
The enclosed electronic (PDF) document has been created by scanning an original paper document. Optical Character Recognition (OCR) has been used to create searchable text. OCR technology is not perfect, and therefore some words present in the original document image may be missing, altered or may run together with adjacent words in the searchable text.

REIMBURSEMENT AGREEMENT

REIMBURSEMENT AGREEMENT

by and between

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

and

BARCLAYS BANK PLC

Relating to:

SECOND SUBORDINATE SALES TAX REVENUE COMMERCIAL PAPER NOTES,
SERIES A-TE-BARCLAYS (PROPOSITION A)

and

SECOND SUBORDINATE SALES TAX REVENUE COMMERCIAL PAPER NOTES,
SERIES A-T-BARCLAYS (PROPOSITION A)

Dated as of April 1, 2019

TABLE OF CONTENTS

SECTION	HEADING	PAGE
ARTICLE I.	DEFINITIONS	2
ARTICLE II.	LETTER OF CREDIT	18
Section 2.01.	Issuance of Letter of Credit.....	18
Section 2.02.	Letter of Credit Drawings	19
Section 2.03.	Reimbursement of Drawings Under the Letter of Credit; Mandatory Prepayment; Interest	19
Section 2.04.	Reimbursement of Certain Advances on Term Out Commencement Date	21
Section 2.05.	Fees	21
Section 2.06.	Method of Payment; Etc.	21
Section 2.07.	Termination of Letter of Credit by the Authority	21
Section 2.08.	Computation of Interest and Fees	21
Section 2.09.	Payment Due on Non-Business Day To Be Made on Next Business Day.....	22
Section 2.10.	Late Payments	22
Section 2.11.	Source of Funds	22
Section 2.12.	Extension of Letter of Credit Expiration Date	22
Section 2.13.	Net of Taxes, Etc.....	22
Section 2.14.	Increased Costs	24
Section 2.15.	Maximum Rate; Payment of Fee	25
ARTICLE III	NOTE ISSUANCE	26
Section 3.01.	Issuance Generally	26
Section 3.02.	Notice of No Issuances; Final Drawing Notice	26
ARTICLE IV	CONDITIONS PRECEDENT	26
Section 4.01.	Conditions Precedent to Issuance of the Letter of Credit	26
Section 4.02.	Reserved.....	29
Section 4.03.	Conditions Precedent to Term Out	29
ARTICLE V	REPRESENTATIONS AND WARRANTIES.....	30
Section 5.01.	Organization, Powers, Etc.....	30
Section 5.02.	Authorization, Absence of Conflicts, Etc.	30
Section 5.03.	Governmental Consent or Approval	30
Section 5.04.	Binding Obligations	30
Section 5.05.	Litigation.....	31
Section 5.06.	Financial Condition.....	31
Section 5.07.	Offering Memorandum	32
Section 5.08.	Related Documents	32

Section 5.09.	Margin Regulations	32
Section 5.10.	No Default or Event of Default	32
Section 5.11.	Notes	32
Section 5.12.	Security	32
Section 5.13.	Sovereign Immunity	33
Section 5.14.	Accurate Information	33
Section 5.15.	Usury	33
Section 5.16.	Swap Termination Payments	33
Section 5.17.	Sanctions Concerns	33
Section 5.18.	Incorporation of Representations and Warranties	33
Section 5.19.	Pari Passu	34
Section 5.20.	No Proposed Legal Changes	34
Section 5.21.	Valid Lien	34
Section 5.22.	ERISA; Plans; Employee Benefit Plans	34
Section 5.23.	Solvency	34
Section 5.24.	Environmental Laws	35
Section 5.25.	No Existing Right to Accelerate	35
Section 5.26.	Anti-Terrorism Laws	35
ARTICLE VI	COVENANTS	36
Section 6.01.	Covenants of the Authority	36
Section 6.02.	Negative Covenants of the Authority	41
ARTICLE VII	DEFAULTS	44
Section 7.01.	Events of Default and Remedies	44
Section 7.02.	Remedies	48
ARTICLE VIII	MISCELLANEOUS	49
Section 8.01.	Amendments, Waivers, Etc	49
Section 8.02.	Notices	49
Section 8.03.	Survival of Covenants; Successors and Assigns	51
Section 8.04.	Unconditional Obligations	52
Section 8.05.	LIABILITY OF BANK; INDEMNIFICATION	53
Section 8.06.	Expenses and Taxes	54
Section 8.07.	No Waiver; Conflict	54
Section 8.08.	Modification, Amendment, Waiver, Etc	55
Section 8.09.	Severability	55
Section 8.10.	Counterparts	55
Section 8.11.	Table of Contents; Headings	55
Section 8.12.	Entire Agreement	55
Section 8.13.	Governing Law; Jury Trial; Jurisdiction	55
Section 8.14.	No Advisory or Fiduciary Responsibility	56
Section 8.15.	USA Patriot Act; Government Regulations	57
Section 8.16.	Dealing with the Authority, the Issuing and Paying Agent, and/or the Dealer	57

Section 8.17.	Acknowledgment and Consent to Bail-In of EEA Financial Institutions.....	57
---------------	---	----

Appendix I	—	Form of Irrevocable Transferable Direct-Pay Letter of Credit
Appendix II	—	Form of Notice of No Issuance
Appendix III	—	Form of Bank Note
Appendix IV	—	Form of Request for Extension

REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT, dated as of April 1, 2019 (together with any amendments or supplements hereto, this “*Agreement*”), is made by and between the LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (the “*Authority*”) and BARCLAYS BANK PLC (the “*Bank*”).

WITNESSETH:

WHEREAS, the Authority has authorized and issued, and intends to issue from time to time, Notes (as hereinafter defined) in an aggregate principal amount which does not exceed \$183,694,000 at any one time outstanding;

WHEREAS, the Notes are issued pursuant to the Subordinate Trust Agreement, dated as of January 1, 1991 (the “*Subordinate Trust Agreement*”), a First Supplemental Subordinate Trust Agreement, dated as of January 1, 1991 (the “*First Supplemental Subordinate Trust Agreement*”), a Second Supplemental Subordinate Trust Agreement, dated as of January 1, 1994 (the “*Second Supplemental Subordinate Trust Agreement*”), a Third Supplemental Subordinate Trust Agreement, dated as of December 1, 1996 (the “*Third Supplemental Subordinate Trust Agreement*”), a Fourth Supplemental Subordinate Trust Agreement, dated as of December 1, 1996 (the “*Fourth Supplemental Subordinate Trust Agreement*”), a Fifth Supplemental Subordinate Trust Agreement, dated as of May 1, 2004 (the “*Fifth Supplemental Subordinate Trust Agreement*”), a Sixth Supplemental Subordinate Trust Agreement, dated as of September 24, 2009 (the “*Sixth Supplemental Subordinate Trust Agreement*”), and a Seventh Supplemental Subordinate Trust Agreement, dated as of September 30, 2010 (the “*Seventh Supplemental Subordinate Trust Agreement*” and collectively with the Subordinate Trust Agreement, the First Supplemental Subordinate Trust Agreement, the Second Supplemental Subordinate Trust Agreement, the Third Supplemental Subordinate Trust Agreement, the Fourth Supplemental Subordinate Trust Agreement, the Fifth Supplemental Subordinate Trust Agreement, and Sixth Supplemental Subordinate Trust Agreement, collectively referred to herein as the “*Trust Agreement*”), each by and between the Authority and the Trustee, and pursuant to which the Authority is required to furnish a letter of credit in connection with the Notes to be issued from time to time by the Authority under the Program;

WHEREAS, the Authority has requested the Bank to issue the Letter of Credit to the Issuing and Paying Agent, as beneficiary, in order to assure the payment at maturity of the principal of and interest on Notes hereafter issued in accordance with their terms;

WHEREAS, the Authority has requested the Bank to provide the Letter of Credit in the original stated amount of \$199,999,988 for the payment by the Issuing and Paying Agent at maturity of the principal of and interest on the Notes;

WHEREAS, the Bank is prepared to issue the Letter of Credit upon the terms and conditions set forth in this Agreement;

WHEREAS, the Reimbursement Obligations, including the Bank Note, of the Authority hereunder and the other obligations of the Authority hereunder and under the Fee Letter are secured by a pledge of and lien on the Pledged Revenues which pledge and lien is junior and subordinate in all respects to the pledge thereof and lien thereon securing the Senior Lien Bonds;

NOW, THEREFORE, in consideration of the agreements set forth herein and in order to induce the Bank to issue the Letter of Credit, the Bank and the Authority agree as follows:

ARTICLE I

DEFINITIONS

As used in this Agreement:

“*Act*” shall mean the Los Angeles County Transportation Commission Revenue Bond Act, Section 130500 *et seq.* of the California Public Utilities Code, as amended from time to time.

“*Advance*” has the meaning set forth in Section 2.03(a)(i) hereof.

“*Affiliate*” means, as to any Person, a corporation, partnership, association, agency, authority, instrumentality, joint venture, business trust or similar entity organized under the laws of any state that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person.

“*Agreement*” means this Reimbursement Agreement, as amended and supplemented pursuant to the terms hereof.

“*Alternate Facility*” means a letter of credit or other credit or liquidity facility supporting the payment of the Notes in accordance with the Trust Agreement, or a revolving credit agreement or other credit facility in substitution for all or a portion of the Program in accordance with the Trust Agreement.

“*Amortization End Date*” means, with respect to any Advance, the earliest to occur of: (i) the fifth (5th) anniversary of the date on which the related Advance was made, (ii) the date on which an Alternate Facility becomes effective in substitution of the Letter of Credit with respect to the Notes, (iii) 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 terminating on the Letter of Credit Expiration Date), including as a result of the occurrence of an Event of Default, and (iv) the Program Termination Date.

“*Authority*” has the meaning set forth in the introductory paragraph to this Agreement.

“*Authorized Officer*” means the Authority’s means any of the Chief Executive Officer of the Authority, the Chief Financial Officer of the Authority, the Deputy Executive Officer of

Finance of the Authority, the Executive Director, Finance and Budget of the Authority, the Treasurer of the Authority, the General Counsel of the Authority, the Board Secretary of the Authority, the Board of Directors of the Authority, as a whole, or any other authorized representative or authorized spokesperson conveying an official position of the Board or the Authority.

“Bail-In Action” means the exercise by a resolution authority of any write-down or conversion power existing from time to time (including, without limitation, any power to amend or alter the maturity of eligible liabilities of an institution under resolution or amend the amount of interest payable under such eligible liabilities or the date on which interest becomes payable, including by suspending payment for a temporary period and together with any power to terminate and value transactions) under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the United Kingdom relating to the transposition of the Bank Recovery and Resolution Directive, as amended from time to time, including but not limited to, the Banking Act 2009 as amended from time to time, and the instruments, rules and standards created thereunder, pursuant to which the Bank’s obligations (or those of the Bank’s affiliates) can be reduced (including to zero), cancelled or converted into shares, other securities, or other obligations of the Bank’s or any other person.

