, the Fee Agreement or the other Basic Documents.

(i) Investment Policy and Guidelines. The Commission shall promptly notify the Bank in writing, not less than thirty (30) days after the Commission's formal consideration thereof, of any change proposed to the Investment Policy and Guidelines, which proposed change would increase the types of investments permitted thereby as of the Closing Date; and which notice shall also confirm compliance with State law.

(j) Further Assurances. The Commission shall execute, acknowledge where appropriate, and deliver, and cause to be executed, acknowledged where appropriate, and delivered, from time to time, promptly at the request of the Bank, all such instruments and documents as are usual and customary or advisable to carry out the intent and purpose of this Agreement, the Bank Note and the Basic Documents.

(k) Notices. The Commission will promptly furnish, or cause to be furnished, to the Bank (i) notice of the occurrence of any "event of default" under the Issuing and Paying Agent Agreement, any other Basic Document to which it is a party or any other document pursuant to which Power Enterprise Debt is issued, incurred, enhanced or purchased, (ii) notice of the failure by any Dealer or the Issuing and the Paying Agent to perform any of their respective obligations under the applicable Dealer Agreement or the Issuing and Paying Agent Agreement, as applicable, (iii) notice of the appointment, resignation or proposed removal of any Dealer or the Issuing and Paying Agent, (iv) copies of any communications received from any taxing authority, securities regulatory authority or Rating Agency with respect to the Series A-2 Commercial Paper Notes, the transactions contemplated hereby, or any other Power Enterprise Debt which discloses the occurrence of an event or the existence of a condition which could materially impair the ability of the Commission to perform its obligations under the Series A-2

Commercial Paper Notes, the Bank Note, this Agreement, the Fee Agreement or the other Basic Documents and which are not restricted or prohibited from being shared under the law or the direction of a court of competent jurisdiction or other Governmental Authority or, with respect to Rating Agency reports, which are not confidential draft Rating Agency reports, (v) notice of any proposed substitution of the Letter of Credit, (vi) notice of any proposed amendment to the Issuing and Paying Agent Agreement or the Resolutions or any other Basic Document and copies of all such amendments promptly following the execution thereof and (vii) notice of any change in any material fact or circumstance represented or warranted in this Agreement or in any of the other Basic Documents which could materially impair the ability of the Commission to perform its obligations under the Series A-2 Commercial Paper Notes, the Bank Note, this Agreement, the Fee Agreement or the other Basic Documents.

(l) Maintenance of Insurance.

(i) The Commission shall maintain, or cause to be maintained, at all times, insurance on and with respect to its properties with responsible and reputable insurance companies; *provided, however*, that the Commission may maintain self-insurance general liability on its properties not covered by the PEPPIP policy, for worker's compensation and vehicle liability and, with the consent of the Bank, such other self-insurance as it deems prudent. Such insurance shall include casualty, liability and workers' compensation and be in amounts and with deductibles and exclusions customary and reasonable for governmental entities of similar size and with similar operations as the Commission.

(ii) The Commission shall, upon request of the Bank, furnish evidence of such insurance to the Bank. The Commission shall also procure and maintain at all times adequate fidelity insurance or bonds on all officers and employees handling or responsible for any Power Enterprise Revenues or funds of the Power Enterprise, such insurance or bond to be in an aggregate amount at least equal to the maximum amount of such Power Enterprise Revenues or funds at any one time in the custody of all such officers and employees or in the amount of one million dollars (\$1,000,000), whichever is less. The insurance described above may be provided as part of any comprehensive fidelity and other insurance and not separately for the Power Enterprise.

(m) Alternate Facility.

(i) The Commission shall use commercially reasonable efforts to obtain an Alternate Facility to replace the Letter of Credit (or otherwise refinance the Series A-2 Commercial Paper Notes) if (A) the Bank decides not to extend the Stated Expiration Date pursuant to Section 2.12 hereof, (B) an Event of Default has occurred and is continuing, (C) the Commission terminates the Letter Credit pursuant to Section 2.7 hereof or (D) the Bank declares all amounts due hereunder, under the Fee Agreement and under the Bank Note immediately become due and payable.

(ii) The Commission shall not cause an Alternate Facility to become effective with respect to than all the Series A-2 Commercial Paper Notes without the prior written consent of the Bank. The Commission agrees that any termination of this Agreement as a

result of the provision of any Alternate Facility will require, as a condition thereto, that the Commission provide funds on the date of such termination, which funds will be sufficient to pay all amounts due to the Bank hereunder and under the Fee Agreement including, without limitation, the amounts due with respect to the Bank Note together, in each case, with accrued but unpaid interest thereon. On the date of such termination, the Commission shall pay to the Bank an amount equal to the outstanding principal amount, together with any accrued by unpaid interest thereon, of any and all other obligations due and owing hereunder and under the Fee Agreement.

(n) Preservation of Security. The Commission shall take any and all actions necessary or reasonably requested by the Bank to maintain the security pledged in favor of the Bank Note as described in Section 5.1(q) hereof.

(o) City Business Days. During the term of this Agreement, upon learning of any change in the legal holidays of the City or the day or days that the City is authorized by law to be closed for official business, as initially listed on Exhibit D attached hereto, the Commission shall promptly send the Bank written notice of such change(s), in the form of an updated complete list, which shall replace Exhibit D attached hereto.

(p) Preservation of Existence, Etc. The Commission will not take any action pursuant to the Charter to accomplish a merger of the Power Enterprise with any other entity or enterprise, unless and until the Commission shall have provided a method for segregating the Power Enterprise Revenues from the revenues of said other entity or enterprise in a manner that will, or shall otherwise, preserve the lien upon the Available Power Enterprise Revenues for the payment of the Series A-2 Commercial Paper Notes and the obligations of the Commission under this Agreement, the Fee Agreement and the Bank Note described provided in Section 5.1(q) hereof, and shall have obtained an opinion of counsel from a firm nationally recognized in the practice of tax-exempt financing that such merger will not, in and of itself, (i) affect the exclusion from gross income of the interest on the Series A-2 Commercial Paper Notes, and (ii) cause the lien or security interest created by this Agreement to be no longer valid as provided in Section 5.1(q) hereof. In the event the Commission does effect such a merger, the Commission shall provide written notice thereof to the Bank and shall deliver a copy of the aforementioned opinion to the Bank.

(q) Pledge of Available Power Enterprise Revenues. The Series A-2 Commercial Paper Notes and the obligations of the Commission under the Agreement, the Fee Agreement and the Bank Note are revenue obligations, and are not secured by the taxing power of the Commission and shall be payable as to both principal and interest from, and shall be secured by a pledge (which pledge shall be effected in the manner and to the extent hereinafter provided) of, the Available Power Enterprise Revenues. The Available Power Enterprise Revenues and the Funds and Accounts created under the Issuing and Paying Agent Agreement with respect thereto (except the Rebate Fund) constitute a trust fund for the security and payment of the interest on and principal of the Commercial Paper Notes, the Bank Note and the Series A-1 Bank Note and all obligations of the Commission relating to such Commercial Paper Notes under the Issuing and Paying Agent Agreement and under the Series A-1 Reimbursement Agreement, this Agreement and all [Parity Notes] secured by Available Power Enterprise Revenues. The Available Power Enterprise Revenues and the Funds and Accounts created under

the Issuing and Paying Agent Agreement with respect thereto (except the Rebate Fund) are hereby pledged to the payment of the Series A-2 Commercial Paper Notes and the obligations of the Commission under this Agreement, the Fee Agreement and the Bank Note on a parity with the pledge set forth in Section 6.01 of the Issuing and Paying Agent Agreement without priority or distinction of one over the other. The pledge of Available Power Enterprise Revenues herein made shall be irrevocable until all of the Series A-2 Commercial Paper Notes and the obligations of the Commission under the Agreement, the Fee Agreement and the Bank Note have been paid and retired and any related obligations of the Commission under this Agreement have been satisfied. The Commission will not issue Debt secured by or payable from the Power Enterprise Revenues on a basis that is senior to the obligations owed to the Bank hereunder, under the Fee Agreement and the Bank Note other than Bonds.

(r) Payment of Taxes, Etc. The Commission will pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Commission on account of the Power Enterprise or any portion thereof and which, if unpaid, might impair the security of the Series A-2 Commercial Paper Notes or the obligations of the Commission under this Agreement, the Fee Agreement or the Bank Note when the same shall become due, but nothing herein contained shall require the Commission to pay any such tax, assessment or charge so long as it shall in good faith contest the validity thereof. The Commission will duly observe and comply with all valid material requirements of any governmental authority relative to the Power Enterprise or any part thereof.

(s) Notice of Rating Change. The Commission shall use its best efforts to notify the Bank as soon as practicable of any suspension, reduction or withdrawal in the senior long-term rating of any Power Enterprise Debt.

(t) Issuing and Paying Agent and Dealer.

(i) The Commission shall at all times maintain an Issuing and Paying Agent pursuant to the terms of the Issuing and Paying Agent Agreement.

(ii) The Commission shall at all times maintain a Dealer with respect to the Series A-2 Commercial Paper Notes that is acceptable to the Bank. The Commission agrees to cause each Dealer to use its best efforts to sell Series A-2 Commercial Paper Notes up to the maximum rate applicable to Series A-2 Commercial Paper Notes in order to repay maturing Series A-2 Commercial Paper Notes. If any Dealer fails to perform its duties under the Dealer Agreement for a period of thirty (30) consecutive calendar days, at the written direction of the Bank, the Commission shall use commercially reasonable efforts to cause the related Dealer (that has failed to perform its duties) to be replaced with a Dealer acceptable to the Bank within thirty (30) calendar days of the receipt of such written direction. Any Dealer Agreement with a successor Dealer shall provide that such dealer may not resign until the earlier of (x) such dealer providing at least sixty (60) days' prior written notice to the Commission, the Issuing and Paying Agent and the Bank and (y) the date on which a successor dealer has been appointed and accepted its appointment.

(u) Amounts of Rates and Charges. The Commission covenants to fix, establish, maintain and collect rates and charges for electric power and energy and other services, facilities and commodities sold, furnished or supplied through the facilities of the Power Enterprise, which shall be fair and nondiscriminatory and adequate to provide the Commission with Power Enterprise Revenues in each Fiscal Year sufficient:

(i) to pay, to the extent not paid from other available moneys, (A) the Operation and Maintenance Expenses during such Fiscal Year, (B) the Annual Debt Service on the Bonds due and payable in such Fiscal Year, (C) the amounts, if any, required to be deposited into the Reserve Fund established pursuant to the Master Trust Indenture during such Fiscal Year and (D) any and all other amounts the Commission is obligated to pay or set aside from the Power Enterprise Revenues by law or contract in such Fiscal Year, including, without limitation and without duplication, amounts payable to the Bank under this Agreement, the Fee Agreement and the Bank Note and the principal of and any interest on all Series A-2 Commercial Paper Notes outstanding and/or expected to be outstanding during such Fiscal Year;

(ii) to maintain a Bond Coverage Ratio of at least 1.0 to 1.0;

(iii) together with Available Funds, to maintain a Bond Coverage Ratio of at least 1.25 to 1.00; and

(iv) after giving effect to the expected receipt of refinancing proceeds from the sale of Commercial Paper Notes or Power Bonds, to pay the Commercial Paper Notes, the Parity Notes, the Bank Note, the Series A-1 Bank Note, all other amounts due and owing under the Series A-1 Reimbursement Agreement, this Agreement and all other obligations payable from the Power Enterprise.

provided, however, that the failure of the Commission to maintain the Bond Coverage Ratios set forth above in any Fiscal Year shall not constitute a default in the observance of the covenants of this subsection if: (x) within 60 days after the Commission first determines that a Bond Coverage Ratio was not met or 60 days after the Commission's receipt of audited financial statements showing that a Bond Coverage Ratio was not met (whichever is earlier), the Commission engages a Consulting Engineer to deliver a report to the Commission within 60 days after such engagement which includes recommendations as to how the Commission can increase Power Enterprise Revenues and/or reduce Operation and Maintenance Expenses so as to satisfy the Bond Coverage Ratios; and (y) (I) within 120 days after receipt of the Consulting Engineer's report the Commission implements the recommendations set forth in such report; or (II) the report states that the Power Enterprise cannot generate Power Enterprise Revenues and/or reduce Operation and Maintenance Expenses sufficient to enable the Commission to maintain the Bond Coverage Ratios while satisfying the other covenants set forth in the Master Trust Indenture, and the Commission increases its Power Enterprise Revenues and/or reduces its Operation and Maintenance Expenses to the extent otherwise recommended in such report; or (III) the Commission is prevented from taking any such action by order of any court of competent jurisdiction. Notwithstanding the foregoing, failure for two (2) consecutive Fiscal Years to maintain the Bond Coverage Ratios shall in all events constitute an Event of Default under this Section 5.1(u).