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

“Bank Agreement” means any credit agreement, bond purchase agreement, liquidity agreement, direct purchase agreement, standby bond purchase agreement, reimbursement agreement or other agreement or instrument (or any amendment, supplement or modification thereto) entered into by the Authority with any Person, directly or indirectly, or otherwise consented to by the Authority, under which any Person or Persons undertakes to make loans, extend credit or liquidity to the Authority in connection with, or to directly purchase, any Subordinate Obligations, Senior Parity Debt or Senior Lien Bonds; *provided*, that *“Bank Agreement”* shall not include reference to Senior Parity Debt and Senior Lien Bonds with respect to Section 6.02(f) and Section 7.01(h)(i) hereof.

“Bank Note” has the meaning set forth in Section 2.03(d) hereof.

“Bank Rate” means the rate of interest per annum with respect to an Advance: (a) for any day commencing on the date such Advance is made to and including the 90th day next succeeding the date such Advance is made, equal to the Base Rate; (b) for any day commencing on the 91st day next succeeding the date such Advance is made, equal to the Base Rate *plus* 1.00% and (c) for any day commencing on the 181st day next succeeding the date such Advance is made and thereafter, equal to the sum of the Base Rate from time to time in effect plus two percent (2.00%); *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; and *provided further* that, at no time shall the Bank Rate be less than the applicable rate of interest on any outstanding Notes.

“Bank’s Counsel” has the meaning set forth in Section 4.01 hereof.

“*Base Rate*” means, for any day, a fluctuating rate of interest per annum equal to the greatest of (i) the sum of the Prime Rate in effect at such time plus two and one-half of one percent (2.50%), (ii) the sum of the Federal Funds Rate in effect at such time plus two and one-half of one percent (2.50%), (iii) one hundred fifty percent (150%) of the yield on the 30-Year United States Treasury bond, and (iv) eight percent (8.00%). Each determination of the Base Rate by the Bank shall be conclusive and binding on the Authority absent manifest error.

“*Bond Counsel*” means Norton Rose Fulbright US LLP, or any other law firm(s) having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds and which is reasonably acceptable to the Authority.

“*Budget*” means the annual budget of the Authority, including without limitation, the capital budget of the Authority.

“*Business Day*” means any day other than (a) a Saturday or Sunday or other day on which commercial banks in Los Angeles, California, or New York, New York are authorized or required by law or executive order to close or (b) a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed, or (c) a day on which commercial banks are authorized or required by law or executive order to be closed in the city in which demands for payment are to be presented under the Letter of Credit.

“*CDTFA*” means the California Department of Tax and Fee Administration.

“*Change of Law*” means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any law, (b) any change in any law or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the promulgation, adoption or issuance of any request, rule, ruling, guideline (including, without limitation, Risk-Based Capital Guidelines), 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, ruling, 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 of America or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law,” regardless of the date enacted, adopted or issued.

“*Closing Date*” means the date on which the Letter of Credit is issued.

“*Code*” means the Internal Revenue Code of 1986, as amended from time to time, and all rules and regulations from time to time promulgated thereunder.

“*Dealer*” means each institution appointed from time to time by the Authority to act as a Dealer for the Notes pursuant to a Dealer Agreement and the terms hereto. As of the Closing Date, Dealer shall mean each of Goldman, Sachs & Co. LLC, Barclays Capital Inc. and RBC Capital Markets, LLC.

“*Dealer Agreement*” means each Dealer Agreement between the Authority and a Dealer relating to the Notes as amended and supplemented from time to time in accordance with the terms hereof and thereof.

“*Debt*” of any Person means, without duplication, (i) all obligations of such Person evidenced by bonds, debentures, notes, securities or other similar instruments, (ii) all obligations of such Person for borrowed money, (iii) 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, (iv) obligations of such Person as lessee under any lease of property, real or personal, that, in accordance with GAAP, would be required to be capitalized on a balance sheet of the lessee thereof, (v) 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, (vi) all obligations of such Person to purchase securities (or other property) which arise out of or in connection with the sale of the same or substantially similar securities or property or obligations for the deferred purchase price of property or services (other than trade accounts payable occurring in the ordinary course of business), (vii) any obligation of such Person guaranteeing or in effect guaranteeing any other Debt, whether directly or indirectly and (viii) all obligations arising under or pursuant to any Swap Contract.

“*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*” means a fluctuating interest rate per annum equal to the sum of the Base Rate from time to time in effect plus 4.00%.

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

“*Drawing*” means a draw made under and subject to the conditions set forth in the Letter of Credit.

“*DTC*” means The Depository Trust Company and any successor or replacement thereto as securities depository.

“*EMMA*” means the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board.

“*Environmental Laws*” means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, or rules, and all judgments, orders, decrees, permits, concessions, grants, franchises, licenses, permits, agreements or governmental restrictions relating to air, water or land pollution, wetlands, or the protection of the environment or the release of any materials into the environment, including air, water or land and those related to Hazardous Materials, air emissions and discharges to waste or public systems.

“*Environmental Liability*” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the

Authority directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and all rules and regulations from time to time promulgated thereunder, or any successor statute.

“*Event of Default*” has the meaning set forth in Section 7.01 hereof.

“*Excess Interest*” has the meaning set forth in Section 2.15 hereof.

“*Federal Funds Rate*” means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to the Bank on such day on such transactions as determined by the Bank.

“*Fee Letter*” means that certain Fee Letter dated April 25, 2019, between the Authority and the Bank, as the same may be amended and supplemented from time to time.

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

“*First Supplemental Subordinate Trust Agreement*” has the meaning set forth in the recitals hereof.

“*Fiscal Year*” means the period of time beginning on July 1 of each given year and ending on June 30 of the immediately subsequent year.

“*Fitch*” means Fitch Inc., or if such corporation is dissolved or liquidated and otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Authority and reasonably acceptable to the Bank.

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

“*Governmental Authority*” means any national, supranational, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental,

quasigovernmental, judicial, administrative, public or statutory instrumentality, authority, body, agency, department, commission, bureau, court, central bank 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.

“*Hazardous Materials*” means (a) any petroleum or petroleum products, flammable substance, explosives, radioactive materials, hazardous waste or contaminants, toxic wastes, substances or contaminants, or any other wastes, contaminants, or pollutants; (b) asbestos in any form that is or could become friable, urea formaldehyde foam insulation, transformers, or other equipment that contains dielectric fluid containing levels of polychlorinated biphenyls or radon gas; (c) any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous materials,” “extremely hazardous wastes,” “restricted hazardous wastes,” “toxic substances,” “toxic pollutants,” “contaminants” or “pollutants,” or words of similar import, under any applicable Environmental Law; (d) any other chemical, material or substance, exposure to which is prohibited, limited, or regulated by any governmental authority; and (e) any other chemical, material or substance which may or could pose a hazard to the environment.

“*Incipient Invalidity Event*” means (i) the validity or enforceability of any provision of the Act or Ordinance No. 16 that impacts (A) the Authority’s ability or obligation to levy the Proposition A Sales Tax in the incorporated and unincorporated territory of the County of Los Angeles in accordance with the provisions of the Act and Ordinance No. 16 which affects the Authority’s ability or obligation to make payments of principal or interest on the Notes, the Bank Note, any unreimbursed Drawings, any Advances, the other Reimbursement Obligations and all other payment obligations due and owing the Bank under this Agreement or the pledge of and lien on Net Pledged Revenues securing the payments of principal or interest on the Notes, the Bank Note, any unreimbursed Drawings, any Advances, the other Reimbursement Obligations and all other payment obligations due and owing the Bank under this Agreement or (B) the CDTFA’s ability or obligation to collect the Proposition A Sales Tax or to pay the Pledged Tax to the Trustee, in each case, which affects the Authority’s ability or obligation to make payments of principal or interest on the Notes, the Bank Note, any unreimbursed Drawing, any Advances, the other Reimbursement Obligations or any other payment obligation due and owing the Bank under this Agreement or the pledge of and lien on Net Pledged Revenues securing the payments of principal or interest on the Notes, the Bank Note, any unreimbursed Drawing, any Advances, the other Reimbursement Obligations and all other payment obligations due and owing the Bank under this Agreement is publicly contested or publicly repudiated by an Authorized Officer of the Authority or (ii) the validity or enforceability of any such provision described in clause (i)(A) or (i)(B) above is deemed to be invalid or unenforceable as a result of an Authorized Officer of the Authority or the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction taking or being permitted to take any official action, or introducing or duly enacting any statute or legislation or issuing an executive order or (iii) any such provision described in clause (i)(A) or (i)(B) is determined by a court of competent jurisdiction or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction in a proceeding subject to further appeals to be invalid or unenforceable or (iv) the validity or enforceability of any Payment and Collateral Obligation is publicly

contested or publicly repudiated by an Authorized Officer of the Authority or (v) the validity or enforceability of any Payment and Collateral Obligation is deemed to be invalid or unenforceable as a result of an Authorized Officer of the Authority or the State or any instrumentality of the State or any Governmental Authority with appropriate jurisdiction taking or being permitted to take any official action or introducing or duly enacting any statute or legislation or issuing an executive order or (vi) any Payment and Collateral Obligation is declared invalid or unenforceable in a proceeding subject to further appeals by the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction or (vii) any provision of the Act or Ordinance No. 16 is supplemented, modified or amended in a manner that makes invalid or unenforceable (A) the Authority's ability or obligation to levy the Proposition A Sales Tax in the incorporated and unincorporated territory of the County of Los Angeles in accordance with the provisions of the Act and Ordinance No. 16 which affects the Authority's ability or obligation to make payments of principal or interest on the Notes, the Bank Note, any unreimbursed Drawings, any Advances, the other Reimbursement Obligations and all other payment obligations due and owing the Bank under this Agreement or the pledge of and lien on Net Pledged Revenues securing the payments of principal or interest on the Notes, the Bank Note, any unreimbursed Drawings, any Advances, the other Reimbursement Obligations and all other payment obligations due and owing the Bank under this Agreement, or (B) the CDTFA's ability or obligation to collect the Proposition A Sales Tax or the CDTFA's ability or obligation to make payment of the Pledged Tax to the Trustee, in each case, which affects the Authority's ability or obligation to make payments of principal or interest on the Notes, the Bank Note, any unreimbursed Drawings, any Advances, the other Reimbursement Obligations and all other payment obligations due and owing the Bank under this Agreement or the pledge of and lien on Net Pledged Revenues securing the payments of principal or interest on the Notes, the Reimbursement Note, any unreimbursed Drawings, any Advances, the other Reimbursement Obligations and all other payment obligations due and owing the Bank under this Agreement or (viii) any provision of this Agreement, the Notes, the Reimbursement Note or the Trust Agreement relating to the Authority's ability or obligation to make payments of principal or interest on the Notes, the Reimbursement Note, any unreimbursed Drawings, any Advances, the other Reimbursement Obligations and all other payment obligations due and owing the Bank under this Agreement or the pledge of and lien on the Net Pledged Revenues to secure the payment of principal of and interest on the Notes, the Reimbursement Note, any unreimbursed Drawings, any Advances, the other Reimbursement Obligations and all other payment obligations due and owing the Bank under this Agreement is publicly contested or publicly repudiated by an Authorized Officer of the Authority or (ix) the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction shall, by official action, makes a finding or ruling or through the enactment of any statute or legislation or the issuance of an executive order determines that any provision of this Agreement, the Notes, the Bank Note or the Trust Agreement relating to the Authority's ability or obligation to make payments of principal or interest on the Notes, the Bank Note, any unreimbursed Drawings, any Advances, the other Reimbursement Obligations and all other payment obligations due and owing the Bank under this Agreement or the pledge of and the lien on Net Pledged Revenues to secure the payment of principal or interest on the Notes, the Bank Note, any unreimbursed Drawings, any Advances, the other Reimbursement Obligations and all other payment obligations due and owing the Bank under this Agreement is not valid and binding on the Authority.

“Interest Payment Date” means the first Business Day of each calendar month.

“Invalidity Event” means (i) the Act or Ordinance No. 16 is repealed, (ii) a Federal court or any other court with appropriate jurisdiction or the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction determines in a final nonappealable order or judgment, as the case may be, that a provision or provisions of the Act or Ordinance No. 16 have been supplemented, modified and/or amended in a manner that makes invalid or unenforceable (A) the Authority’s obligation to levy the Proposition A Sales Tax in the incorporated and unincorporated territory of the County of Los Angeles in accordance with the provisions of the Act and Ordinance No. 16 which affects the Authority’s ability or obligation to make payments of principal or interest on the Notes, the Bank Note, any unreimbursed Drawings, any Advances, all other Reimbursement Obligations and any other payment obligations due and owing the Bank hereunder or the pledge of and lien on Net Pledged Revenues securing the payments of principal or interest on the Notes, the Bank Note, any unreimbursed Drawing, any Advances, the other Reimbursement Obligations or any other payment obligation due and owing the Bank hereunder or (B) the CDTFA’s obligation to collect the Proposition A Sales Tax or the CDTFA’s ability or obligation to make payment of the Pledged Tax directly to the Trustee, in each case, which affects the Authority’s ability or obligation to make payments of principal or interest on the Notes, the Bank Note, any unreimbursed Drawing, any Advances, the other Reimbursement Obligations or any other payment obligation due and owing the Bank hereunder or the pledge of and lien on Net Pledged Revenues securing the payments of principal or interest on the Notes, the Bank Note, any unreimbursed Drawing, any Advances, the other Reimbursement Obligations or any other payment obligation due and owing the Bank hereunder, (iii) the Act or Ordinance No. 16 is ruled to be null and void by a Federal court or any court with appropriate jurisdiction or the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction, (iv) any provision of this Agreement, any Note, the Bank Note or the Trust Agreement relating to the Authority’s ability or obligation to make payments of the principal or interest on the Notes, the Bank Note, any unreimbursed Drawing, any Advances, the other Reimbursement Obligations or any other payment obligation due and owing the Bank hereunder or the pledge of and lien on the Net Pledged Revenues to secure the payment of principal of and interest on the Notes, the Bank Note, any unreimbursed Drawing, any Advances, the other Reimbursement Obligations or any other payment obligation due and owing the Bank hereunder (each such provision, a “Payment and Collateral Obligation”) is ruled to be null and void by a Federal court or any other court with appropriate jurisdiction or the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction in a final nonappealable order or judgment by such court or the State or any instrumentality of the State, as applicable, or (v) an Authorized Officer of the Authority publicly denies, contests or repudiates that the Authority has any or further liability or obligation with respect to payments of principal or interest on the Notes, the Bank Note, any unreimbursed Drawing, any Advances, the other Reimbursement Obligations or any other payment obligation due and owing the Bank hereunder under the Act or Ordinance No. 16 or any Payment and Collateral Obligation.

“Investment Grade” means a rating of “Baa3” (or its equivalent) or better by Moody’s, “BBB-” (or its equivalent) or better by S&P and “BBB-” (or its equivalent) or better by Fitch.

“Issuing and Paying Agent” means U.S. Bank National Association, as Issuing and Paying Agent under the Issuing and Paying Agent Agreement, or any successor in such capacity.

“Issuing and Paying Agent Agreement” means the Issuing and Paying Agent Agreement dated January 1, 1991, between the Authority and the Issuing and Paying Agent and any other similar agreement between the Authority and any successor Issuing and Paying Agent under the Trust Agreement, as amended and supplemented from time to time in accordance with the terms hereof and thereof.

“Letter of Credit” means the irrevocable transferable direct-pay letter of credit issued by the Bank for the account of the Authority in favor of the Issuing and Paying Agent supporting the Notes, in the form of Appendix I hereto with appropriate insertions, as from time to time amended and supplemented pursuant to its terms.

“Letter of Credit Expiration Date” means the date set forth in the Letter of Credit as the date on which the Letter of Credit is stated to expire, as the same may be extended pursuant to Section 2.12 hereof.

“Letter of Credit Fees” has the meaning set forth in the Fee Letter.

“Lien” on any asset means any mortgage, deed of trust, lien, pledge, charge, security interest, hypothecation, assignment, deposit arrangement or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected or effective under applicable law, as well as the interest of a vendor or lessor under any conditional sale agreement, capital or finance lease or other title retention agreement relating to such asset.

“Material Adverse Change” or *“Material Adverse Effect”* means the occurrence of any event or change that causes a material adverse change in or a material adverse effect on (A) the validity or enforceability of this Agreement, the Notes or any of the other Related Documents, (B) the validity, enforceability or perfection of the pledge of and lien on the Net Pledged Revenues under the Trust Agreement and hereunder, (C) the status of the Authority as a public entity created and validly existing under the laws of the State, (D) the exemption of interest on the Tax-Exempt Notes from federal income tax or (E) the collection of the Proposition A Sales Tax that could reasonably be expected to have a material adverse effect on the ability of the Authority to pay on a timely basis debt service or other amounts owing on the Senior Lien Bonds, the Subordinate Obligations, the other Reimbursement Obligations and all other Obligations due and owing to the Bank hereunder.

“Maximum CP Rate” means the lesser of (i) twelve percent (12%) per annum and (ii) the maximum non-usurious lawful rate of interest permitted by applicable law.

“Maximum Rate” means the lesser of (i) eighteen percent (18%) per annum and (ii) the maximum non-usurious lawful rate of interest permitted by applicable law.

“Moody’s” means Moody’s Investors Service, Inc., and any successor rating agency.

“*Net Pledged Revenues*” has the meaning set forth in Article I of the Subordinate Trust Agreement.

“*Notes*” means the Los Angeles County Metropolitan Transportation Authority Second Subordinate Sales Tax Revenue Commercial Paper Notes, Series A-TE-Barclays (Proposition A) and the Los Angeles County Metropolitan Transportation Authority Second Subordinate Sales Tax Revenue Commercial Paper Notes, Series A-T-Barclays (Proposition A).

“*Notice of No Issuance*” means the written instruction, in the form attached as Appendix II hereto, given by the Bank to the Authority and the Issuing and Paying Agent pursuant to Section 3.02 hereof or Section 7.02(a) hereof.

“*Obligations*” means the Reimbursement Obligations (which includes amounts owing to the Bank evidenced by the Bank Note), the Letter of Credit Fees, the obligations of the Authority to pay all fees, charges and expenses payable hereunder, under the Fee Letter and under the Bank Note, and all other payment obligations of the Authority owed to the Bank under this Agreement, the Fee Letter and the Bank Note.

“*OFAC*” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“*Offering Memorandum*” means (i) the Offering Memorandum of the Authority with respect to the Notes currently in effect and in use for marketing the Notes, and (ii) each other document used by the Authority in offering the Notes.

“*Ordinance No. 16*” means “An Ordinance Establishing a Retail Transactions and Use Tax in the County of Los Angeles for Public Transit Purposes” adopted by the Authority on August 20, 1980.

“*Original Stated Amount*” has the meaning set forth in Section 2.01 hereof.

“*Outstanding*” has the meaning set forth in the Trust Agreement.

“*Participant*” has the meaning set forth in Section 8.03(b) hereof.

“*Payment and Collateral Obligation*” has the meaning set forth in the definition of the term “Invalidity Event” herein.

“*Payment Office*” has the meaning set forth in the Fee Letter.

“*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 or any similar entity.

“*Plan*” means an employee benefit plan maintained for employees of the Authority which is covered by ERISA.

“*Pledged Revenues*” has the meaning set forth in Article I of the Subordinate Trust Agreement.

“*Pledged Tax*” has the meaning set forth in Article I of the Subordinate Trust Agreement.

“*Prime Rate*” means, for any day, the rate of interest in effect for such day as publicly announced from time to time by the Bank as its “prime rate.” The “prime rate” is a rate set by the Bank based upon various factors including the Bank's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by the Bank shall take effect at the opening of business on the day specified in the public announcement of such change.