(v) Maintenance of Ratings. The Commission shall at all times (i) maintain at least one short-term rating on the Series A-2 Commercial Paper Notes by one of Fitch and S&P, (ii) require Fitch and S&P to maintain a long-term unenhanced debt rating on Senior Debt and (iii) cause at least one of Fitch and S&P to maintain a long-term rating on the Bank Note.

(w) Annual Budget. The Commission shall include in each Annual Budget of the Commission all amounts reasonably anticipated to be necessary to pay all obligations due to the Bank hereunder, under the Fee Agreement and under the Bank Note. If the amounts so budgeted are not adequate for the payment of the obligations due hereunder, under the Fee Agreement and under the Bank Note, the Commission shall 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 Bank during the course of the Fiscal Year to which such Annual Budget applies.

Section 5.2. Negative Covenants. So long as any amounts may be drawn under the Letter of Credit or any Obligations remain outstanding under this Agreement, the Fee Agreement or the Bank Note, the Commission shall not, unless the Bank shall otherwise consent in writing:

(a) Amendments. Subject to Section 5.1(c) hereof, directly or indirectly amend, supplement or terminate any of the Basic Documents or the Master Trust Indenture, except that (i) the Commission may amend or modify, or permit to be amended or modified, any of the Basic Documents (as and to the extent the Commission's participation is required for such purpose) in a manner (A) not relating to the duties, obligations or rights of the Bank, under this Agreement and (B) not having a material adverse effect on (x) the ability of the Commission to pay when due the principal of or interest on the Series A-2 Commercial Paper Notes and the obligations of the Commission under this Agreement, the Fee Agreement and the Bank Note or (y) the security, rights or remedies of the Bank hereunder or under any Basic Document or the Bank Note, without the prior written consent of the Bank; and (ii) the Commission may amend the Offering Memorandum to update information relating to any entity described therein other than the Bank. The Commission agrees to deliver to the Bank copies of all such amendments, modification, supplements or other changes at least ten (10) Business Days prior to the effective date of any such amendment, modification, supplement or other change. The Bank shall, within five (5) Business Days, inform the Commission in writing if, in its reasonable discretion, such amendment, modification, supplement or other change requires the prior written consent of the Bank in accordance with this Section 5.2(a). Notwithstanding the foregoing, the Commission, without the Bank's prior written consent, may perform ministerial duties, make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, as the Commission may deem necessary or desirable, in any case which do not adversely affect the security, rights or remedies of the Bank hereunder, under the Fee Agreement or the Bank Note, or any other Basic Document and, solely in connection with the issuance of additional Debt, issue in strict compliance with the terms of the governing documents related thereto.

(b) Merger, Disposition of Assets. Consolidate or merge with or into any person or sell, lease or otherwise transfer all or substantially all of its assets to any person.

(c) Preservation of Corporate Existence, Etc. Take any action to terminate its existence as a body politic and corporate and a political subdivision of the State or its rights and privileges as such entity within the State.

(d) Limitations on Series A-2 Commercial Paper Note Issuance. Permit the aggregate principal amount of all Series A-2 Commercial Paper Notes (including the Bank Note) outstanding at any time to exceed \$125,000,000 (except as provided in Section 5.2(f) hereof); or permit the aggregate principal amount of all Series A-2 Commercial Paper Notes (including the Bank Note) outstanding at any time to exceed the Stated Amount at such time or permit the Issuing and Paying Agent to issue, or permit the Dealer to market, any Series A-2 Commercial Paper Notes with a maturity date earlier than three (3) days from its date of issuance; provided, however, that the Commission may issue Series A-2 Commercial Paper Notes with a maturity date earlier than three (3) days from its date of issuance so long as the Commission has provided the Bank with at least five (5) Business Days' prior written notice of such issuance and the Bank has given its prior written consent to such issuance (which consent shall not be withheld unreasonably).

(e) Exempt Status. Take any action, omit to take any action or cause or permit another person to take any action or omit to take any action, which, if taken or omitted, would adversely affect the excludability of interest on the Series A-2 Commercial Paper Notes from the gross income of the holders thereof for purposes of Federal income taxation.

(f) Issue Debt. Issue any Debt secured by or payable from the Power Enterprise Revenues on a basis that is senior to or superior to the Lien in favor of the Series A-2 Commercial Paper Notes and other Parity Notes and the Bank Note other than the Bonds, nor issue any Power Enterprise Debt (other than the Bonds) unless:

(i) no "event of default" shall have occurred and be continuing under the agreement or instrument pursuant to which any outstanding Power Enterprise Debt was issued or incurred and no event shall have occurred which, but for the passage of time or the giving of notice, would constitute an "event of default" under any such agreement or instrument;

(ii) such Power Enterprise Debt will not exceed at any time any limitation set forth in the Constitution or other laws of the State, the Charter, the Ordinance, the Resolutions, any other resolutions adopted by the Commission, the Master Trust Indenture or the Issuing and Paying Agent Agreement;

(iii) for any Power Enterprise Debt, the projected Power Enterprise Revenues in each of the three (3) full Fiscal Years after the sale of such additional Power Enterprise Debt will be sufficient to satisfy the covenant set forth in Section 5.1(u)(iv) hereof;

(iv) if such Power Enterprise Debt consists of Senior Debt, either (x) the projected Net Revenues in each of the first three (3) full Fiscal Years after the sale of such Senior Debt (1) plus Available Funds are at least 1.25 times Annual Debt Service on the outstanding Senior Debt, after giving effect to the issuance of such Senior Debt, and (2) are at least 1.0 times Annual Debt Service on the outstanding Senior Debt, plus

required deposits into any Reserve Fund established pursuant to the Master Trust Indenture, after giving effect to the issuance of such Senior Debt, or (y) Net Revenues from any twelve consecutive months of the prior 24 months (1) plus Available Funds, are at least 1.25 times Annual Debt Service on the outstanding Senior Debt, after giving effect to the issuance of such Senior Debt, and (2) are at least 1.0 times Annual Debt Service on the outstanding Senior Debt, plus required deposits into any Reserve Fund established pursuant to the Master Trust Indenture, after giving effect to the issuance of such Senior Debt; *provided, however*, for purposes of this clause (y) the following adjustments may be made to Net Revenues for such period: (I) an allowance for additional Power Enterprise Revenues anticipated from any additions, extensions and improvements to the Power Enterprise to be acquired or constructed from proceeds of such or a prior Senior Debt and for any changes in Operation and Maintenance Expenses resulting therefrom, that are not reflected in Net Revenues for such Fiscal Year, but only if such additional Power Enterprise Revenues and changes in Operation and Maintenance Expenses represent a full twelve months' change in Net Revenues attributable to such additions, extensions and improvements; and (II) an allowance for additional Power Enterprise Revenues attributable to any increase in the rates and charges imposed by the Commission that (A) was in effect prior to the issuance of such Senior Debt but which, during all or part of such Fiscal Year, was not in effect, or (B) was adopted by the Commission prior to the issuance of such Senior Debt and will be in effect within 90 days after such issuance, but in either case only if such additional Power Enterprise Revenues represent a full twelve months' change in Net Revenues attributable to such increase in rates and charges, and the Commission provides certificates to the Bank demonstrating compliance with the requirements of Section 3.4 or 3.5 of the Master Trust Indenture, as the case may be;

(v) if such Power Enterprise Debt consists of Parity Debt, any such Parity Debt is issued in compliance with Section 5.07 of the Issuing and Paying Agent Agreement and either (x) Power Enterprise Revenues in each of the three (3) full Fiscal Years after the sale of such Parity Debt will be sufficient to pay (I) the Operation and Maintenance Expenses during each such Fiscal Year, (II) Annual Debt Service on the Bonds and all other outstanding Senior Debt due and payable in each such Fiscal Year, (III) the amounts, if any, required to be deposited into the Reserve Fund established pursuant to the Master Trust Indenture during each such Fiscal Year, (IV) in the case of the Series A-2 Commercial Paper Notes and Parity Notes, debt service on the Series A-2 Commercial Paper Notes and Parity Notes assuming the entire authorized amount of the Series A-2 Commercial Paper Notes and Parity Notes is issued and outstanding and that such amount will amortize over a thirty year period on a level debt basis using an interest rate equal to the Bond Buyer 25-Bond Revenue Bond Index (or, if such index is no longer published, any other comparable revenue bond index) on the date of calculation and (V) any and all other amounts the Commission is obligated to pay or set aside from Power Enterprise Revenues by law or contract in each such Fiscal Year, including, without limitation and without duplication, amounts payable to the Bank under this Agreement, the Fee Agreement and the Bank Note, as well as the principal of and interest on the Parity Debt to be issued, or (y) Power Enterprise Revenues from any twelve consecutive months of the prior 24 months were sufficient to pay (I) the Operation and Maintenance Expenses during such twelve consecutive month period, (II) Annual Debt

Service on the Bonds and all other outstanding Senior Debt due and payable in such twelve consecutive month period, (III) the amounts, if any, required to be deposited into the Reserve Fund established pursuant to the Master Trust Indenture during such twelve consecutive month period, (IV) in the case of the Series A-2 Commercial Paper Notes and Parity Notes, debt service on the Series A-2 Commercial Paper Notes and Parity Notes assuming the entire authorized amount of the Series A-2 Commercial Paper Notes and Parity Notes was issued and outstanding during such twelve consecutive month period and that such amount was amortizing over a thirty year period on a level debt basis using an interest rate equal to the Bond Buyer 25-Bond Revenue Bond Index (or, if such index is no longer published, any other comparable revenue bond index) on the date of calculation and (V) any and all other amounts the Commission was obligated to pay or set aside from Power Enterprise Revenues by law or contract in such twelve consecutive month period, including without limitation and without duplication, amounts payable to the Bank under this Agreement, the Fee Agreement and the Bank Note during such twelve consecutive month period, as well as the principal of and interest on the Parity Debt to be issued (assuming such Parity Debt had been outstanding during such twelve consecutive month period), and the Commission provides certificates to the Bank demonstrating compliance with the requirements of Section 5.07 of the Issuing and Paying Agent Agreement;

(vi) if such Power Enterprise Debt consists of Commercial Paper Notes or Parity Notes, the aggregate principal amount of such Commercial Paper Notes and Parity Notes and any amounts outstanding under the Bank Note and any bank notes related to Parity Notes outstanding does not exceed \$250,000,000;

(vii) the issuance of Parity Debt will not result in the creation of a Lien on the Available Power Enterprise Revenues that is senior to the Lien securing the Series A-2 Commercial Paper Notes or the obligations under the Agreement, the Fee Agreement and the Bank Note; and

(viii) no Default or Event of Default shall have occurred and be continuing hereunder as a result thereof.

(g) Use of Bank's Name. Permit the use of the Bank's name in any official statement or other offering document unless the Bank shall have approved in writing the description of the Bank contained in such document.

(h) Arbitrage Bonds; Tax-Exempt Status. Invest the proceeds of the Series A-2 Commercial Paper Notes in any way that would violate the Code or cause the Series A-2 Commercial Paper Notes to be deemed "arbitrage bonds" or take any action or omit to take any action if such action or omission would adversely affect the exclusion of interest on the Series A-2 Commercial Paper Notes from gross income of the holders thereof for Federal income tax purposes.

(i) Other Facilities. In the event that the Commission shall enter into or otherwise consent to any Bank Agreement which such Bank Agreement provides such Person with different or more restrictive covenants, shorter amortization periods with respect to term

outs, a higher maximum rate with respect to obligations under a Bank Agreement, different or additional events of default and/or greater rights and remedies than are provided to the Bank in this Agreement, the Commission shall provide the Bank with a copy of each such Bank Agreement and such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies shall automatically be deemed to be incorporated into this Agreement and the Bank shall have the benefits of such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies as if specifically set forth herein. The Commission shall promptly enter into an amendment to this Agreement to include different or more restrictive covenants, different or additional events of default and/or greater rights and remedies; *provided* that the Bank shall have and maintain the benefit of such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies even if the Commission fails to provide such amendment.

(j) Liens. Create or suffer to exist or permit any Lien on the Available Power Enterprise Revenues or the Funds and Accounts created under the Issuing and Paying Agent Agreement with respect thereto (other than the Rebate Fund) other than the Liens created or permitted by the Master Trust Indenture for the Bonds or the Issuing and Paying Agent Agreement, or Liens that are junior and subordinate to the Lien created by the Issuing and Paying Agent Agreement and this Agreement under terms and conditions satisfactory to the Bank.