“*Projected Maximum Total Annual Debt Service*” means, at any point in time, maximum Total Annual Debt Service for the then current or any future fiscal year (subject to clause (i) below in this definition), calculated by the Authority as provided in this definition. For purposes of calculating Projected Maximum Total Annual Debt Service the following assumptions shall be used to calculate the principal and interest becoming due in any fiscal year (subject to clause (i) below in this definition):

(a) in determining the principal amount due in each year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made in accordance with any amortization schedule established for such Proposition A Indebtedness, including any scheduled redemption or prepayment of Proposition A Indebtedness on the basis of accreted value, and for such purpose, the redemption payment shall be deemed a principal payment;

(b) if any of the Proposition A Indebtedness issued or proposed to be issued constitutes Balloon Indebtedness (as hereinafter defined in this definition), then, for purposes of determining Projected Maximum Total Annual Debt Service, such amounts that constitute Balloon Indebtedness shall be treated as if the principal amount of such Proposition A Indebtedness were to be amortized in substantially equal annual installments of principal and interest over a term of 25 years and the interest rate used for such computation shall be the Bond Buyer Revenue Bond Index, for the last week of the month preceding the date of calculation, as published in *The Bond Buyer*, or if such index is no longer published, in a similar index selected by the Bank with notice to the Authority;

(c) if any Proposition A Indebtedness issued or proposed to be issued constitutes Tender Indebtedness (as hereinafter defined in this definition), then for purposes of determining the amounts of principal and interest due in any fiscal year on such Proposition A Indebtedness, the options or obligations of the owners of such Proposition A Indebtedness to tender the same for purchase or payment prior to their stated maturity or maturities shall be treated as a principal maturity (but any such amount treated as a maturity shall not be eligible for treatment as Balloon Indebtedness)

occurring on the first date on which owners of such Proposition A Indebtedness may or are required to tender such Proposition A Indebtedness, except that any such option or obligation of Tender Indebtedness shall be ignored and not treated as a principal maturity if such Proposition A Indebtedness is rated in one of the two highest long term rating categories (without reference to gradations such as “plus” or “minus”) by Moody’s or by Standard & Poor’s or such Proposition A Indebtedness is rated in the highest short term note or commercial paper rating categories by Moody’s or by Standard & Poor’s, in which case such Proposition A Indebtedness will be treated as Variable Rate Indebtedness;

(d) if any Proposition A Indebtedness issued or proposed to be issued constitutes tax-exempt Variable Rate Indebtedness, the interest rate on such Proposition A Indebtedness shall be assumed to be 150% of the greater of (i) the daily average rate of interest during the 36 month period ending with the month preceding the date of calculation quoted for 30 day interest periods for tax-exempt debt in the *Short-Term Tax-Exempt Yields* index for Prime Commercial Paper A-1/P-1 (30 days) as published in *The Bond Buyer*, or if such rate has been published for a shorter period only, such shorter period, or if such index is no longer published, a similar index selected by the Bank, with notice to the Authority, or (ii) the rate of interest on such Proposition A Indebtedness on the date of calculation; *provided*, that in the event that such Variable Rate Indebtedness is issued in connection with an interest rate swap agreement in which the Authority has agreed to pay a fixed interest rate and such interest rate swap agreement has been reviewed and approved by any two of the three entities identified in the definition of Rating Agency herein and the Bank, for purposes of this definition, the interest rate for purposes of computing Projected Maximum Total Annual Debt Service shall be such fixed rate for the period that such interest rate swap agreement is contracted to remain in full force and effect and thereafter shall be assumed to be such maximum interest rate described above;

(e) if any Proposition A Indebtedness issued or proposed to be issued constitutes taxable Variable Rate Indebtedness, the interest rate on such Proposition A Indebtedness shall be assumed to be 150% of the greater of (i) the daily average rate of interest during the 36 month period ending with the month preceding the date of calculation quoted for 30 day interest periods for taxable Proposition A Indebtedness with the type of interest rate setting mechanism used for such Proposition A Indebtedness or (ii) the rate of interest on such Proposition A Indebtedness on the date of calculation; and, provided further, that in the event that such Variable Rate Indebtedness is issued in connection with an interest rate swap agreement in which the Authority has agreed to pay a fixed interest rate and such interest rate swap agreement has been reviewed and approved by any two of the three entities identified in the definition of Rating Agency herein and the Bank, for purposes of this definition, the interest rate for purposes of computing Projected Maximum Total Annual Debt Service shall be such fixed rate for the period that such interest rate swap agreement is contracted to remain in full force and effect and thereafter shall be assumed to be such maximum interest rate described above;

(f) if moneys or Government Obligations (as hereinafter defined in this definition) have been irrevocably deposited with and are held by the Trustee or another fiduciary to be used to pay principal and/or interest on specified Proposition A Indebtedness as it comes due, and the sufficiency of such deposits has been verified to the Bank by the Trustee or other fiduciary, such principal or interest, as the case may be, shall not be included in calculating Projected Maximum Total Annual Debt Service;

(g) if any Proposition A Indebtedness issued or proposed to be issued is to be payable in a currency other than lawful currency of the United States, the amount of principal of and interest on such Proposition A Indebtedness shall be assumed to be, (i) the amount of Dollars payable under a foreign exchange contract, currency swap agreement, foreign exchange futures contract, foreign exchange option contract, synthetic cap or other similar agreement (a “*Currency Hedge Agreement*”) to receive payments in that currency in amounts sufficient to pay the Proposition A Indebtedness and (ii) for any payments of principal of and interest on such Proposition A Indebtedness with respect to which the Authority has not entered into a Currency Hedge Agreement, 125% of the amount of Dollars required to purchase the amount of currency required to make such payments at the average exchange rate as quoted in *The Wall Street Journal* for a six month period ending not more than one month prior to the date of calculation;

(h) for purposes of this definition:

“*Balloon Indebtedness*” means Proposition A Indebtedness 25% or more of the principal of which matures on the same date and such amount is not required by the documents governing such Proposition A Indebtedness to be amortized by payment or redemption prior to such date. Commercial paper, any Advances (but excluding any Advance outstanding on or after the applicable Term Loan Commencement Date) under this Agreement, and any other advances outstanding under any revolving credit agreement or liquidity facility prior to the commencement of any term-out of such other advances pursuant to such revolving credit agreement or liquidity facility, as applicable, shall be treated as Balloon Indebtedness for the purposes of this definition. If any Indebtedness consists partially of Proposition A Indebtedness bearing interest at a fixed rate and partially of Variable Rate Indebtedness, the portion constituting Variable Rate Indebtedness and the portion bearing interest at a fixed rate shall be treated as separate issues for purposes of determining whether any such Proposition A Indebtedness constitutes Balloon Indebtedness.

“*Government Obligations*” means (i) direct obligations of, or obligations the full and timely payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, (ii) U.S. Treasury STRIPS, and (iii) the interest component of Resolution Funding Corporation strips for which separation of principal and interest is made by request to the Federal Reserve Bank of New York in book entry form; it is specifically hereby provided that the obligations described in this definition and which constitute Government Obligations shall not include shares in mutual funds or in unit

investment trusts which invest in obligations described in (i), (ii), or (iii) of this definition.

“Tender Indebtedness” means any Proposition A Indebtedness or portions of Proposition A Indebtedness a feature of which is an option which is exercisable but for the passage of time or the giving of notice or both, on the part of the owners thereof, or an obligation, under the terms of such Proposition A Indebtedness, to tender all or a portion of such Proposition A Indebtedness prior to the stated maturity date of such Proposition A Indebtedness to the Authority or a fiduciary or agent for payment or purchase and requiring that such Proposition A Indebtedness or portions of Proposition A Indebtedness be purchased if properly presented; and

(i) in determining Total Annual Debt Service and Projected Maximum Total Debt Service, the debt service payment owed by the Authority with respect to Proposition A Indebtedness on July 1 of each year shall be included in the fiscal year of the Authority ending on the June 30 next preceding such July 1.

“Program” means the *“Commercial Paper Program”* as defined in the Subordinate Trust Agreement.

“Program Termination Date” has the meaning set forth in the First Supplemental Subordinate Trust Agreement (as amended by the Seventh Supplemental Subordinate Trust Agreement).

“Property” shall mean, as to any Person, all types of real, personal, tangible, intangible or mixed property owned by such Person whether or not included in the most recent balance sheet of such Person and its subsidiaries under GAAP.

“Proposition A Indebtedness” means any Debt which is secured by a Lien on Proposition A Sales Tax revenues, whether senior to or on parity with any Subordinate Obligations, including, without limitation and without duplication, all commissions, discounts and other fees and charges owed with respect to letters of credit or other similar obligations secured by a Lien on Proposition A Sales Tax Revenues that is senior to or on a parity with any Subordinate Obligations.

“Proposition A Sales Tax” means the retail transactions and use tax imposed by Ordinance No. 16 and approved by the electors of the County of Los Angeles at an election held November 4, 1980.

“Proposition A Sales Tax Revenues” means Pledged Revenues as defined in the Trust Agreement.

“Rating Agency” or *“Rating Agencies”* means, respectively, any or all of Fitch, Moody’s and S&P.

“*Rating Documentation*” has the meaning set forth in Section 4.01(j) hereof.

“*Reference Rate*” means on any day, the rate of interest in effect for such day as publicly announced from time to time by the Bank as its “prime rate.” The “prime rate” is a rate set by the Bank based upon various factors including the Bank’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by the Bank shall take effect at the opening of business on the day specified in the public announcement of such change, which date shall be no earlier than the date on which such public announcement was made.

“*Reimbursement Obligations*” means any and all obligations of the Authority to (i) reimburse the Bank for all principal of and interest on Drawings under the Letter of Credit and (ii) repay the Bank for all Advances, including in each instance, all interest accrued thereon.

“*Related Documents*” means this Agreement, the Letter of Credit, the Fee Letter, the Bank Note, the Notes, the Trust Agreement, the Issuing and Paying Agent Agreement and the Dealer Agreement, and all amendments and supplements thereof in accordance with the respective terms thereof and the terms hereof.

“*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 S&P Global Ratings, and any successor rating agency.

“*Sanctioned Country*” means, at any time, a country, region or territory which is itself the subject or target of any Sanctions.

“*Sanctioned Person*” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) and (b).

“*Sanction(s)*” 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 (“*HMT*”) or other relevant sanctions authority.

“*Second Tier Obligations*” has the same meaning as the term “*Second Tier Subordinate Lien Obligations*” set forth in that certain Twelfth Supplemental Trust Agreement.

“*Senior Lien Bonds*” has the meaning given to such term in Article I of the Subordinate Trust Agreement.

“Senior Lien Trust Agreement” means the Trust Agreement, dated as of July 1, 1986, by and between the Authority and the Senior Lien Trustee, as the same may be supplemented, amended or otherwise modified from time to time in accordance with the terms hereof and thereof.

“Senior Lien Trustee” means The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A., as successor to BNY Western Trust Company, as successor in interest to Wells Fargo Bank, N.A., as successor by merger to First Interstate Bank of California, or its permitted successor trustee under the Senior Lien Trust Agreement.

“Senior Parity Debt” means “Parity Debt” as defined in the Senior Lien Trust Agreement.

“State” means the State of California.

“Stated Amount” means, as of any date, the maximum amount which by the terms of the Letter of Credit is available to be drawn under the Letter of Credit as of such date.

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

“Subordinate Obligations” has the meaning given to such term in Article I of the Subordinate Trust Agreement.

“Subordinate Trust Agreement” has the meaning set forth in the recitals hereof.

“Supplemental Trust Agreement” has the meaning set forth in the Trust Agreement.

“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.

“*Tax-Exempt Notes*” means the Los Angeles County Metropolitan Transportation Authority Second Subordinate Sales Tax Revenue Commercial Paper Notes, Series A-TE-Barclays (Proposition A).

“*Term Out Commencement Date*” means, with respect to each Advance, the two hundred seventieth (270th) day immediately succeeding the date the related Advance was made.

“*Total Annual Debt Service*” means, for any fiscal year (subject to clause (i) in the definition of Projected Maximum Total Annual Debt Service), total principal becoming due in such period and total interest expenses (including that portion attributable to capital leases) of the Authority in respect of all outstanding Proposition A Indebtedness.

“*Trust Agreement*” has the meaning set forth in the recitals hereto.

“*Trustee*” means U.S. Bank National Association or its permitted successor as successor trustee under the Trust Agreement.

“*Twelfth Supplemental Trust Agreement*” means that certain Twelfth Supplemental Trust Agreement dated as of September 1, 1993, by and between the Authority and the Senior Trustee, which supplements the Senior Trust Agreement.

“*Variable Rate Indebtedness*” means any portion of indebtedness the interest rate on which is not established at the time of incurrence of such indebtedness and has not at some subsequent date been established at a single numerical rate for the entire term of the indebtedness.

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 Trust Agreement or the Issuing and Paying Agent Agreement, as applicable. 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 2.01. 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 Appendix I hereto). The Letter of Credit shall be in the original stated amount of \$199,999,988 (calculated as the sum of the maximum principal amount of the Notes supported by the Letter of Credit (*i.e.*, \$183,694,000) plus interest thereon in the amount of \$16,305,988 (the “*Original Stated Amount*”).

Section 2.02. 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 Authority hereby directs the Bank to make payments under the Letter of Credit in the manner therein provided. The Authority hereby irrevocably approves reductions and reinstatements of the Stated Amount with respect to the Letter of Credit as provided in the Letter of Credit.

Section 2.03. Reimbursement of Drawings Under the Letter of Credit; Mandatory Prepayment; Interest. (a) (i) Each Drawing made under the Letter of Credit shall constitute an advance (“*Advance*”) to the Authority at the time of payment by the Bank of such Drawing under the Letter of Credit.

(ii) The Authority promises to pay to the Bank the interest portion of each Advance on the date of the related Drawing under the Letter of Credit.

(iii) The Authority promises to pay or cause to be paid to the Bank the principal portion of each Advance on the earliest to occur of (A) the date on which an Alternate Facility becomes effective in substitution of the Letter of Credit with respect to the Notes, (B) 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 terminating on the Letter of Credit Expiration Date), including as a result of the occurrence of an Event of Default, (C) the end of the term of the commercial paper program in respect of the Notes as determined in accordance with the Trust Agreement, the Issuing and Paying Agent Agreement or Ordinance No. 16 or any ordinance or resolution of the Authority, (D) the date on which the Sales Tax expires and (E) subject to the provisions of Section 4.03 hereof, the related Term Out Commencement Date; *provided* that in the event the conditions precedent set forth in Section 4.03 hereof are satisfied on the Term Out Commencement Date, the principal portion of the related Advance shall be payable as set forth in Section 2.03(a)(vi) hereof.

(iv) The Authority shall prepay Drawings and Advances if and to the extent that the aggregate proceeds of the issuance of the Notes issued on any day exceed the aggregate principal amount of the Notes maturing on such day. On the date of each such prepayment of Drawings or Advances, as applicable (or portions thereof), the Authority shall pay to the Bank interest accrued and unpaid to the date of such prepayment on the aggregate amount of the Drawings and Advances (or portions thereof) so prepaid. Upon the Bank’s receipt of any payment or prepayment of any Drawing or Advance, the amount of such Drawing and/or Advance shall be reduced by the amount of such payment or prepayment. Any prepayment pursuant to this clause (a)(iv) shall be applied first to outstanding Advances, in the inverse order of maturity, and then to outstanding Drawings in the inverse order of maturity.

(v) Subject to Section 2.10 hereof, the Authority also promises to pay to the Bank interest on the unpaid principal amount of each Advance from the date such Advance is made until it is paid in full as provided herein, at a rate per annum equal to the Bank Rate from time to time in effect, and such interest shall be payable monthly in arrears on the first Business Day of each calendar month for the immediately preceding calendar month (commencing on the first Interest Payment Date to occur after the making of the related Advance), and on the date that the final principal or interest portion of such Advance is payable as herein provided.

(vi) Unless otherwise paid in full on one of the dates provided above or prepaid pursuant to Section 2.03(b) and (c) hereof, if all of the conditions precedent set forth in Section 4.03 hereof are satisfied on the Term Out Commencement Date, the principal portion of each Advance shall be payable by the Authority in equal quarterly installments (“*Quarterly Principal Payments*”) commencing on the related Term Out Commencement Date, and on the first Business Day of each third calendar month thereafter, with the final installment in an amount equal to the entire then outstanding principal amount of such Advance due and payable on the Amortization End Date (the period commencing on the date such installment is initially payable and ending on the Amortization End Date is referred to as the “*Amortization Period*”). Each Quarterly Principal Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate Quarterly Principal Payments over the applicable Amortization Period.

(b) Any Advance may be prepaid in whole or in part on the day such Advance is made. Any Advance may be prepaid in whole or in part without premium or penalty on any other Business Day upon one Business Day’s prior written notice to the Bank.

(c) Upon the Bank’s receipt of any payment or prepayment of any Advance, the amount of such Advance shall be reduced by the amount of such payment or prepayment, with the Bank crediting any such prepayment, first to the payment of any outstanding interest accrued on the related Advance, and second to the payment of the principal of such Advance. Any such payment or prepayment to be applied to principal of Advances hereunder shall be applied to the prepayment of related Advances in chronological order of their issuance hereunder, and within each Advance in inverse order of the principal installments payable thereon. Following the occurrence of an Event of Default, any payments received by the Bank hereunder shall be applied by the Bank to the payment of the Obligations in such order as the Bank shall in its sole discretion determine.

(d) All Reimbursement Obligations shall be made against and evidenced by the Authority’s promissory note payable to the order of the Bank in the principal amount of the Original Stated Amount, such note to be executed by the Authority and delivered by the Authority to the Bank on the Closing Date in the form of Appendix III attached hereto with appropriate insertions (the “*Bank Note*”). All Reimbursement Obligations due and owing to the Bank and all payments and prepayments on the account of the principal of and interest on each Reimbursement Obligation by or on behalf of the Authority shall be recorded by the Bank on its books and records, which books and records shall, absent manifest error, be conclusive as to amounts due and owing by the Authority hereunder, under the Fee Letter and under the Bank Note. The Bank may, but shall not be required to, complete the schedule attached to the Bank Note to reflect the making and status of unreimbursed Drawings and outstanding Advances due and owing hereunder and thereunder; *provided* that the failure to make or any error in making any such endorsement on such schedule shall not limit, extinguish or in any way modify the obligation of the Authority to repay unreimbursed Drawings, outstanding Advances or Reimbursement Obligations. The Authority shall pay principal of and interest on the Bank Note on the dates and at the rates provided for in Sections 2.03 and 2.04 hereof.

Section 2.04. Reimbursement of Certain Advances on Term Out Commencement Date. Unless the conditions precedent contained in Section 4.03 hereof are satisfied on the Term Out Commencement Date, the Authority agrees to reimburse the Bank for the full amount of such Advance on the Term Out Commencement Date. If the Authority does not make such reimbursement to the Bank with respect to such Advance on such date, such Reimbursement Obligation shall bear interest at the Default Rate and be payable upon demand.

Section 2.05. Fees. The Authority hereby agrees to perform the obligations provided for in the Fee Letter, including, without limitation, the payment of any and all fees, expenses and other amounts provided for therein, at the times and in the amounts set forth in the Fee Letter. Without limiting the generality of the foregoing, in the event that the Letter of Credit is terminated or the Stated Amount is reduced and is not subject to reinstatement, the Authority shall pay to the Bank the fees and expenses, if any, at the times and in the amounts set forth in and as required by the Fee Letter. The terms and provisions of the Fee Letter are hereby incorporated herein by reference as if fully set forth herein. All references to amounts or obligations due hereunder or in this Agreement shall be deemed to include all amounts and obligations (including without limitation all fees and expenses) under the Fee Letter. All fees paid under this Agreement and the Fee Letter shall be fully earned when due and nonrefundable when paid.

Section 2.06. Method of Payment; Etc. All payments to be made by the Authority under this Agreement and the Fee Letter shall be made at the Payment Office of the Bank, not later than 4:00 p.m., New York City time, on the date when due and shall be made by wire transfer in lawful money of the United States of America in freely transferable and immediately available funds. Any payment received by the Bank after 4:00 p.m., New York City time, shall be deemed to have been received by the Bank on the next Business Day.

Section 2.07. Termination of Letter of Credit by the Authority. Notwithstanding any provisions of this Agreement, the Letter of Credit or any Related Document to the contrary, the Authority agrees not to terminate the Letter of Credit except upon (i) the payment by the Authority to the Bank of the fees and expenses, if any, in the amount set forth in the Fee Letter, (ii) the payment to the Bank of all fees, expenses and other Obligations payable hereunder and under the Fee Letter, including, without limitation, all principal and accrued interest due and owing on any Drawing or Advance or any amount due under the Bank Note and (iii) the Authority providing the Bank with fifteen (15) days prior written notice of its intent to terminate or reduce the Letter of Credit. All payments from the Authority to the Bank referred to in this Section 2.07 shall be made with immediately available funds on or before the date of termination.

Section 2.08. Computation of Interest and Fees. Fees payable hereunder and under the Fee Letter shall be calculated on the basis of a year of 360 days and the actual number of days elapsed. All computations of interest payable by the Authority under this Agreement shall be made on the basis of a year of 365 or 366 days, as the case may be, and 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 2.09. Payment Due on Non-Business Day To Be Made on Next Business Day. If any sum becomes payable pursuant to this Agreement or the Fee Letter 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 and/or upon the occurrence and during the continuance of any other Event of Default, such Obligation shall bear interest until paid in full at a rate per annum equal to the Default Rate, payable upon 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 Letter of Credit Expiration Date. If the Authority on any date not earlier than one hundred eighty (180) days (or such shorter time period as agreed by the Bank in its sole discretion) prior to the then current Letter of Credit Expiration Date, submits to the Bank a written request for an extension of the Letter of Credit Expiration Date in the form of Appendix IV hereto (or such other form acceptable to the Bank in its sole discretion) for a period as specified in such written request, the Bank will make reasonable efforts to respond to such request within thirty (30) days (or such shorter time period as agreed by the Bank in its sole discretion) 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 thirty (30) day period (or such shorter time period as agreed by the Bank in its sole discretion), 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 reasonably satisfactory to the Bank (including, without limitation, Letter of Credit Fees and drawn interest rates) and consistent with this Agreement and the Letter of Credit. If such an extension request is accepted by the Bank in its sole and absolute discretion, the then current Letter of Credit Expiration Date shall be extended to the date agreed to by the Authority and the Bank.