(k) Sovereign Immunity. Assert (and hereby irrevocable waives) the defense of any future right of sovereign immunity in a legal proceeding to enforce or collect upon the obligations of the Commission under this Agreement, the Fee Agreement or the Bank Note or the transactions contemplated hereby or thereby.

(l) Maintenance of Available Power Revenues. Acquire, construct, operate or maintain, and within the scope of its powers permit any other public or private corporation, political subdivision, district or agency or any person whatsoever to acquire, construct, operate or maintain, within the City or any part thereof, any system or utility competitive with the Power Enterprise. The Commission will have in effect, or cause to have in effect, at all times an ordinance or resolution requiring all customers of the Power Enterprise to pay the fees, rates and charges applicable to the services and facilities furnished by the Power Enterprise. The Commission will not provide any service of the Power Enterprise free of charge to any person, firm or corporation, or to any public agency (including the United States of America, the State, and any public corporation, political subdivision, city, county district or agency or any thereof), except (i) for free use by the City and its agencies, (ii) to the extent that any such free use is required by the terms of any existing contract or agreement, and (iii) for incidental insignificant free use so long as such free use does not prevent the Commission from satisfying the other covenants of this Agreement, including, without limitation, Section 5.1(u) hereof.

(m) Swap Contracts. Without the prior written consent of the Bank, enter into any Swap Contract secured by Power Enterprise Revenues (a) wherein any termination payments thereunder are senior to or on parity with the payment of the Series A-2 Commercial Paper Notes or Parity Notes or the Obligations or (b) which requires the Commission to post cash collateral to secure its obligations thereunder.

(n) Use of Proceeds. Use the proceeds of any credit extension, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose, in each case in violation of, or for a purpose which violates, or would be inconsistent with, Regulation T, U or X of the Board of Governors of the Federal Reserve System. The Commission shall not use the proceeds of the Series A-2 Commercial Paper Notes or the Bank Note for any purpose other than as provided for in the Resolutions and not in contravention of applicable Law.

ARTICLE VI

DEFAULTS

Section 6.1. Events of Default and Remedies. If any of the following events shall occur, each such event shall be an “Event of Default”:

(a) the Commission shall fail to pay, or cause to be paid, as and when due, (i) any Reimbursement Obligation, or (ii) any Obligation (other than a Reimbursement Obligation) and, in such case, such failure shall continue for three (3) Business Days;

(b) any representation or warranty made by or on behalf of the Commission in this Agreement or in any other Basic Document or in any certificate or statement delivered hereunder or thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made or delivered;

(c) the Commission shall default in the due performance or observance of any of the covenants set forth in Section 2.15, 5.1(c), 5.1(d), 5.1(f), 5.1(l)(i), 5.1(m)(ii), 5.1(p), 5.1(q), 5.1(t)(i), 5.1(v)(i), 5.1(v)(ii) or 5.2 hereof;

(d) the Commission shall default in the due performance or observance of any other term, covenant or agreement contained in this Agreement or any other Basic Document and such default shall remain unremedied for a period of thirty (30) days after the occurrence thereof;

(e) the Commission or the City and County of San Francisco, directly or indirectly, shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) become insolvent or shall not pay, or be unable to pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any corporate

action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in Section 6.1(f) of this Agreement;

(f) a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for the Commission or the City and County of San Francisco or any substantial part of its Property, or a proceeding described in Section 6.1(e)(v) shall be instituted against the Commission or the City and County of San Francisco and such proceeding continues undischarged or any such proceeding continues undismissed or unstayed for a period of thirty (30) or more days;

(g) 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 Commission by the Commission or any Governmental Authority with appropriate jurisdiction;

(h) any material provision of this Agreement, the Charter, any other Basic Document or any operative document related to Power Enterprise Debt, including without limitation, the Master Trust Indenture shall at any time for any reason cease to be valid and binding on the Commission for any reason or shall be declared by any court or other Governmental Authority with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the Commission or by a Governmental Authority with competent jurisdiction, or the Commission shall deny that it has any further liability under this Agreement, the Charter, any other Basic Document or any operative document related to Power Enterprise Debt, including without limitation, the Master Trust Indenture;

(i) dissolution or termination of the existence of the Commission;

(j) the Commission shall (i) default on the payment of the principal of or interest on any Power Enterprise Debt, beyond the period of grace, if any, provided in the instrument or agreement under which such Power Enterprise Debt was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Power Enterprise Debt, including, without limitation, any Bank Agreement, or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) any such Power Enterprise Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Power Enterprise Debt;

(k) the Commission shall (i) default on the payment of the principal of or interest on any Debt (other than Power Enterprise Debt) aggregating in excess of \$10,000,000, beyond the period of grace, if any, provided in the instrument or agreement under which such Debt (other than Power Enterprise Debt) was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Debt (other than Power Enterprise Debt) aggregating in excess of \$10,000,000, or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event

shall occur or condition exist, the effect of which default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) any such Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Debt (other than Power Enterprise Debt);

(l) any final, unappealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, in an aggregate amount not less than \$10,000,000 shall be entered or filed against the Commission or against any of its Property and remain unpaid, unvacated, unbonded or unstayed for a period of thirty (30) days;

(m) (i) the Commission shall default in the due performance or observance of any material term, covenant or agreement contained in any other Basic Document and the same shall not have been cured within any applicable cure period or (ii) any “event of default” under any Basic Document (as defined respectively therein) shall have occurred;

(n) a ruling, assessment, notice of deficiency or technical advice by the Internal Revenue Service shall be rendered to the effect that interest on the Series A-2 Commercial Paper Notes is includable in the gross income of the holder(s) or owner(s) of such Series A-2 Commercial Paper Notes and either (i) the Commission, after it has been notified by the Internal Revenue Service, shall not challenge such ruling, assessment, notice or advice in a court of law during the period within which such challenge is permitted or (ii) the Commission shall challenge such ruling, assessment, notice or advice and a court of law shall make a determination, not subject to appeal or review by another court of law, that such ruling, assessment, notice or advice is correctly rendered;

(o) any of Fitch or S&P shall have downgraded its long-term unenhanced rating of any Senior Debt of the Commission to below BBB (or its equivalent), or BBB (or its equivalent), respectively, or suspended or withdrawn its rating of the same; or

(p) the passage of any Law has occurred which could reasonably be expected to have a material adverse effect on the Commission’s ability to perform its obligations under this Agreement or the other Basic Documents or to result in a material adverse effect on the enforceability or validity of this Agreement or any of the other Basic Documents.

Section 6.2. Remedies. Upon the occurrence of any Event of Default the Bank may exercise any one or more of the following rights and remedies in addition to any other remedies herein or by law provided:

(a) declare all Obligations to be immediately due and payable, whereupon the same shall be immediately due and payable without any further notice of any kind, which notice is hereby waived by the Commission; *provided, however*, that in the case of an Event of Default described in Section 6.1(e), (f) or (g) hereof, such acceleration shall automatically occur (unless such automatic acceleration is waived by the Bank in writing); or

(b) issue a No-Issuance Notice (the effect of which shall be as provided in Section 2.18 of this Agreement), reduce the Stated Amount of the Letter of Credit to the amount of the then outstanding Series A-2 Commercial Paper Notes supported by the Letter of Credit plus a corresponding amount of interest coverage, reduce the Stated Amount of the Letter of

Credit as the then outstanding Series A-2 Commercial Paper Notes are paid and terminate the Letter of Credit when no Series A-2 Commercial Paper Notes remain outstanding; or

(c) issue the Final Drawing Notice (the effect of which shall be to cause the Termination Date of the Letter of Credit to occur on the fifteenth (15) calendar day after the date of receipt thereof by the Issuing and Paying Agent); or

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

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

Upon the occurrence and during the continuance of an Event of Default, all amounts owing to the Bank hereunder shall bear interest at the Default Rate, payable on demand.

Upon the occurrence and during the continuance of an “event of default” under the Issuing and Paying Agent Agreement, the Bank may, pursuant to Section 8.01 of the Issuing and Paying Agent Agreement, by notice to the Commission and the Issuing and Paying Agent (such notice, the “Acceleration Notice”), (i) declare the principal of all outstanding Series A-2 Commercial Paper Notes, and the interest accrued thereon, to be due and payable immediately, whereupon the same shall become and shall be immediately due and payable and (ii) instruct the Issuing and Paying Agent to submit a Drawing under the Letter of Credit to pay such immediately due and payable amount.

ARTICLE VII

MISCELLANEOUS

Section 7.1. Amendments, Waivers, Etc. No amendment or waiver of any provision of this Agreement, or consent to any departure by the Commission therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank and an Authorized Representative of the Commission, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 7.2. Notices. All notices and other communications provided for hereunder shall be in writing (including required copies) and sent by receipted hand delivery (including Federal Express or other receipted courier service), telecopy, facsimile transmission, or regular mail, as follows:

(a) if to the Commission:

City and County of San Francisco
Public Utilities Commission
525 Golden Gate Ave., 13th Floor
San Francisco, California 94102
Attention: Deputy Chief Financial Officer
Telephone: (415) 554-3155
Facsimile: (415) 554-3161

(b) if to the Bank, to the addresses set forth in the Fee Agreement.

(c) if to Issuing and Paying Agent:

U.S. Bank National Association
100 Wall Street, 16th Floor
New York, New York 10005
Attention: Beverly Freeney, Vice President
Telephone: (212) 951-6993
Facsimile: (212) [361-6153]

(d) if to the Dealers:

Barclays Capital Inc.
[_____] _____
[_____] _____
Attention: [_____] _____
Telephone: ([____]) [____]-[____]
Facsimile: ([____]) [____]-[____]

Goldman Sachs & Co. LLC
200 West Street, 5th Floor
New York, New York 10282
Attention: Money Market Municipal Department
Telephone: (212) 902-3451
Facsimile: (212) 493-0479

RBC Capital Markets, LLC
200 Vesey Street, 8th Floor
New York, New York 10281
Attention: Craig Laraia
Telephone: (212) 618-2019
Facsimile: (212) 618-2570
E-mail: craig.laraia@rbccm.com

or, as to each Person named above, at such other address as shall be designated by such Person in a written notice to the parties hereto. All such notices and other communications shall, when delivered, telecopied, sent by facsimile transmission or mailed, be effective when deposited with the courier, telecopied, sent by facsimile transmission or mailed respectively, addressed as aforesaid, except that requests for Drawings submitted to the Bank shall not be effective until received by the Bank.

Section 7.3. Survival of Covenants; Successors and Assigns. (a) All covenants, agreements, representations, and warranties made herein and in the certificates delivered pursuant hereto shall survive the making of any Drawing or Advance hereunder and shall continue in full force and effect until all of the Obligations hereunder shall have been paid in full. Whenever in this Agreement any of the parties hereto is referred to, such reference shall, subject to the last sentence of this Section, be deemed to include the successors and assigns of such

party, and all covenants, promises and agreements by or on behalf of the Commission which are contained in this Agreement shall inure to the benefit of the successors and assigns of the Bank. The Commission may not transfer its rights or obligations under this Agreement without the prior written consent of the Bank. The Bank may transfer or assign some or all of its rights and obligations under this Agreement, the Fee Agreement, the Bank Note and the Letter of Credit with the prior written consent of the Commission (which consent shall not be withheld unreasonably), *provided* that (i) with respect to the Letter of Credit only, the Commission has received written notice from at least two nationally recognized rating agencies that the transfer shall not cause the lowering, withdrawal or suspension of any ratings then existing on the Series A-2 Commercial Paper Notes, and (ii) the Bank shall be responsible for all costs resulting from the transfer. This Agreement is made solely for the benefit of the Commission and the Bank, and no other Person (including, without limitation, the Issuing and Paying Agent, any Dealer or any holder of Series A-2 Commercial Paper Notes) shall have any right, benefit or interest under or because of the existence of this Agreement; *provided further* that the Commission's liability to any Participant shall not in any event exceed that liability which the Commission would owe to the Bank but for such participation.

(b) Notwithstanding the foregoing, the Bank shall be permitted to grant to one or more financial institutions (each a "Participant") a participation or participations in all or any part of the Bank's rights and benefits and obligations under this Agreement, the Fee Agreement, the Bank Note and the Letter of Credit on a participating basis but not as a party to this Agreement (a "Participation") without the consent of or notice to the Commission. In the event of any such grant by the Bank of a Participation to a Participant, the Bank shall remain responsible for the performance of its obligations under the Letter of Credit, and the Commission shall continue to deal solely and directly with the Bank in connection with the Bank's rights and obligations under this Agreement, the Fee Agreement, the Bank Note and under the Letter of Credit. The Commission agrees that each Participant shall, to the extent of its Participation, be entitled to the benefits of this Agreement, the Fee Agreement and the Bank Note as if such Participant were the Bank, provided that no Participant shall have the right to declare, or to take actions in response to, an Event of Default under Section 6.1 hereof.

Section 7.4. Unconditional Obligations. The obligations of the Commission under this Agreement and under the Fee Agreement shall be absolute, unconditional, irrevocable and payable strictly in accordance with the terms of the Issuing and Paying Agent Agreement, this Agreement and the other Basic Documents to which the Commission is a party, under all circumstances whatsoever, including, without limitation, the following:

(a) any lack of validity or enforceability of this Agreement, the Letter of Credit, the Fee Agreement or the Series A-2 Commercial Paper Notes or any other Basic Document;

(b) any amendment or waiver of or any consent to departure from the terms of the Issuing and Paying Agent Agreement or all or any of the other Basic Documents to which the Bank has not consented in writing;

(c) the existence of any claim, counterclaim, set-off, recoupment, defense, or other right which any Person may have at any time against the Bank, the Commission, the

Issuing and Paying Agent, any Dealer, or any other Person, whether in connection with this Agreement, the other Basic Documents, or any other transaction related thereto;

(d) payment by the Bank of a Drawing or an Advance against presentation of a request which the Bank in good faith determines to be valid, sufficient or genuine and which subsequently is found not to comply with the terms of this Agreement or the Letter of Credit, as applicable; and

(e) any other circumstances or happening whatsoever whether or not similar to any of the foregoing.

Section 7.5. Liability of Bank; Indemnification. (a) To the extent permitted by the laws of the State, the Commission assumes all risks of the acts or omissions of the Issuing and Paying Agent with respect to the use of the Letter of Credit and the use of proceeds thereunder; *provided* that this assumption with respect to the Bank is not intended to and shall not preclude the Commission from pursuing such rights and remedies as it may have against the Issuing and Paying Agent under any other agreements. Neither the Bank nor any of its respective officers or directors shall be liable or responsible for (i) the use of the Letter of Credit, the Drawings or Advances thereunder, the proceeds of the Series A-2 Commercial Paper Notes or the transactions contemplated hereby and by the Basic Documents or for any acts or omissions of the Issuing and Paying Agent or any Dealer, (ii) the validity, sufficiency, or genuineness of any documents determined in good faith by the Bank to be valid, sufficient or genuine, even if such documents shall, in fact, prove to be in any or all respects invalid, fraudulent, forged or insufficient, (iii) payments by the Bank against presentation of requests for Drawings or requests for which the Bank in good faith has determined to be valid, sufficient or genuine and which subsequently are found not to comply with the terms of this Agreement, or (iv) any other circumstances whatsoever in making or failing to make payment hereunder; provided that the Commission shall not be required to indemnify the Bank for any claims, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the gross negligence or willful misconduct of the Bank.

(b) To the extent permitted by the laws of the State, the Commission hereby indemnifies and holds harmless the Bank from and against any and all claims, damages, losses, liabilities, costs or expenses (including specifically reasonable attorneys' fees) which the Bank may incur (or which may be claimed against the Bank by any Person whatsoever) by reason of or in connection with (i) the execution and delivery of this Agreement, the Letter of Credit and the transactions contemplated hereby or thereby and (ii) any untrue statement or alleged untrue statement of any material fact contained in the Offering Memorandum prepared and distributed in connection with the Series A-2 Commercial Paper Notes, or the omission or alleged omission to state therein a material fact necessary to make such statements, in the light of the circumstances under which they are or were made, not misleading; provided that the Commission shall not be required to indemnify the Bank, to the extent, but only to the extent, any such claim, damage, loss, liability, cost or expense is caused by the Bank's willful misconduct or gross negligence. The Bank is hereby expressly authorized and directed to honor any demand for payment which is made under the Letter of Credit without regard to, and without any duty on its part to inquire into the existence of, any disputes or controversies between the Commission, any Dealer the Issuing and Paying Agent or any other person or the respective

rights, duties or liabilities of any of them, or whether any facts or occurrences represented in any of the documents presented under the Letter of Credit are true and correct.

(c) To the fullest extent permitted by applicable law, the Commission shall not assert, and hereby waives, any claim against the Bank, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, the Letter of Credit, any other Basic Document or any agreement or instrument contemplated hereby or thereby, the transactions contemplated hereby or thereby or the use of the proceeds thereof.

(d) The obligations of the Commission under this Section 7.5 shall survive the termination of this Agreement.

Section 7.6. Expenses. The Commission hereby agrees to pay and perform its obligations provided for in the Fee Agreement, including the payment of all expenses provided for therein in the amounts and on the dates set forth therein. The terms and provisions of the Fee Agreement are incorporated herein by reference. All references to amounts due hereunder or under this Agreement shall be deemed to include all amounts and obligations due under the Fee Agreement. The obligations of the Commission under this Section 7.6 shall survive the termination of this Agreement.

Section 7.7. No Waiver; Conflict. Neither any failure nor any delay on the part of the Bank in exercising any right, power or privilege hereunder, nor any course of dealing with respect to any of the same, shall operate as a waiver thereof, preclude any other or further exercise thereof nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The remedies herein provided are cumulative, and not exclusive of any remedies provided by law. To the extent of any conflict between this Agreement, the Letter of Credit, and any other Basic Documents, this Agreement shall control solely as between the Commission and the Bank.

Section 7.8. Modification, Amendment, Waiver, Etc. No modification, amendment or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed in accordance with Section 7.1 hereof.

Section 7.9. Dealing with the Commission, the Issuing and Paying Agent, and/or the Dealer. The Bank and its affiliates may accept deposits from, extend credit to and generally engage in any kind of banking, trust or other business with the Commission, the Issuing and Paying Agent, and/or the Dealer regardless of the capacity of the Bank hereunder.

Section 7.10. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction, and all other remaining provisions hereof will be construed to render them enforceable to the fullest extent permitted by law. The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 7.11. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but when taken together shall constitute but one agreement and any of the parties hereto may execute this Agreement by signing any such counterpart.

Section 7.12. Table of Contents; Headings. The table of contents and the section and subsection headings used herein have been inserted for convenience of reference only and do not constitute matters to be considered in interpreting this Agreement.

Section 7.13. Entire Agreement. This Agreement represents the final agreement between the parties hereto with respect to the subject matter hereof and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties hereto as to such subject matter.

Section 7.14. 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; PROVIDED THAT THE BANK'S OBLIGATIONS HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD 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 IN THE FEDERAL DISTRICT COURTS WHICH ARE LOCATED IN THE NORTHERN DISTRICT OF CALIFORNIA. EACH PARTY ASSERTS THAT IT HAS PURPOSEFULLY AVAILED ITSELF OF THE BENEFITS OF THE LAWS OF THE STATE OF CALIFORNIA 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 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 BASIC 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 7.14 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 7.15. Governmental Regulations. The Commission shall (a) ensure that no person who owns a controlling interest in or otherwise controls the Commission is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control (“OFAC”), the Department of the Treasury or included in any Executive Orders, that prohibits or limits the Bank from making any advance or extension of credit to the Commission or from otherwise conducting business with the Commission and (b) ensure that the proceeds of the Series A-2 Commercial Paper Notes 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 Commission shall comply, and cause any of its subsidiaries to comply, with all applicable Bank Secrecy Act (“BSA”) laws and regulations, as amended.

Section 7.16. USA PATRIOT Act. The Bank hereby notifies the Commission that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Act”), it is required to obtain, verify and record information that identifies the Commission, which information includes the name and address of the Commission and other information that will allow the Bank to identify the Commission in accordance with the Act. The Commission agrees to provide documentary and other evidence of the Commission’s identity as may be requested by the Bank at any time to enable the Bank to verify the Commission’s identity or to comply with any applicable law or regulation, including, without limitation, the Act.

Section 7.17. Electronic Transmissions. The Bank is authorized to accept and process any amendments, transfers, assignments of proceeds, Drawings, consents, waivers and all documents relating to the Letter of Credit which are sent to Bank by electronic transmission, including SWIFT, electronic mail, telex, telecopy, telefax, courier, mail or other computer generated telecommunications and such electronic communication shall have the same legal effect as if written and shall be binding upon and enforceable against the Commission. The Bank may, but shall not be obligated to, require authentication of such electronic transmission or that the Bank receives original documents prior to acting on such electronic transmission.

Section 7.18. Assignment to Federal Reserve Bank. The Bank may assign and pledge all or any portion of the obligations owing to it hereunder and under the Bank Note to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, provided that any payment in respect of such assigned obligations made by the Commission to the Bank in accordance with the terms of this Agreement or the Bank Note shall satisfy the Commission's obligations hereunder and/or under the Bank Note in respect of such assigned obligation to the extent of such payment. No such assignment shall release the Bank from its obligations hereunder.

Section 7.19. City Requirements. The Bank hereby agrees to the City's requirements, as provided in Exhibit E attached hereto and incorporated hereby by this reference.

Section 7.20. No Advisory or Fiduciary Responsibility. The transactions described in this Agreement, the Fee Agreement and the Letter of Credit are arm's length, commercial transactions between the Commission and the Bank in which: (i) the Bank is acting solely as a principal (i.e., as a lender) and for its own interest; (ii) the Bank is not acting as a municipal advisor or financial advisor to, or providing advice to, the Commission; (iii) the Bank has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), to Commission with respect to this transaction and the discussions, undertakings and procedures leading thereto (irrespective of whether the Bank or any of its affiliates has provided other services or is currently providing other services to the Commission on other matters); (iv) the Bank is relying on the bank exemption in the Municipal Advisor Rules; (v) the only obligations the Bank has to the Commission with respect to this transaction are set forth in this Agreement, the Fee Agreement and the Letter of Credit; and (vi) the Bank is not recommending that the Commission take an action with respect to the transactions described in this Agreement, the Fee Agreement and the Letter of Credit, and before taking any action with respect to these transactions, the Commission should discuss the information contained herein with the Commission's own legal, accounting, tax, financial and other advisors, as the Commission deems appropriate.

Section 7.21. Redaction. In the event the Commission delivers or causes to be delivered to any Dealer for delivery to the Municipal Securities Rulemaking Board, or directly to the Municipal Securities Rulemaking Board, in either instance pursuant to Rule G-34 ("CUSIP Numbers, New Issue, and Market Information Requirements") or any similar rule or regulation, a copy of this Agreement or the Letter of Credit (including without limitation any amendments hereto or thereto), the Commission shall only provide or cause to be provided a copy of this Agreement and the Letter of Credit (including without limitation any amendments hereto or thereto), in the forms provided by the Bank, that redacts such confidential information contained in this Agreement and the Letter of Credit (including without limitation any amendments hereto or thereto) which could be used in a fraudulent manner, such as any VRDO liquidity bank routing or account numbers, staff names and contact information and fees assessed by the Bank, which redaction is consistent with MSRB Notice 2011-17 (February 23, 2011) and the Commission shall not provide or cause to be provided a copy of the Fee Agreement. The Bank shall provide such redacted copies of this Agreement and the Letter of Credit (including without limitation any amendments hereto or thereto) upon request by the Commission. To the extent requested by any Dealer, the Commission shall cause such Dealer to deliver only such redacted

copies of this Agreement and the Letter of Credit (including without limitation any amendments hereto or thereto), in the forms provided by the Bank, and shall not permit delivery of a copy of the Fee Agreement, to the Municipal Securities Rulemaking Board pursuant to said Rule G-34 or any similar rule or regulation.

[Signature pages follow]

IN WITNESS WHEREOF, the Commission and the Bank have duly executed this Agreement as of the date first above written.