Section 2.13. Net of Taxes, Etc.

(a) *Taxes.* Any and all payments to the Bank by the Authority hereunder and under the Fee Letter shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, duties, deductions, assessments, fees, charges, withholdings (including backup withholding), liabilities or other charges imposed thereon, including any interest, fines, additions to tax or penalties applicable thereto, but excluding taxes imposed on or measured by the net income or capital of the Bank by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a result of a connection between the Bank and such jurisdiction or political subdivision (all such non-excluded taxes, levies, imposts, duties, deductions, assessments, fees, charges, withholdings (including backup withholding), liabilities and other charges, including any interest, fines or additions to tax or penalties applicable thereto,

being hereinafter referred to as “*Taxes*”). If the Authority shall be required by law to withhold or deduct any Taxes imposed by the United States of America or any political subdivision thereof from or in respect of any sum payable hereunder or under the Fee Letter to the Bank, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.13), the Bank receives an amount equal to the sum it would have received had no such deductions been made; (ii) the Authority shall make such deductions; and (iii) the Authority shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the Authority shall make any payment under this Section 2.13 to or for the benefit of the Bank with respect to Taxes and if the Bank shall claim any credit or deduction for such Taxes against any other taxes payable by the Bank to any taxing jurisdiction in the United States then the Bank shall pay to the Authority an amount equal to the amount of any refund actually received by the Bank or the amount by which such other taxes are actually reduced; *provided* that the aggregate amount payable by the Bank pursuant to this sentence shall not exceed the aggregate amount previously paid by the Authority to the Bank with respect to such Taxes. In addition, the Authority agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America, the State of New York, the State or any other taxing jurisdiction from any payment made hereunder or under the Fee Letter or from the execution or delivery or otherwise with respect to this Agreement (hereinafter referred to as “*Other Taxes*”). The Bank shall provide to the Authority within a reasonable time a copy of any written notification it receives with respect to Taxes or Other Taxes owing by the Authority to the Bank hereunder; *provided* that the Bank’s failure to send such notice shall not relieve the Authority of its obligation to pay such amounts hereunder. The Authority may conduct a reasonable contest of any such Taxes with the prior written consent of the Bank, which consent shall not be unreasonably withheld or delayed.

(b) *Indemnity*. The Authority shall, to the fullest extent permitted by law and subject to the provisions hereof, indemnify and reimburse the Bank for the full amount of Taxes and Other Taxes including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.13 paid by the Bank or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted; *provided* that the Authority shall not be obligated to indemnify the Bank for any penalties, interest or expenses relating to Taxes or Other Taxes arising from the Bank’s gross negligence or willful misconduct. The Bank agrees to give notice to the Authority of the assertion of any claim against the Bank relating to such Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided* that the Bank’s failure to notify the Authority promptly of such assertion shall not relieve the Authority of its obligation under this Section 2.13. Payments by the Authority pursuant to this indemnification shall be made within thirty (30) days from the date the Bank makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Bank agrees to repay to the Authority any refund (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by the Authority pursuant to this Section 2.13 received by the Bank for Taxes or Other Taxes that were paid by the Authority pursuant to this Section 2.13 and to contest, with the cooperation and at the

expense of the Authority, any such Taxes or Other Taxes which the Bank or the Authority reasonably believes not to have been properly assessed.

(c) *Notice.* Within thirty (30) days after the date of any payment of Taxes or Other Taxes by the Authority, the Authority shall furnish to the Bank, the original or a certified copy of a receipt evidencing payment thereof.

(d) *Survival of Obligations.* The obligations of the Authority under this Section 2.13 shall survive the termination of this Agreement.

Section 2.14. Increased Costs. (a) If the Bank or any Participant shall determine that a Change in Law shall have occurred that, shall

(i) change the basis of taxation of payments to the Bank or such Participant of any amounts payable hereunder (except for taxes on the overall net income of the Bank or such Participant),

(ii) impose, modify or deem applicable any reserve, capital or liquidity ratio, special deposit, compulsory loan, insurance charge or similar requirement against issuing and maintaining its obligations under the Letter of Credit, issuing or honoring Drawings under the Letter of Credit or making Advances hereunder or assets held by, or deposits with or for the account of, the Bank or such Participant or

(iii) impose on the Bank or such Participant any other such condition, cost or expense regarding this Agreement or the Letter of Credit

and the result of any event referred to in clause (i), (ii) or (iii) above shall be to increase the cost to the Bank or such Participant of entering into and performing this Agreement or the Letter of Credit or to reduce the amount of any sum received or receivable by the Bank or such Participant hereunder, then, upon demand by the Bank or such Participant, the Authority shall pay to the Bank or such Participant such additional amount or amounts as will compensate the Bank or such Participant for such increased costs or reductions in amount.

(b) If the Bank or any Participant shall have determined that a Change in Law shall have occurred that, shall impose, modify or deem applicable any capital or liquidity adequacy or similar requirement (including, without limitation, a request or requirement that affects the manner in which the Bank or such Participant or any corporation controlling the Bank or such Participant allocates capital or liquidity resources to its commitments, including its obligations under agreements similar to this Agreement and the Letter of Credit that either (i) affects or would affect the amount of capital or liquidity to be maintained by the Bank or such Participant or any corporation controlling the Bank or such Participant or (ii) reduces or would reduce the rate of return on the Bank's or such Participant's or the Bank's or such Participant's controlling corporation's capital or liquidity to a level below that which the Bank's or such Participant's or the Bank's or such Participant's controlling corporations could have achieved but for such circumstances (taking into consideration the Bank's or such Participant's or the Bank's or such Participant's controlling corporation's policies with respect to capital or liquidity adequacy

would yield prior to the imposition or modification of such requirement) hereunder, then upon demand by the Bank or such Participant, the Authority shall pay to the Bank or such Participant such additional amounts as will compensate the Bank or such Participant or any corporation controlling the Bank or such Participant for such costs of maintaining such increased capital or liquidity or such reduction in the rate of return on the Bank's or the Bank's controlling corporation's capital or liquidity or the Participant's or the Participant's controlling corporation's capital or liquidity related to the maintenance of this Agreement and the Letter of Credit.

(c) All payments of amounts referred to in clauses (a) and (b) of this Section shall be paid by the Authority to the Bank or Participant and shall bear interest thereon if not paid to the Bank or such Participant within 30 days of such notice until payment in full thereof at an interest rate per annum equal to the Default Rate in effect, from time to time, payable on demand. A certificate as to such increased cost, increased capital or liquidity, or reduction in return incurred by the Bank or any Participant as a result of any event mentioned in clause (a) or (b) of this Section setting forth, in reasonable detail, the basis for calculation and the amount of such calculation shall be submitted by the Bank or such Participant to the Authority and shall be conclusive as to the amount thereof. In making the determinations contemplated by the above referenced certificate, the Bank or any Participant may make such reasonable estimates, assumptions, allocations and the like that the Bank or such Participant in good faith determines to be appropriate. Notwithstanding any provision in this Section to the contrary, amounts payable to such Participant pursuant to this Section shall not exceed the amount the Bank would have been paid under this Section with respect to the interest granted to the Participant had such interest not been granted. The provisions of this Section 2.14 shall survive the termination of this Agreement

Section 2.15. Maximum Rate; Payment of Fee. To the fullest extent permitted by law, if the rate of interest payable hereunder or under the Fee Letter shall exceed the Maximum Rate for any period for which interest is payable, then (a) interest at the Maximum Rate shall be due and payable with respect to such interest period; and (b) interest at the rate equal to the difference between (i) the rate of interest calculated in accordance with the terms hereof without regard to the Maximum Rate and (ii) the Maximum Rate (the "*Excess Interest*"), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof or the Fee Letter, if applicable, ceases to exceed the Maximum Rate, at which time the Authority shall pay to the Bank, with respect to amounts then payable to the Bank that are required to accrue interest hereunder or under the Fee Letter, as applicable, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Bank to equal the Maximum Rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder and under the Fee Letter, as applicable, until all deferred Excess Interest is fully paid to the Bank. Upon the repayment in full of any Obligation bearing Excess Interest, in consideration for the limitation of the rate of interest otherwise payable hereunder and under the Fee Letter, the Authority shall pay to the Bank a fee equal to the amount of all unpaid deferred Excess Interest on such Obligation.

ARTICLE III

NOTE ISSUANCE

Section 3.01. Issuance Generally. The Authority may issue Notes only in accordance with the terms of and subject to the conditions set forth in the Trust Agreement, the Issuing and Paying Agent Agreement, Ordinance No. 16 and this Agreement.

Section 3.02. Notice of No Issuances; Final Drawing Notice. (a) Notes may be issued from time to time prior to the Letter of Credit Expiration Date in accordance herewith and with the terms of and subject to the conditions set forth in the Trust Agreement and the Issuing and Paying Agent Agreement so long as (i) the Issuing and Paying Agent is not in receipt of a Notice of No Issuance then in effect given by the Bank pursuant to this Section 3.02 or Section 7.02(a) hereof and not rescinded and (ii) the Issuing and Paying Agent is not in receipt of a Final Drawing Notice.

(b) The Bank may deliver a Notice of No Issuance in the form of Appendix II attached hereto at any time when: (i) an Event of Default shall have occurred and be continuing; or (ii) the representations and warranties of the Authority set forth in 5.02, 5.03, 5.05(c), 5.08, 5.09, 5.11, 5.12, 5.13, 5.15 and 5.16 of this Agreement (or incorporated therein by reference) shall, in the reasonable opinion of the Bank, no longer be true and correct in any material respect. The Bank may deliver the Final Drawing Notice at any time when an Event of Default shall have occurred and be continuing. A Notice of No Issuance or the Final Drawing Notice shall be effective when received by the Issuing and Paying Agent; *provided, however*, that a Notice of No Issuance or the Final Drawing Notice received by the Issuing and Paying Agent after 12:00 noon New York City time, on any day on which Notes are being issued shall be effective on the next succeeding day. A Notice of No Issuance or the Final Drawing Notice may be given by facsimile or electronic mail transmission, confirmed in writing within twenty-four (24) hours, but the failure to so confirm such Notice of No Issuance or the Final Drawing Notice in writing shall not render such Notice of No Issuance or the Final Drawing Notice ineffective. The Bank will furnish a copy of any Notice of No Issuance or the Final Drawing Notice to the Authority and each Dealer promptly following delivery thereof to the Issuing and Paying Agent, but the failure to furnish any such copy shall not render ineffective such Notice of No Issuance or the Final Drawing Notice.