PUBLIC UTILITIES COMMISSION OF THE
CITY AND COUNTY OF SAN FRANCISCO

By: _____
Name: Harlan L. Kelly, Jr.
Title: General Manager

Approved as to Form:

DENNIS J. HERRERA
City Attorney of the City and
County of San Francisco

By: _____
Name: Mark D. Blake
Title: Deputy City Attorney

Acknowledged:

ANNA VAN DEGNA
Director of Public Finance of the City
and County of San Francisco

By: _____
Director of Public Finance

SUMITOMO MITSUI BANKING
CORPORATION, acting through its New York
Branch

By: _____
Name:
Title:

EXHIBIT A

FORM OF LETTER OF CREDIT

**SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH
IRREVOCABLE TRANSFERABLE DIRECT-PAY LETTER OF CREDIT**

December 27, 2018

\$136,095,891

Letter of Credit No. LG/MIS/NY-142139

U.S. Bank National Association,
as Issuing and Paying Agent
100 Wall Street, Suite 1600
New York, New York 10005
Attention: MMI Operations

Ladies and Gentlemen:

We hereby establish, at the request and for the account of the Public Utilities Commission of the City and County of San Francisco (the "Commission"), in your favor as the Issuing and Paying Agent (the "Issuing and Paying Agent") with respect to the Commission's Commercial Paper Notes (Power Series) Series A-2 (Tax-Exempt) (the "Series A-2 Commercial Paper Notes"), issued pursuant to that certain First Amended and Restated Issuing and Paying Agent Agreement, dated as of December 1, 2018 (as from time to time supplemented and amended in accordance with the terms thereof and the hereinafter defined Reimbursement Agreement, the "Issuing and Paying Agent Agreement"), by and between the Commission and you, as Issuing and Paying Agent, pursuant to which up to \$125,000,000 in aggregate principal amount of the Series A-2 Commercial Paper Notes are being issued, our Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (this "Letter of Credit") in the maximum available amount of One Hundred Thirty-Six Million Ninety-Five Thousand Eight Hundred Ninety-One Dollars (\$136,095,891) (the "Stated Amount"; calculated as the sum of the maximum principal amount of the Series A-2 Commercial Paper Notes (i.e., \$125,000,000; the "Principal Portion"), plus interest thereon up to \$11,095,891 (the "Interest Portion") calculated at the rate of twelve percent (12%) per annum for a period of 270 days and on the basis of a year of 365 days (as more fully described below), which may be drawn on from time to time in respect of the principal of and actual interest accrued on the Series A-2 Commercial Paper Notes, effective on the date hereof and expiring on the Stated Expiration Date (as hereinafter defined) or earlier as hereinafter provided; provided, however, that if such date is not a Business Day, the Stated Expiration Date will be the next preceding Business Day. The Stated Amount is subject to reductions and reinstatements as provided herein. This Letter of Credit is issued pursuant to the Reimbursement Agreement dated as of December 1, 2018 (as amended, supplemented or otherwise modified from time to time, the "Reimbursement Agreement"), between the Commission and the Bank. Capitalized terms used but not otherwise defined herein have the same meanings herein as in the Reimbursement Agreement.

We hereby irrevocably authorize you to draw on us in an aggregate amount not to exceed the Stated Amount of this Letter of Credit and in accordance with the terms and conditions and subject to the reductions and reinstatements in amount as hereinafter set forth, in one or more Drawings (as hereinafter defined) (subject to the provisions contained in the second following paragraph), payable as set forth herein on any day other than: (i) a Saturday, Sunday or day on which banking institutions in the State of California or the State of New York are authorized or obligated by law or executive order to be closed; (ii) a day upon which commercial banks in the State of California or the State of New York are authorized or obligated by law or executive order to be closed; (iii) a day on which the New York Stock Exchange is closed, or (iv) a legal holiday of the City or any other day the City is authorized by law to be closed for official business, as provided in the Reimbursement Agreement, as updated by the City from time to time (a "Business Day"), by presentation of your written and completed certificate signed by you in the form of (i) Annex A-1 hereto (with respect to the payment at maturity of the principal of and interest at maturity on Series A-2 Commercial Paper Notes issued in accordance with the Issuing and Paying Agent Agreement), (ii) Annex A-2 hereto (with respect to the payment at maturity of the principal of and interest to maturity on Series A-2 Commercial Paper Notes issued in accordance with the Issuing and Paying Agent Agreement that otherwise mature on or after the date that you receive notice from us in the form of Annex E hereto (the "Final Drawing Notice")) or (iii) Annex A-3 hereto (with respect to a payment of the principal of and interest due upon acceleration of all outstanding Series A-2 Commercial Paper Notes issued in accordance with the Issuing and Paying Agent Agreement (the "Final Acceleration Drawing")) (presentation of any such certificate being a "Drawing"), in each case an aggregate amount not exceeding the Stated Amount of this Letter of Credit.

Upon our honoring any Drawing, the Stated Amount and the amount available to be drawn hereunder for subsequent Drawings will be automatically decreased by an amount equal to the amount of such Drawing. In connection therewith, the Stated Amount and the amounts from time to time available to be drawn hereunder (except in the case of the Final Acceleration Drawing or a Drawing resulting from the delivery of the Final Drawing Notice) will be increased when and to the extent, but only when and to the extent, (i) (A) of transfer by you to us on the date such Drawing is honored of proceeds of Series A-2 Commercial Paper Notes issued on such date or (B) you receive written notice from us to you in the form of Annex I hereto that we have been reimbursed by or on behalf of the Commission for any amount drawn hereunder and (ii) that you have not received from us a No-Issuance Notice in the form attached hereto as Annex H hereto. Upon our honoring of the Final Acceleration Drawing, the Stated Amount shall be permanently reduced to zero and the Stated Amount shall no longer be reinstated.

The Stated Amount of this Letter of Credit will also be reduced from time to time on each date specified in, and in the amount set forth in, a notice from us to you in the form of Annex F hereto (each, a "Decrease Notice"). As of the applicable date and upon such reduction, the Stated Amount will not be less than the amount specified in the applicable Decrease Notice as the sum of the principal amount of all outstanding Series A-2 Commercial Paper Notes plus interest thereon calculated at the rate of twelve percent (12%) per annum for a period of 270 days and on the basis of a year of 365 days.

All Drawings must be made by presentation of the applicable certificate at the Bank's office at Sumitomo Mitsui Banking Corporation, acting through its New York Branch, 277 Park

Avenue, New York, New York 10172, Attention: Trade Credit Services Department, Facsimile (212) 224-4566 (or at such other address or facsimile number as we may specify to you in writing) without further need of documentation, including the original of this Letter of Credit, it being understood that each certificate so submitted is to be the sole operative instrument of such Drawing. You shall use your best efforts to give telephonic notice of a Drawing to the Bank at (212) 224-4310 or (212) 224-4317 on the Business Day of such Drawing and prior to its presentation (but such notice is not a condition to a Drawing hereunder, and you will have no liability for not doing so). If we receive any Drawing, in strict conformity with the terms and conditions of this Letter of Credit, not later than 10:00 A.M., New York City time, on a Business Day prior to the termination hereof, we will honor the same by 1:00 P.M., New York City time, on the same day in accordance with your payment instructions. If we receive any Drawing, in strict conformity with the terms and conditions of this Letter of Credit, after 10:00 A.M., New York City time, on a Business Day prior to the termination hereof, we will honor the same by 1:00 P.M., New York City time, on the next succeeding Business Day in accordance with your payment instructions.

Payment under this Letter of Credit will be made by the Bank by wire transfer of immediately available funds in accordance with the instructions specified by the Issuing and Paying Agent in the related Drawing certificate.

This Letter of Credit will expire at 4:00 P.M., New York City time, on the date (the earliest of such dates to occur is referred to herein as the "Termination Date") which is the earliest of (i) December 27, 2022 (the "Stated Expiration Date") or such later date as is specified by us in a notice to you in the form of Annex G hereto, (ii) the later of (a) the date on which we receive written notice from you in the form of Annex C hereto that an Alternate Facility has been substituted for this Letter of Credit in accordance with the Issuing and Paying Agent Agreement and (b) the effective date of such Alternate Facility as specified in such notice (after we honor any properly presented and conforming Drawing on or prior to such date), (iii) the date on which we receive written notice from you in the form of Annex D hereto that there are no longer any Series A-2 Commercial Paper Notes Outstanding within the meaning of the Issuing and Paying Agent Agreement nor does the Commission intend to issue any additional Series A-2 Commercial Paper Notes under the Issuing and Paying Agent Agreement and that you elect to terminate the Letter of Credit, (iv) the earlier of (a) the 15th calendar day after the date on which you receive the Final Drawing Notice and (b) the date on which the Drawing resulting from the delivery of the Final Drawing Notice is honored hereunder, and (v) the earlier of (a) the third (3rd) Business Day after the date on which you receive notice from us in the form of Annex I hereto (the "Acceleration Notice") and (b) the date on which the Final Acceleration Drawing is honored hereunder.

This Letter of Credit is transferable in whole, but not in part, only to your successor as Issuing and Paying Agent under the Issuing and Paying Agent Agreement and may be successively transferred. Transfer of the available balance under this Letter of Credit to such transferee must be requested by presenting to us a Transfer Request in the form of Annex B hereto signed by the transferor and the transferee (each a "Transfer") together with the original Letter of Credit. Transfers to designated foreign nationals and /or specially designated nationals are not permitted as being contrary to the U.S. Treasury Department or Office of Foreign Assets Control regulations. Upon the effectiveness of such transfer, the transferee instead of the

transferor will be entitled to all the benefits of and rights under this Letter of Credit in the transferor's place; provided that, in such case, any certificates of the Issuing and Paying Agent to be provided hereunder must be signed by one who states therein that (s)he is a duly authorized officer of the transferee.

This Letter of Credit sets forth in full our undertaking, and such undertaking will not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Series A-2 Commercial Paper Notes), except only ISP98 (as hereinafter defined); and any such reference will not be deemed to incorporate herein by reference any such document, instrument or agreement.

All drawings under this Letter of Credit will be paid with our own funds and will not be paid directly or indirectly from funds or collateral on deposit with or for the account of, or pledged with or for the account of, us by the Commission.

Communications with respect to this Letter of Credit must be addressed to the Bank at Sumitomo Mitsui Banking Corporation, 277 Park Avenue, New York, New York 10172, by facsimile (at facsimile number (212) 224-4566) (or such other address(es) as we may specify in writing to you), specifically referring to the number of this Letter of Credit.

Communications with respect to this Letter of Credit will be addressed to you at U.S. Bank National Association, as Issuing and Paying Agent, 100 Wall Street, Suite 1600, New York, New York 10005, Attention: MMI Operations (or such other address(es) as you may specify in writing to us), specifically referring to the number of this Letter of Credit.

Except as expressly stated herein, this Letter of Credit is governed by, and to be construed in accordance with, the rules of the International Standby Practices 1998-ISP98, International Chamber of Commerce Publication No. 590 ("ISP98"). As to matters not governed by ISP98, this Letter of Credit is governed by and to be construed in accordance with the law of the State of New York, including, without limitation, Article 5 of the Uniform Commercial Code as in effect in the State of New York on the date hereof.

Very truly yours,

SUMITOMO MITSUI BANKING
CORPORATION, acting through its New
York Branch

By: _____
Name: _____
Title: _____

ANNEX A-1
TO
SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH
IRREVOCABLE TRANSFERABLE DIRECT-PAY
LETTER OF CREDIT NO. LG/MIS/NY-142139

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

Sumitomo Mitsui Banking Corporation,
acting through its New York Branch
277 Park Avenue, 6th Floor
New York, New York 19172
Attention: Trade Credit Services Department
Facsimile: (212) 224-4566

The undersigned, a duly authorized officer of U.S. Bank National Association, as Issuing and Paying Agent (the "Issuing and Paying Agent"), hereby certifies to Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "Bank"), with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (the "Letter of Credit"; terms used herein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

1. The undersigned is the Issuing and Paying Agent under the Issuing and Paying Agent Agreement and is acting as the agent for the holders of the Series A-2 Commercial Paper Notes.

2. The Issuing and Paying Agent is making this Drawing under the Letter of Credit with respect to a payment of the principal of and accrued interest on maturing Series A-2 Commercial Paper Notes, which payment is due on _____.

3. The amount of this Drawing is equal to \$_____ with \$_____ being drawn in respect of the payment of principal of maturing Series A-2 Commercial Paper Notes and \$_____ representing _____ days' interest thereon. Such amounts were computed in compliance with the terms and conditions of the Series A-2 Commercial Paper Notes and the Issuing and Paying Agent Agreement. The amount of this Drawing does not exceed the Stated Amount of the Letter of Credit. The amount requested for payment hereunder has not been and is not the subject of a prior or contemporaneous request for payment under the Letter of Credit.

4. The Series A-2 Commercial Paper Notes were authenticated and delivered by us (or a predecessor Issuing and Paying Agent) pursuant to authority under the Issuing and Paying Agent Agreement.

5. Upon receipt by the Issuing and Paying Agent of the amount demanded hereby, (a) the Issuing and Paying Agent will deposit the same directly into the Debt Service Account maintained by the Issuing and Paying Agent pursuant to the Issuing and Paying Agent

Agreement and apply the same directly to the payment when due of the principal amount of Series A-2 Commercial Paper Notes and the interest amount owing on account of the Series A-2 Commercial Paper Notes pursuant to the Issuing and Paying Agent Agreement, (b) no portion of said amount will be applied by the Issuing and Paying Agent for any other purpose, (c) no portion of said amount will be commingled with other funds held by the Issuing and Paying Agent, except for other funds drawn under the Letter of Credit, and (d) when such Series A-2 Commercial Paper Notes have been presented for payment and paid by the Issuing and Paying Agent, the Issuing and Paying Agent will cancel such matured Series A-2 Commercial Paper Notes.

6. Payment by the Bank pursuant to this Drawing must be made to [_____ ABA Number _____, Account Number _____, Attention _____].

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this Certificate on this _____ day of _____, ____.

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

By: _____
Name: _____
Title: _____

ANNEX A-2
TO
SUMITOMO MITSUI BANKING CORPORATION, ACTING THROUGH ITS NEW YORK
BRANCH
IRREVOCABLE TRANSFERABLE DIRECT-PAY
LETTER OF CREDIT NO. LG/MIS/NY-142139

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

Sumitomo Mitsui Banking Corporation,
acting through its New York Branch
277 Park Avenue, 6th Floor
New York, New York 19172
Attention: Trade Credit Services Department
Facsimile: (212) 224-4566

The undersigned, a duly authorized officer of U.S. Bank National Association, as Issuing and Paying Agent (the "Issuing and Paying Agent"), hereby certifies to Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "Bank"), with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (the "Letter of Credit"; terms used herein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

1. The undersigned is the Issuing and Paying Agent under the Issuing and Paying Agent Agreement and is acting as the agent for the holders of the Series A-2 Commercial Paper Notes.
2. The Issuing and Paying Agent has received the Final Drawing Notice.
3. The Issuing and Paying Agent is making this Drawing under the Letter of Credit with respect to payment at maturity of the principal of and interest to maturity on Series A-2 Commercial Paper Notes issued in accordance with the Issuing and Paying Agent Agreement that otherwise mature on or after the date of the Final Drawing Notice.
4. The amount of this Drawing is equal to \$_____, with \$_____ being drawn in respect of the payment of principal of Series A-2 Commercial Paper Notes maturing after the date hereof and \$_____ representing _____ days' interest thereon. Such amounts were computed in compliance with the terms and conditions of the Series A-2 Commercial Paper Notes and the Issuing and Paying Agent Agreement. The amount of this Drawing does not exceed the Stated Amount of the Letter of Credit. The amount requested for payment hereunder has not been and is not the subject of a prior or contemporaneous request for payment under the Letter of Credit.
5. The Series A-2 Commercial Paper Notes were authenticated and delivered by us (or a predecessor Issuing and Paying Agent) pursuant to authority under the Issuing and Paying Agent Agreement.

6. Upon receipt by the Issuing and Paying Agent of the amount demanded hereby, (a) the Issuing and Paying Agent will deposit the same directly into the Debt Service Account maintained by the Issuing and Paying Agent pursuant to the Issuing and Paying Agent Agreement and apply the same directly to the payment when due of the principal amount of Series A-2 Commercial Paper Notes and the interest amount owing on account of the Series A-2 Commercial Paper Notes pursuant to the Issuing and Paying Agent Agreement, (b) no portion of said amount will be applied by the Issuing and Paying Agent for any other purpose, (c) no portion of said amount will be commingled with other funds held by the Issuing and Paying Agent, except for other funds drawn under the Letter of Credit, and (d) when such Series A-2 Commercial Paper Notes have been presented for payment and paid by the Issuing and Paying Agent, the Issuing and Paying Agent will cancel such matured Series A-2 Commercial Paper Notes.

7. This Certificate is being presented to the Bank on a date which is no later than the second Business Day prior to the 15th calendar day after receipt by the Issuing and Paying Agent of the Final Drawing Notice.

8. Payment by the Bank pursuant to this Drawing must be made to [_____, ABA Number _____, Account Number _____, Attention _____].

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this Certificate on this ____ day of _____, ____.

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

By: _____
Name: _____
Title: _____

ANNEX A-3
TO
SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH
IRREVOCABLE TRANSFERABLE DIRECT-PAY
LETTER OF CREDIT NO. LG/MIS/NY-142139

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

Sumitomo Mitsui Banking Corporation,
acting through its New York Branch
277 Park Avenue, 6th Floor
New York, New York 19172
Attention: Trade Credit Services Department
Facsimile: (212) 224-4566

The undersigned, a duly authorized officer of U.S. Bank National Association, as Issuing and Paying Agent (the "Issuing and Paying Agent"), hereby certifies to Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "Bank"), with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (the "Letter of Credit"; terms used herein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

1. The undersigned is the Issuing and Paying Agent under the Issuing and Paying Agent Agreement and is acting as the agent for the holders of the Series A-2 Commercial Paper Notes.

2. The Issuing and Paying Agent is making this Drawing under the Letter of Credit with respect to a payment of the principal of and interest due upon acceleration of all of the Series A-2 Commercial Paper Notes, which payment is due on _____.

3. The amount of this Drawing is equal to \$_____ with \$_____ being drawn in respect of the payment of principal upon acceleration of such Series A-2 Commercial Paper Notes and \$_____ representing _____ days' interest accrued through the date of acceleration of such Series A-2 Commercial Paper Notes. Such amounts were computed in compliance with the terms and conditions of the Series A-2 Commercial Paper Notes and the Issuing and Paying Agent Agreement. The amount of this Drawing does not exceed the Stated Amount of the Letter of Credit. The amount requested for payment hereunder has not been and is not the subject of a prior or contemporaneous request for payment under the Letter of Credit.

4. The Series A-2 Commercial Paper Notes were authenticated and delivered by us (or a predecessor Issuing and Paying Agent) pursuant to authority under the Issuing and Paying Agent Agreement.

5. Upon receipt by the Issuing and Paying Agent of the amount demanded hereby, (a) the Issuing and Paying Agent will deposit the same directly into the Debt Service Account

maintained by the Issuing and Paying Agent pursuant to the Issuing and Paying Agent Agreement and apply the same directly to the payment of the principal upon acceleration of such Series A-2 Commercial Paper Notes and the interest accrued thereon through the date of acceleration of such Series A-2 Commercial Paper Notes pursuant to the Issuing and Paying Agent Agreement, (b) no portion of said amount will be applied by the Issuing and Paying Agent for any other purpose, (c) no portion of said amount will be commingled with other funds held by the Issuing and Paying Agent, except for other funds drawn under the Letter of Credit, and (d) when such Series A-2 Commercial Paper Notes have been presented for payment and paid by the Issuing and Paying Agent, the Issuing and Paying Agent will cancel such accelerated Series A-2 Commercial Paper Notes.

6. Payment by the Bank pursuant to this Drawing must be made to [_____ ABA Number _____, Account Number _____, Attention _____].

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this Certificate on this ____ day of _____, ____.

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

By: _____
Name: _____
Title: _____

ANNEX B
TO
SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH
IRREVOCABLE TRANSFERABLE DIRECT-PAY
LETTER OF CREDIT NO. LG/MIS/NY-142139

TRANSFER REQUEST

Date: _____

Sumitomo Mitsui Banking Corporation,
acting through its New York Branch
277 Park Avenue, 6th Floor
New York, New York 19172
Attention: Trade Credit Services Department
Facsimile: (212) 224-4566

Re: Sumitomo Mitsui Banking Corporation, acting through its New York Branch
Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139
dated December 27, 2018

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

NAME OF TRANSFEREE

(Print Name and complete address of the Transferee) "Transferee"

ADDRESS OF TRANSFEREE

CITY, STATE/COUNTRY ZIP

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

The original Credit, including amendments to this date, is attached, and the undersigned Transferor requests that you notify the Transferee of this transfer in such form and manner as you deem appropriate, and of the terms and conditions of the Credit as transferred. The undersigned Transferor acknowledges that you incur no obligation hereunder and that the transfer will not be effective until you have expressly consented to effect the transfer by notice to the Transferee and the transfer fee has been paid to you.

Payment of your transfer fee is for the account of the Commission, which agrees to pay you on demand any expense or cost you may incur in connection with the transfer. Receipt of such fee will not constitute consent by you to effect the transfer.

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

The Effective Date of this Transfer will be the date hereafter on which you effect the requested transfer by acknowledging this Request and giving notice thereof to Transferee.

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

This transfer is made subject to ISP98 and is subject to and is governed by the law of the State of New York to the extent not inconsistent with ISP98.

(Signature Pages Follow)

Sincerely yours,

(Print Name of Transferor)

(Transferor's Authorized Signature)

(Print Transferor's Authorized
Signer's Name and Title)

(Transferor's Authorized Signature)

SIGNATURE GUARANTEED

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

(Print Name of Bank)

(Address of Bank)

(City, State, Zip Code)

(Print Name and Title of
Authorized Signer)

(Authorized Signature)

Acknowledged:

(Print Name of Transferee)

(Transferee's Authorized Signature)

(Print Transferor's Authorized
Signer's Name and Title)

(Transferor's Number/Fax Signature)

SIGNATURE GUARANTEED

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

(Print Name of Bank)

(Address of Bank)

(City, State, Zip Code)

(Print Name and Title of
Authorized Signer)

(Authorized Signature)

[Signature Page to Transfer Request]

Acknowledged as of _____, ____:

SUMITOMO MITSUI BANKING CORPORATION,
acting through its New York Branch

By: _____

Name: _____

Title: _____

[Signature Page to Transfer Request]

ANNEX C
TO
SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH
IRREVOCABLE TRANSFERABLE DIRECT-PAY
LETTER OF CREDIT NO. LG/MIS/NY-142139

CERTIFICATE RE: ALTERNATE FACILITY

Sumitomo Mitsui Banking Corporation,
acting through its New York Branch
277 Park Avenue, 6th Floor
New York, New York 19172
Attention: Trade Credit Services Department
Facsimile: (212) 224-4566

The undersigned, a duly authorized officer of U.S. Bank National Association, as Issuing and Paying Agent (the "Issuing and Paying Agent"), hereby certifies to Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "Bank"), with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (the "Letter of Credit"; terms used herein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

1. The undersigned is the Issuing and Paying Agent under the Issuing and Paying Agent Agreement for the holders of the Series A-2 Commercial Paper Notes.
2. The conditions precedent to the acceptance of an Alternate Facility set forth in the Issuing and Paying Agent Agreement have been satisfied.
3. An Alternate Facility in full and complete substitution for the Letter of Credit has been accepted by the Issuing and Paying Agent and is or will be in effect as of _____, ____.
4. There will be no further Drawings under the Letter of Credit.
5. Upon the later of (a) receipt by you of this Certificate and (b) the effective date of the Alternate Facility as specified in paragraph 3 above (after you honor any properly presented and conforming Drawing on or prior to such date), the Letter of Credit will terminate with respect to all outstanding Series A-2 Commercial Paper Notes, and the Letter of Credit (and any amendments thereto) is returned to you herewith for cancellation.
6. No payment is demanded of you in connection with this Certificate.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate on this _____ day of _____, _____.

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

By: _____
Name: _____
Title: _____

[Signature Page to Certificate re: Alternate Facility]

ANNEX D
TO
SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH
IRREVOCABLE TRANSFERABLE DIRECT-PAY
LETTER OF CREDIT NO. LG/MIS/NY-142139

CERTIFICATE RE: NO OUTSTANDING NOTES

Sumitomo Mitsui Banking Corporation,
acting through its New York Branch
277 Park Avenue, 6th Floor
New York, New York 19172
Attention: Trade Credit Services Department

The undersigned, a duly authorized officer of U.S. Bank National Association, as Issuing and Paying Agent (the “Issuing and Paying Agent”), hereby certifies to Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the “Bank”), with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (the “Letter of Credit”; terms used herein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

1. The undersigned is the Issuing and Paying Agent under the Issuing and Paying Agent Agreement for the holders of the Series A-2 Commercial Paper Notes.
2. No Series A-2 Commercial Paper Notes (other than Series A-2 Commercial Paper Notes with respect to which an Alternate Facility is in effect) remain outstanding under the Issuing and Paying Agent Agreement nor does the Commission intend to issue any additional Series A-2 Commercial Paper Notes under the Issuing and Paying Agent Agreement.
3. There will be no further Drawings under the Letter of Credit, and the Issuing and Paying Agent hereby elects to terminate the Letter of Credit and returns such Letter of Credit to you herewith for cancellation.
4. No payment is demanded of you in connection with this Certificate.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate on this _____ day of _____, _____.