ARTICLE IV

CONDITIONS PRECEDENT

Section 4.01. Conditions Precedent to Issuance of the Letter of Credit. As conditions precedent to the obligation of the Bank to issue the Letter of Credit, the Authority shall provide to the Bank, and the Bank shall have received, on the Closing Date, each in form and substance satisfactory to the Bank and the Bank's counsel, Chapman and Cutler LLP (hereinafter, "*Bank's Counsel*"):

(a) *Approvals.* (1) Executed originals of this Agreement and the Fee Letter duly executed by the Authority and copies of all action taken by the Authority (including, without limitation, Ordinance No. 16) approving the execution and delivery by the Authority of this Agreement, the Fee Letter and the Bank Note, in each case, certified by an authorized official of the Authority as complete and correct as of the Closing Date and (2) executed or certified copies, as applicable, of each of the other Related Documents (except the Notes) to which the Authority is a party and the Senior Lien Trust Agreement, the Act and Ordinance No. 16, together with a certificate of an Authorized Officer of the Authority, dated the Closing Date, stating that such Related Documents, the Senior Lien Trust Agreement, the Act and Ordinance No. 16 and approvals are in full force and effect on the Closing Date and have not been amended, repealed, rescinded, or supplemented in any manner, except for such amendments made in accordance with the express terms of such Related Documents, the Senior Lien Trust Agreement, the Act and Ordinance for which the Authority has provided notice to the Bank prior to the Closing Date.

(b) *Certificate and Incumbency of Authority Officials.* (1) An incumbency and specimen signature certificate in respect of the incumbency and signature identification of each of the officials of the Authority who is authorized to (i) sign this Agreement, the Fee Letter and the Bank Note on behalf of the Authority and (ii) take actions for the Authority under this Agreement, the Fee Letter, the Bank Note and the other Related Documents (to which the Authority is a party), the Act and Ordinance No. 16 with respect to the Notes and (2) a certificate of an Authorized Officer of the Authority, dated the Closing Date, certifying that (A) each of the Authority's representations and warranties contained herein and the other Related Documents to which the Authority is a party is true and correct on and as of the Closing Date as though made on and as of such date, (B) no Default or Event of Default has occurred and is continuing or will result from the execution and delivery by the Authority of this Agreement, the Fee Letter or the issuance of the Letter of Credit, (C) since June 30, 2018, except as disclosed to the Bank in writing, there has been no material adverse change in the Act, rules or regulations (or their interpretation or administration) and no material litigation is ongoing with respect to the Authority, in any case, that may adversely affect the consummation of the transactions contemplated hereby or by any Related Document, the Senior Lien Trust Agreement, the Act or Ordinance No. 16, (D) all conditions precedent set forth in the Trust Agreement and the Issuing and Paying Agent Agreement with respect to issuance of the Notes shall have been satisfied, (E) all conditions precedent set forth in Section 4.01 of this Agreement have been satisfied, and (F) the Authority has not received notice from the Rating Agencies that the long-term unenhanced ratings of the Senior Lien Debt have been withdrawn, reduced or suspended since the dated date of the Rating Documentation.

(c) *Opinion of Norton Rose Fulbright.* An opinion of Norton Rose Fulbright US LLP as to the validity and enforceability of this Agreement and other matters as acceptable to the Bank.

(d) *Opinion of Counsel to the Authority.* A written opinion of Counsel to the Authority, addressed to the Bank, dated the Closing Date in the form and substance

agreed to by the Counsel to the Authority and the Bank, including, without limitation, language to the effect that: (i) the Authority has taken all actions, and has obtained any approvals, necessary to the authorization, execution, delivery and performance by the Authority of this Agreement, the Fee Letter and the Bank Note and (ii) this Agreement, the Fee Letter and the Bank Note have been duly authorized, executed and delivered by the Authority and are the valid and binding obligations of the Authority enforceable in accordance with their respective terms, except as may be limited by the valid exercise of judicial discretion and the constitutional powers of the United States of America and to valid bankruptcy, insolvency, reorganization or moratorium or other similar laws applicable to the Authority and equitable principles relating to or affecting creditors' rights generally from time to time.

(e) *Bank Note.* An executed Bank Note payable to the Bank.

(f) *Financial Information.* A copy of the Authority's audited financial statements relating to the Authority for the Fiscal Year ended June 30, 2018.

(g) *Legality; Material Adverse Change; No Default, Etc.* (i) No material adverse change in the financial condition, operations or prospects of the Authority or laws, rules or regulations (or their interpretation or administration) shall have occurred since June 30, 2018, that, in any such case, could reasonably be determined to result in a Material Adverse Change (since the date of the audited financial statements described in paragraph (f) above) or adversely affect the consummation of the transactions contemplated hereby or in any other Related Document (each as determined in the reasonable discretion of the Bank), (ii) no Default or Event of Default shall have occurred and be continuing as of the date hereof or will result from the execution and delivery by the Authority of this Agreement, the Fee Letter and the Bank Note or the issuance of the Letter of Credit and (iii) the representations and warranties and covenants made by the Authority in Article V hereof shall be true and correct in all material respects on and as of the Closing Date, as if made on and as of such date.

(h) *Litigation.* Prior to the Closing Date, the Bank shall have received a written description of all actions, suits or proceedings pending or, to the Authority's knowledge, threatened in writing against the Authority that are payable from Pledged Revenues in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body which could reasonably be expected to result in a Material Adverse Effect, if any, and such other statements, certificates, agreements, documents and information with respect thereto as the Bank may reasonably request, and all such matters shall be acceptable to the Bank in its sole discretion.

(i) *Fees, Etc.* Payment of the fees, costs and expenses to be paid on or prior to the Closing Date referred to in Section 8.06 hereof and pursuant to the Fee Letter.

(j) *Ratings.* Written confirmation that (i) the Notes have been rated at least "P-1" (or its equivalent) by Moody's and "A-1" (or its equivalent) by S&P, (ii) the unenhanced Senior Lien Bonds (other than bank bonds, purchased bonds, revolving notes

and other rated obligations payable to and held by any credit or liquidity provider which constitute Senior Parity Debt) is rated not lower than “Aa2” (or its equivalent) by Moody’s, “AA” (or its equivalent) by S&P or “AA” (or its equivalent) by Fitch (referred to herein as the “*Rating Documentation*”), (iii) a long term rating of at least Investment Grade has been obtained for the Bank Note (and its related CUSIP number) from any Rating Agency.

(k) *Bank Note CUSIP.* Written confirmation that a CUSIP number (No. 54465C AF5 and No. 54465C AG3) has been obtained from Standard and Poor’s CUSIP Services for the Bank Note.

(l) *Termination of Existing Letter of Credit.* Evidence satisfactory to the Bank that each of the Sumitomo Mitsui Banking Corporation and MUFG Union Bank, N.A. (the “*Prior Banks*”) letter of credit and reimbursement agreement that this Agreement is replacing will be terminated in accordance with the applicable terms thereof and that all payments due and owing to the Prior Banks will be paid in accordance with the terms thereof.

(m) *Other Documents.* Such other documents, certificates and opinions as the Bank’s Counsel shall have reasonably requested.

Section 4.02. Reserved.

Section 4.03. Conditions Precedent to Term Out. On each related Term Out Commencement Date, all Advances shall be due and payable unless the following conditions precedent to term out are satisfied on such Term Out Commencement Date: (a) the representations and warranties contained in Article V of this Agreement (or incorporated therein by reference) are true and correct in all material respects as of such date (except to the extent that any such representations and warranties specifically relate to an earlier date and, except with respect to (i) Section 5.18 hereof, unless a Material Adverse Effect shall result from any of the representations or warranties incorporated herein by reference pursuant to Section 5.18 hereof not being true and correct and (ii) Section 5.20(a) hereof); and (b) no event has occurred and is continuing which constitutes a Default or an Event of Default.

Unless the Authority shall have previously advised the Bank in writing that (i) any or all of the representations and warranties contained in Article V of this Agreement (or any or all such representations or warranties incorporated therein by reference) are not true and correct in any material respects as of the related Term Out Commencement Date (except to the extent that any such representations and warranties specifically relate to an earlier date and, except with respect to (i) Section 5.18 hereof, unless a Material Adverse Effect shall result from any of the representations or warranties incorporated herein by reference pursuant to Section 5.18 hereof not being true and correct and (ii) Section 5.20(a) hereof) or (ii) any event has occurred and is continuing which constitutes an Event of Default, then the Authority shall be deemed to have represented and warranted on the date the related Term Out Commencement Date that (x) all representations and warranties contained in (or incorporated therein by reference) are true and correct in all material respects as of such date (except to the extent that any such representations

and warranties specifically relate to an earlier date and, except with respect to (i) Section 5.18 hereof, unless a Material Adverse Effect shall result from any of the representations or warranties incorporated herein by reference pursuant to Section 5.18 hereof not being true and correct and (ii) Section 5.20(a) hereof) are true and correct in all material respects as of such Term Out Commencement Date and (y) no event has occurred and is continuing which constitutes an Event of Default.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

In order to induce the Bank to enter into this Agreement and the Fee Letter and to issue the Letter of Credit, the Authority represents and warrants to the Bank as follows:

Section 5.01. Organization, Powers, Etc. The Authority (i) is a public entity established pursuant to the laws of the State validly organized and existing under and by virtue of the laws of the State, (ii) has full power and authority to own its properties and carry on its business as now conducted, (iii) has full power and authority to execute (or adopt, if applicable), deliver and perform its obligations under this Agreement and the other Related Documents to which the Authority is a party, to borrow hereunder and to issue and perform its obligations under the Notes and (iv) may only contest the validity or enforceability of any provision of, or deny that the Authority has any liability or obligation under, the Act, Ordinance No. 16, this Agreement, any Note or any other Related Document to which the Authority is a party by an act of its governing body.

Section 5.02. Authorization, Absence of Conflicts, Etc. The execution (or adoption, if applicable), delivery and performance of this Agreement, the Fee Letter, the Bank Note, the Notes and other the Related Documents (i) have been duly authorized by the Authority, (ii) do not and will not, to any material extent, conflict with, or result in violation of any applicable provision of law, including, without limitation, the Act and Ordinance No. 16, or any order, rule or regulation of any court or other agency of government and (iii) do not and will not, to any material extent, conflict with, result in a violation of or constitute a default under, the Senior Lien Trust Agreement, the Trust Agreement or any other resolution, agreement or instrument to which the Authority is a party or by which the Authority or any of its property is bound.