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

By: _____
Name: _____
Title: _____

ANNEX E
TO
SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH
IRREVOCABLE TRANSFERABLE DIRECT-PAY
LETTER OF CREDIT NO. LG/MIS/NY-142139
NOTICE RE: FINAL DRAWING

U.S. Bank National Association,
as Issuing and Paying Agent
100 Wall Street, Suite 1600
New York, New York 10005
Attention: MMI Operations

Reference is made to Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (the "Letter of Credit"; terms used herein and not otherwise defined herein being used herein as therein defined) issued by Sumitomo Mitsui Banking Corporation, acting through its New York Branch in your favor as Issuing and Paying Agent.

We hereby notify you that:

- (1) An Event of Default under and as defined in the Reimbursement Agreement has occurred and is continuing.
- (2) The Bank instructs the Issuing and Paying Agent, effective upon receipt of this Notice, to cease issuing Series A-2 Commercial Paper Notes.
- (3) The Bank notifies the Issuing and Paying Agent that: (i) effective upon receipt of this Certificate, the Stated Amount available to be drawn under the Letter of Credit will not be reinstated in accordance with the Letter of Credit; (ii) the Issuing and Paying Agent is instructed to make the final Drawing under the Letter of Credit to provide for the payment of Series A-2 Commercial Paper Notes issued in accordance with the Issuing and Paying Agent Agreement which are outstanding and are maturing or are hereafter to mature; and (iii) the Termination Date of the Letter of Credit will occur and the Letter of Credit will expire on the earlier of (a) the date which is the 15th calendar day after the date of receipt by the Issuing and Paying Agent of this Notice and (b) the date on which the Drawing resulting from the delivery of this Notice is honored by us.

Very truly yours,

SUMITOMO MITSUI BANKING
CORPORATION, acting through its New
York Branch

By: _____
Name: _____
Title: _____

ANNEX F
TO
SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH
IRREVOCABLE TRANSFERABLE DIRECT-PAY
LETTER OF CREDIT NO. LG/MIS/NY-142139

DECREASE NOTICE

[Date]

U.S. Bank National Association,
as Issuing and Paying Agent
100 Wall Street, Suite 1600
New York, New York 10005
Attention: MMI Operations

We hereby notify you, with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (the "Letter of Credit"; terms used herein and not otherwise defined herein being used herein as therein defined) issued by us in your favor, that the Stated Amount of the Letter of Credit will be decreased by the amount of \$_____, effective _____ (the "Decrease Date"). The Stated Amount of the Letter of Credit after giving effect to such decrease is \$_____, of which \$_____ is applicable to principal and \$_____ is applicable to interest, which amount is not less than the aggregate outstanding principal amount of Series A-2 Commercial Paper Notes on the Decrease Date plus interest thereon calculated at the rate of twelve percent (12%) per annum for a period of 270 days and on the basis of a year of 365 days. This Notice is an amendment to and must be attached to the Letter of Credit and made a part thereof.

All other terms and conditions of the Letter of Credit remain unchanged.

Very truly yours,

SUMITOMO MITSUI BANKING
CORPORATION, acting through its New
York Branch

By: _____
Name: _____
Title: _____

ANNEX G
TO
SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH
IRREVOCABLE TRANSFERABLE DIRECT-PAY
LETTER OF CREDIT NO. LG/MIS/NY-142139

NOTICE OF EXTENSION OF STATED EXPIRATION DATE

[Date]

U.S. Bank National Association,
as Issuing and Paying Agent
100 Wall Street, Suite 1600
New York, New York 10005
Attention: MMI Operations

We hereby notify you with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (the "Letter of Credit"; terms used herein and not otherwise defined herein being used herein as therein defined) issued by us in your favor, as follows:

1. The Stated Expiration Date of the Letter of Credit has been extended to _____.
2. This Notice is an amendment to and must be attached to the Letter of Credit and made a part thereof.

All other terms and conditions of the Letter of Credit remain unchanged.

Very truly yours,

SUMITOMO MITSUI BANKING
CORPORATION, acting through its New
York Branch

By: _____
Name: _____
Title: _____

ANNEX H
TO
SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH
IRREVOCABLE TRANSFERABLE DIRECT-PAY
LETTER OF CREDIT NO. LG/MIS/NY-142139

NO ISSUANCE NOTICE

[Date]

U.S. Bank National Association,
as Issuing and Paying Agent
100 Wall Street, Suite 1600
New York, New York 10005
Attention: MMI Operations

We hereby notify you , with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (the “Letter of Credit”; terms used herein and not otherwise defined herein being used herein as therein defined) issued by us in your favor, as follows:

1. We hereby notify you that, in accordance with the terms of the Reimbursement Agreement, an Event of Default (as defined in the Reimbursement Agreement) has occurred and is continuing.

2. Subject to the following sentence, you must cease authenticating Series A-2 Commercial Paper Notes, as provided in the Issuing and Paying Agent Agreement, unless and until we rescind this No-Issuance Notice. If you receive this No-Issuance Notice at or before 10:00 A.M., New York City time, on a Business Day, you must cease authenticating Series A-2 Commercial Paper Notes on that Business Day, and if you receive this No-Issuance Notice after 10:00 A.M., New York City time, on a Business Day you must cease authenticating Series A-2 Commercial Paper Notes on the next Business Day.

3. This No-Issuance Notice will not affect our obligation to honor demands for payment under the Letter of Credit with respect to Series A-2 Commercial Paper Notes authenticated prior to your receipt of this No-Issuance Notice (or, subject to paragraph 2 above, on the same Business Day that you receive this No-Issuance Notice), and you will continue to have the right to draw under the Letter of Credit to pay the principal of and accrued interest on maturing Series A-2 Commercial Paper Notes authenticated prior to your receipt of this No-Issuance Notice (or, subject to paragraph 2 above, authenticated on the same Business Day that you receive this No-Issuance Notice).

[Signature Page Follows]

Very truly yours,

SUMITOMO MITSUI BANKING
CORPORATION, acting through its New
York Branch

By: _____
Name: _____
Title: _____

[Signature Page to No-Issuance Notice]

ANNEX I
TO
SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH
IRREVOCABLE TRANSFERABLE DIRECT-PAY
LETTER OF CREDIT NO. LG/MIS/NY-142139

NOTICE RE: REINSTATEMENT OF STATED AMOUNT

[Date]

U.S. Bank National Association,
as Issuing and Paying Agent
100 Wall Street, Suite 1600
New York, New York 10005
Attention: MMI Operations

We hereby notify you, with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (the "Letter of Credit"; terms used herein and not otherwise defined herein being used herein as therein defined) issued by us in your favor, that we have been reimbursed by or on behalf of the Commission for an amount drawn under the Letter of Credit and that the Stated Amount of the Letter of Credit will be reinstated by the amount of \$_____, effective as of _____. The Stated Amount of the Letter of Credit after such reinstatement is \$_____, of which \$_____ is applicable to principal and \$_____ is applicable to interest. You are hereby directed to attach this Notice to the Letter of Credit. This Notice is an amendment to and must be attached to the Letter of Credit and made a part thereof.

All other terms and conditions of the Letter of Credit remain unchanged.

Very truly yours,

SUMITOMO MITSUI BANKING
CORPORATION, acting through its New
York Branch

By: _____
Name: _____
Title: _____

ANNEX J
TO
SUMITOMO MITSUI BANKING CORPORATION,
ACTING THROUGH ITS NEW YORK BRANCH
IRREVOCABLE TRANSFERABLE DIRECT-PAY
LETTER OF CREDIT NO. LG/MIS/NY-142139

ACCELERATION NOTICE

[Date]

U.S. Bank National Association,
as Issuing and Paying Agent
100 Wall Street, Suite 1600
New York, New York 10005
Attention: MMI Operations

We hereby notify you, with reference to Irrevocable Transferable Direct-Pay Letter of Credit No. LG/MIS/NY-142139 (the “Letter of Credit”; terms used herein and not otherwise defined herein being used herein as therein defined) issued by us in your favor, as follows:

1. An “event of default” under and as defined in that certain First Amended and Restated Issuing and Paying Agent Agreement, dated as of December 1, 2018 (as from time to time supplemented and amended in accordance with the terms thereof and the hereinafter defined Reimbursement Agreement, the “Issuing and Paying Agent Agreement”), by and between the Public Utilities Commission of the City and County of San Francisco (the “Commission”) and you, as Issuing and Paying Agent, has occurred.

2. Pursuant to Section 8.01 of the Issuing and Paying Agent Agreement, the undersigned hereby notifies the Issuing and Paying Agent that it has declared the principal of all outstanding Series A-2 Commercial Paper Notes, and the interest accrued thereon, to be due and payable immediately.

3. The undersigned hereby notifies you, as Issuing and Paying Agent, that (i) effective upon receipt of this Acceleration Notice, the Stated Amount available to be drawn under the Letter of Credit will not be reinstated in accordance with the Letter of Credit, (ii) the Issuing and Paying Agent is instructed to make the final Drawing under the Letter of Credit to provide for the payment of the principal of and interest on Series A-2 Commercial Paper Notes issued in accordance with the Issuing and Paying Agent Agreement which are outstanding and which have been accelerated, and (iii) the Termination Date of the Letter of Credit will occur and the Letter of Credit will terminate on the earlier of (a) the date which is the third (3rd) Business Day after the date of receipt by the Issuing and Paying Agent of this Acceleration Notice and (b) the date on which the Final Acceleration Drawing is honored under the Letter of Credit.

Very truly yours,

SUMITOMO MITSUI BANKING
CORPORATION, acting through its New
York Branch

By: _____
Name: _____
Title: _____

cc: Public Utilities Commission of the City and County of San Francisco

EXHIBIT B

FORM OF BANK NOTE

**SAN FRANCISCO PUBLIC UTILITIES COMMISSION BANK NOTE
(POWER SERIES A-2 – SUMITOMO MITSUI BANKING CORPORATION, NEW YORK
BRANCH)**

\$125,000,000

not to exceed aggregate principal amount of
Public Utilities Commission
of the City and County of San Francisco
Commercial Paper Notes
(Power Series)
Series A-2 (Tax-Exempt)

\$136,095,891

December 27, 2018

For Value Received, the undersigned, PUBLIC UTILITIES COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO (the “Commission”), hereby promises to pay to the order of SUMITOMO MITSUI BANKING CORPORATION, acting through its New York Branch (the “Bank”), at its office at 277 Park Avenue, 4th Floor, New York, New York 10172, in the manner and on the dates provided in the Reimbursement Agreement, dated as of December 1, 2018 (the “Reimbursement Agreement”), by and between the Commission and the Bank, in lawful money of the United States of America and in immediately available funds, the principal sum of One Hundred Thirty-Six Million Ninety-Five Thousand Eight Hundred Ninety-One Dollars (\$136,095,891) or, if less, the aggregate outstanding principal amount of the Reimbursement Obligations from time to time owing to the Bank under the Reimbursement Agreement. Terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Reimbursement Agreement.

The Commission further promises to pay interest from the date hereof on the outstanding Reimbursement Obligations from time to time at the rates and times and in all cases in accordance with the terms of the Reimbursement Agreement. The Bank may endorse its books and records relating to this Bank Note with appropriate notations evidencing the amounts drawn under the Letter of Credit and payments of principal hereunder as contemplated by the Reimbursement Agreement.

This Bank Note is issued pursuant to, is entitled to the benefits of, and is subject to, the provisions of the Issuing and Paying Agent Agreement, the Reimbursement Agreement and the other Basic Documents, as further supplemented and amended in accordance with the terms of thereof. Voluntary prepayments may be made hereon, certain prepayments are required to be made hereon, and this Bank Note may be declared due prior to the expressed maturity hereof, all on the terms and in the manner provided for in the Reimbursement Agreement.

The parties hereto, including the undersigned maker and all guarantors, endorsers and pledgors that may exist at any time with respect hereto, hereby waive presentment, demand,

notice, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Bank Note and assent to the extensions of the time of payment or forbearance or other indulgence without notice.

This Bank Note is secured by and payable from the Available Power Enterprise Revenues and the Funds and Accounts created under the Issuing and Paying Agent Agreement with respect thereto (except the Rebate Fund).

This Bank Note and the obligations of the Commission hereunder shall be governed by and construed in accordance with the laws of the State of California without giving effect to conflict of laws provisions.

IN WITNESS WHEREOF, the Commission has caused this San Francisco Public Utilities Commission Bank Note (Power Series A-2 – Sumitomo Mitsui Banking Corporation, New York Branch) to be signed in its corporate name as an instrument by its duly authorized officer on the date and in the year first above written.

PUBLIC UTILITIES COMMISSION OF THE
CITY AND COUNTY OF SAN FRANCISCO

By: _____

Name: Harlan L. Kelly, Jr.

Title: General Manager

Approved as to Form:

DENNIS J. HERRERA
City Attorney of the City and
County of San Francisco

By: _____

Name: Mark D. Blake

Title: Deputy City Attorney

Acknowledged:

ANNA VAN DEGNA
Director of Public Finance of the City
and County of San Francisco

By: _____

Director of Public Finance

EXHIBIT C

FORM OF COMPLIANCE CERTIFICATE

This Compliance Certificate (this “Certificate”) is furnished to Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the “Bank”) pursuant to Section 5.1(a)(i) of the Reimbursement Agreement, dated as of December 1, 2018 (the “Reimbursement Agreement”), by and between the Public Utilities Commission of the City and County of San Francisco (the “Commission”) and the Bank. Terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Reimbursement Agreement.

The undersigned hereby certifies that:

1. I am an Authorized Representative of the Commission;
2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the activities, transactions and conditions of the Commission during the accounting period covered by the attached financial statements for the purpose of determining whether or not the Commission has complied with all of the terms, provisions and conditions of the Reimbursement Agreement and the other Basic Documents;
3. To the best of my knowledge, the financial statements required by Section 5.1(a)(i) of the Reimbursement Agreement and being furnished to you concurrently with this Certificate present fairly the financial position of the Commission as of the date they purport to represent and the revenues, expenses and changes in fund balances and in financial position for the periods then ended; and
4. The projected Net Revenues in each of the first three (3) full Fiscal Years after the sale of such Senior Debt (1) plus Available Funds are at least 1.25 times Annual Debt Service on the outstanding Senior Debt, after giving effect to the issuance of such Senior Debt, and (2) are at least 1.0 times Annual Debt Service on the outstanding Senior Debt, plus required deposits into any Reserve Fund established pursuant to the Master Trust Indenture, after giving effect to the issuance of such Senior Debt, as demonstrated below:

Fiscal Year [____]:
Projected Net Revenues \$_____
Available Funds \$_____
Annual Debt Service on outstanding Senior Debt \$_____
Required Deposits into Reserve Fund \$_____

Fiscal Year [____]:
Projected Net Revenues \$_____
Available Funds \$_____
Annual Debt Service on outstanding Senior Debt \$_____
Required Deposits into Reserve Fund \$_____

Fiscal Year [____]:
Projected Net Revenues \$_____
Available Funds \$_____
Annual Debt Service on outstanding Senior Debt \$_____
Required Deposits into Reserve Fund \$_____

or

4. Net Revenues from any twelve consecutive months of the prior 24 months (1) plus Available Funds, are at least 1.25 times Annual Debt Service on the outstanding Senior Debt, after giving effect to the issuance of such Senior Debt, and (2) are at least 1.0 times Annual Debt Service on the outstanding Senior Debt, plus required deposits into any Reserve Fund established pursuant to the Master Trust Indenture, after giving effect to the issuance of such Senior Debt; provided, however, for purposes of this paragraph the following adjustments may be made to Net Revenues for such period: (I) an allowance for additional Power Enterprise Revenues anticipated from any additions, extensions and improvements to the Power Enterprise to be acquired or constructed from proceeds of such or a prior Senior Debt and for any changes in Operation and Maintenance Expenses resulting therefrom, that are not reflected in Net Revenues for such Fiscal Year, but only if such additional Power Enterprise Revenues and changes in Operation and Maintenance Expenses represent a full twelve months' change in Net Revenues attributable to such additions, extensions and improvements; and (II) an allowance for additional Power Enterprise Revenues attributable to any increase in the rates and charges imposed by the Commission that (A) was in effect prior to the issuance of such Senior Debt but which, during all or part of such Fiscal Year, was not in effect, or (B) was adopted by the Commission prior to the issuance of such Senior Debt and will be in effect within 90 days after such issuance, but in either case only if such additional Power Enterprise Revenues represent a full twelve months' change in Net Revenues attributable to such increase in rates and charges, as demonstrated below:

Net Revenues \$_____
Additional Power Enterprise Revenues (Construction) \$_____
Additional Power Enterprise Revenues (Rates and Charges) \$_____
Available Funds \$_____
Annual Debt Service on outstanding Senior Debt \$_____
Required Deposits into Reserve Fund \$_____

5. Based on the examinations described in paragraph 2: *Check One of the Following:*

No Default or Event of Default has occurred and is continuing; or

A Default or Event of Default has occurred and is continuing, under the following circumstances:

[Include description of circumstances and Commission remedial actions]

6. Based on the examinations described in paragraph 2: *Check One of the Following:*

The representations and warranties of the Commission contained in Article IV of the Reimbursement Agreement are true and correct; or

The following representations and warranties of the Commission contained in Article IV of the Reimbursement Agreement are not true and correct, under the following circumstances:

[Include description of circumstances and Commission remedial actions]

The foregoing certifications and the financial statements delivered with this Certificate are hereby made and delivered this _____ day of _____, ____.

PUBLIC UTILITIES COMMISSION OF THE
CITY AND COUNTY OF SAN FRANCISCO

By: _____
Name:
Title:

EXHIBIT D

2019 LIST OF CITY HOLIDAYS

New Year's Day – Tuesday, January 1, 2019

Dr. Martin Luther King, Jr. Day - Monday, January 21, 2019

President's Day - Monday, February 18, 2019

Memorial Day - Monday, May 27, 2019

Independence Day - Thursday, July 4, 2019

Labor Day - Monday, September 2, 2019

Columbus Day - Monday, October 14, 2019

Veterans Day - Monday, November 11, 2019

Thanksgiving Day and the Day After - Thursday, November 28, 2019 & Friday, November 29, 2019

Christmas Day - Wednesday, December 25, 2019

EXHIBIT E

CITY REQUIREMENTS

(a) Tropical Hardwood and Virgin Redwood Ban. The City urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

(b) Nondiscrimination: Penalties.

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

(ii) Subcontracts. The Bank shall incorporate by reference in all subcontracts made in fulfillment of its obligations hereunder the provisions of Sections 12B.2(a), 12B.2(c)-(k) and 12C.3 of the San Francisco Administrative Code and shall require all subcontractors to comply with such provisions. The Bank's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

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

(iv) HRC Form. The Bank shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

(v) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. The Bank shall comply fully with and be bound by all of the

provisions that apply to this Agreement under such Chapters of the San Francisco Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, the Bank understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against the Bank and/or deducted from any payments due the Bank; *provided, however*, that such damages shall not be set off against the payment of rental or other contract related to Series A-2 Commercial Paper Notes or other debt obligations of the City.

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

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

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

(f) Earned Income Credit (“EIC”) Forms. San Francisco Administrative Code section 12O requires that employers provide their employees with IRS Form W-5 (The Earned Income Credit Advance Payment Certificate) and the IRS EIC Schedule, as set forth below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere that Federal Tax Forms can be found.

(i) The Bank shall provide EIC Forms to each Eligible Employee at each of the following times: (A) within thirty days following the date on which this Agreement becomes effective (unless the Bank has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (B) promptly after any Eligible Employee is hired by the Bank; and (C) annually between January 1 and January 31 of each calendar year during the term of this Agreement.

(ii) Failure to comply with any requirement contained in the immediately preceding paragraph shall constitute a material breach by the Bank of the terms of this Agreement. If, within thirty days after the Bank receives written notice of such a breach, the Bank fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, the Bank fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the City may pursue any rights or remedies available under this Agreement or under applicable law.

(iii) Any subcontract entered into by the Bank shall require the subcontractor to comply, as to the subcontractor’s Eligible Employees, with each of the terms of this Section.

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

(g) Local Business Enterprise Utilization; Liquidated Damages.

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

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

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

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

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

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

(j) Sunshine Ordinance. In accordance with San Francisco Administrative Code Section 67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between the Commission or the City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and

unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

(k) Requiring Minimum Compensation for Covered Employees.

(i) The Bank agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (“MCO”), as set forth in San Francisco Administrative Code Chapter 12P (“Chapter 12P”), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at www.sfgov.org/olse/mco. A partial listing of some of the Bank’s obligations under the MCO is set forth in this Section. The Bank is required to comply with all the provisions of the MCO, irrespective of this listing of obligations in this Section.

(ii) The MCO requires the Bank to pay the Bank’s employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and the Bank is obligated to keep informed of the then-current requirements. Any subcontract entered into by the Bank shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. It is the Bank’s obligation to ensure that any subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any subcontractor under this Agreement fails to comply, City may pursue any of the remedies set forth in this Section against the Bank.

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

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

(v) The City is authorized to inspect the Bank’s job sites and conduct interviews with employees and conduct audits of the Bank.

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

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

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

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

(l) Requiring Health Benefits for Covered Employees. Unless exempt, the Bank agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (“HCAO”), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is available on the web at <http://www.sfgov.org/lwlh.htm>. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

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

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

(iii) The Bank’s failure to comply with the HCAO shall constitute a material breach of this Agreement. The City shall notify the Bank if such a breach has occurred. If, within 30 days after receiving City’s written notice of a breach of this Agreement for violating the HCAO, the Bank fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Bank fails to commence efforts to

cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

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

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

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

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

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

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

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

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

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

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

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

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

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

Any failure of the Bank to comply with this Section of this Agreement shall constitute a material breach of this Agreement.

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

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

(q) Nondisclosure of Private Information. The Bank agrees to comply fully with and be bound by all of the provisions of Chapter 12M of the San Francisco Administrative Code (the "Nondisclosure of Private information Ordinance"), including the remedies provided. The provisions of the Nondisclosure of Private Information Ordinance are incorporated herein by reference and made a part of this Agreement as though fully set forth. Capitalized terms used in this section and not defined in this Agreement shall have the meanings assigned to such terms in the Nondisclosure of Private Information Ordinance. Consistent with the requirements of the Nondisclosure of Private Information Ordinance, the Bank agrees to all of the following:

(i) Neither the Bank nor any of its Subcontractors shall disclose Private Information obtained from the City in the performance of this Agreement to any other Subcontractor, person, or other entity, unless one of the following is true:

(1) the disclosure is authorized by this Agreement;

(2) the Bank received advance written approval from the Contracting Department to disclose the information; or

(3) the disclosure is required by law or judicial order.

(ii) Any disclosure or use of Private Information authorized by this Agreement shall be in accordance with any conditions or restrictions stated in this Agreement. Any disclosure or use of Private Information authorized by a Contracting Department shall be in accordance with any conditions or restrictions stated in the approval.

(iii) Private Information shall mean any information that: (1) could be used to identify an individual, including without limitation, name, address, social security number, medical information, financial information, date and location of birth, and names of relatives; or (2) the law forbids any person from disclosing.

(iv) Any failure of the Bank to comply with the Nondisclosure of Private Information Ordinance shall be a material breach of this Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate this Agreement, debar the Bank, or bring a false claim action against the Bank.

(r) Proprietary or Confidential Information of City. The Bank agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the City and its obligations, (g) with the consent of the City or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Bank on a nonconfidential basis from a source other than the City. For the purposes of this Section, "Information" means all information received from the City relating to the City or its business, other than any such information that is available to the Bank on a nonconfidential basis prior to disclosure by the City; provided that, in the case of information received from the City after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

(s) Submitting False Claims; Monetary Penalties. Pursuant to San Francisco Administrative Code Section 21.35, any contractor, subcontractor or consultant who submits a

false claim shall be liable to the City for three times the amount of damages which the City sustains because of the false claim. A contractor, subcontractor or consultant who submits a false claim shall also be liable to the City for the costs, including attorneys' fees, of a civil action brought to recover any of those penalties or damages, and may be liable to the City for a civil penalty of up to \$10,000 for each false claim. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (i) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (ii) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (iii) conspires to defraud the City by getting a false claim allowed or paid by the City; (iv) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (v) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

(t) Subcontracting. Except as otherwise provided in this Agreement, the Bank is prohibited from subcontracting this Agreement or any part of it unless such subcontracting is first approved by City in writing. Neither party shall, on the basis of this Agreement, contract on behalf of or in the name of the other party. An agreement made in violation of this provision shall confer no rights on any party and shall be null and void.

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

(v) City a Third Party Beneficiary. The City is hereby designated as a third party beneficiary for the purpose of enforcing all of the obligations of the Bank contained in this Exhibit E to this Agreement.