Section 5.03. Governmental Consent or Approval. The execution (or adoption, if applicable), delivery and performance of this Agreement, the Fee Letter, the Bank Note, the Notes and the other Related Documents do not and will not require registration with, or the consent or approval of, or any other action by, any Federal, state or other governmental authority or regulatory body other than those which have been made or given and are in full force and effect; *provided* that no representation is made as to any blue sky or securities law of any jurisdiction.

Section 5.04. Binding Obligations. This Agreement, the Fee Letter, the Bank Note, the Notes and the other Related Documents are legal, valid and binding obligations of the Authority,

enforceable against the Authority in accordance with their respective terms, subject to any applicable bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws, judicial discretion and principles of equity relating to or affecting creditors' rights or contractual obligations generally or limitations on remedies against public entities in the State.

Section 5.05. Litigation. (a) There is no action or investigation pending or, to the knowledge of the Authority, threatened, against the Authority before any court or administrative agency which questions the validity of any act or the validity of any proceeding taken by the Authority in connection with the execution and delivery of this Agreement, the Notes or the other Related Documents to which the Authority is a party, or wherein an unfavorable decision, ruling or finding would in any way adversely affect (A) the validity or enforceability of this Agreement, the Notes or the other Related Documents to which the Authority is a party, (B) the validity, enforceability or perfection of the pledge of and lien on the Net Pledged Revenues and on the amounts held in Funds, Accounts and Subaccounts under the Trust Agreement, (C) the status of the Authority as a public entity created and validly existing under the laws of the State or (D) the exemption of interest on the Tax-Exempt Notes from the gross income of the recipients thereof for federal income tax purposes. To the knowledge of the Authority there is no action pending or threatened, which questions the validity of the Act, Ordinance No. 16 or the Proposition A Sales Tax nor is there any pending initiative or referendum qualified for the ballot which would seek to amend, annul, modify or replace the Act or Ordinance No. 16 or to diminish or reallocate the Proposition A Sales Tax.

(b) To the knowledge of the Authority, there is no action or investigation threatened against the Authority before any court or administrative agency of competent jurisdiction which questions the validity of any act or the validity of any proceeding taken by the Authority in connection with the execution and delivery of this Agreement, the Fee Letter, the Notes or the other Related Documents or the Act or Ordinance No. 16, or wherein an unfavorable decision, ruling or finding would in any way adversely affect the validity or enforceability of this Agreement, the Fee Letter, the Notes or the other Related Documents or the Act or Ordinance No. 16. Except as disclosed to the Bank, to the knowledge of the Authority there is no action threatened which questions the validity of the Act, Ordinance No. 16, the Proposition A Sales Tax or the Proposition A Sales Tax Revenues nor is there any threatened initiative or referendum qualified for the ballot which would seek to amend, annul, modify or replace the Act, Ordinance No. 16 or to diminish or reallocate the Proposition A Sales Tax or the Proposition A Sales Tax Revenues.

(c) There is no action or investigation pending before any court or administrative agency of competent jurisdiction the outcome of which could reasonably be determined to materially adversely affect, or result in material diminution in Sale Tax Revenues that would materially adversely affect, the Authority's ability to satisfy obligations under the Related Documents.

Section 5.06. Financial Condition. All of the Authority's financial statements which have been furnished to the Bank have been prepared in conformity with GAAP (except as noted therein) and are comprised of a balance sheet and a statement of revenue and expenditures and changes in fund balances. All of such financial statements accurately present, in all material

respects, the financial condition of the Authority, including the Proposition A Sales Tax Revenues as of the dates thereof, and other than as has been disclosed to the Bank, there has been no material adverse change in the business or affairs of the Authority or of the Proposition A Sales Tax Revenues since the date the last such report was so furnished to the Bank.

Section 5.07. Offering Memorandum. Upon the preparation of the Offering Memorandum, which will be prepared and distributed prior to the issuance of any Notes, the Authority will, and does hereby represent and warrant to the Bank on and as of the date of distribution of the Offering Memorandum as follows:

The information contained in the Offering Memorandum was as of the date thereof, and is as of the date hereof, true and correct in all materials respects. The Authority makes no representation or warranty as to information in the Offering Memorandum under Appendix A and Appendix C to the Offering Memorandum.

Section 5.08. Related Documents. Each of the Related Documents, the Act and Ordinance No. 16 is in full force and effect. Except as previously disclosed in writing to the Bank, no event of default and no event which, with the giving of notice, the passage of time or both, would constitute an event of default, presently exists under any of the Related Documents or the Act or Ordinance No. 16. Except as previously disclosed in writing to the Bank, neither the Authority nor any other party thereto has waived or deferred performance of any material obligation under any Related Document or the Act or Ordinance No. 16.

Section 5.09. Margin Regulations. The Authority is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U or X of the Board of Governors of the Federal Reserve System), and no part of the proceeds furnished by the Bank pursuant to a Notice of Borrowing under this Agreement will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

Section 5.10. No Default or Event of Default. No Default or Event of Default has occurred and is continuing.

Section 5.11. Notes. Each Note will be duly issued under the Trust Agreement and will be entitled to the benefits thereof.

Section 5.12. Security. The Notes and all Reimbursement Obligations are secured by a first lien on and pledge of Net Pledged Revenues pursuant to Section 4.01 of the Subordinate Trust Agreement and constitute Subordinate Obligations thereunder. The pledge of the Net Pledged Revenues under the Trust Agreement is a valid and binding obligation of the Authority, on a pari passu basis with the holders of all Subordinate Obligations, subject to any applicable bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws, judicial decisions and principles of equity relating to or affecting creditors' rights or contractual obligations generally or limitations of remedies against public entities in the State. All other Obligations (other than Reimbursement Obligations) of the Authority under this Agreement and the Fee Letter are secured by a pledge of and Lien on the Net Pledged Revenues subordinate in

all respects to the Notes and the Reimbursement Obligations. No filing, registration, recording or publication of the Trust Agreement or any other instrument nor any prior separation or physical delivery of the Net Pledged Revenues is required to establish the pledge provided for under the Trust Agreement or to perfect, protect or maintain the Lien created thereby on the Net Pledged Revenues and amounts held under the Trust Agreement in Funds, Accounts or Subaccounts to secure the Notes and the Reimbursement Obligations.

Section 5.13. Sovereign Immunity. To the fullest extent permitted by law, the Authority is subject to claims and to suit for damages in connection with its obligations under this Agreement and the Fee Letter pursuant to and in accordance with the laws of the State applicable to public entities such as the Authority; *provided, however*, that a claimant shall be required to comply with the provisions of the Tort Claims Act set forth in California Government Code Section 810 *et seq.* in tort or contract suits, actions or proceedings brought against the Authority.

Section 5.14. Accurate Information. All information, reports and other papers and data with respect to the Authority furnished to the Bank, at the time the same were so furnished, were accurate in all material respects. Any financial, budget and other projections furnished to the Bank were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections.

Section 5.15. Usury. Except as provided in the Act, Ordinance No. 16 and the Related Documents, there is no limitation under State law on the rate of interest payable by the Authority with respect to the Obligations, the Bank Note or any other obligations payable to the Bank hereunder, under the Fee Letter or under any Related Document.

Section 5.16. Swap Termination Payments. The Authority is not a party to any Swap Contract that provides that any termination payment thereunder is payable from or secured by Revenues on a basis that is senior to the lien securing the Notes, the Bank Note and Advances.

Section 5.17. Sanctions Concerns. To the knowledge of the Authority, neither the Authority nor any director, officer or employee 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.

Section 5.18. Incorporation of Representations and Warranties. The Authority hereby makes to the Bank the same representations and warranties as are set forth by the Authority in each Related Document, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference for the benefit of the Bank with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety. No amendment to such representations and warranties or defined terms made pursuant to any Related Document shall be effective to amend such representations

and warranties and defined terms as incorporated by reference herein without the prior written consent of the Bank.

Section 5.19. Pari Passu. Under the laws of the State, the obligation of the Authority under this Agreement to pay interest at the Bank Rate on all Reimbursement Obligations due and owing the Bank hereunder constitutes a charge and lien on the Net Pledged Revenues equal to and on a parity with the charge and lien upon the Net Pledged Revenues for the payment of the Notes (as defined in the First Supplemental Subordinate Trust Agreement).

Section 5.20. No Proposed Legal Changes.

(a) To the best knowledge of the Authority, there is no proposed amendment to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State law, or any proposition or referendum (or proposed proposition or referendum) or other ballot initiative or any legislation that has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have a Material Adverse Effect.

(b) There is no amendment to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State law, or any proposition or referendum (or proposed proposition or referendum) or other ballot initiative or any legislation that has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have a Material Adverse Effect.

Section 5.21. Valid Lien. The Authority's irrevocable pledge of the Net Pledged Revenues and amounts hereunder and under the Trust Agreement and in the Funds, Accounts and Subaccounts under the Trust Agreement to and for the payment of the obligations of the Authority under this Agreement and for the payment of the Notes, the Reimbursement Obligations and the other Obligations is valid and binding and no further acts, instruments, approvals or consents are necessary for the creation, validity or perfection thereof. The provisions of the Trust Agreement constitute a contract between the Authority and the Note owners and the Bank, and any such Note owner, subject to the provisions of the Trust Agreement, and the Bank, may at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel the performance of all duties required to be performed by the Authority as a result of issuing the Notes.

Section 5.22. ERISA; Plans; Employee Benefit Plans. The Authority is not subject to ERISA and maintains no Plans.

Section 5.23. Solvency. After giving effect to the issuance of the Notes and the other obligations contemplated by this Agreement and the Fee Letter, the Authority is solvent, having assets of a fair value which exceeds the amount required to pay its debts (including contingent, subordinated, unmatured and unliquidated liabilities) as they become absolute and matured, and the Authority is able to and anticipates that it will be able to meet its debts as they mature and has adequate capital to conduct its business in which it is engaged.

Section 5.24. Environmental Laws. The Authority and its Property (i) have not become subject to any Environmental Liability nor does it know of any basis for any Environmental Liability, (ii) have not received notice to the effect that any of the Authority's Property or its operations are not in compliance with any of the requirements of any Environmental Laws or any applicable federal, state or local health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, and (iii) to the best of the knowledge of the Authority, is in compliance with all Environmental Laws and has obtained and maintains or complies with any permit, license or other approval required under any Environmental Law, in each of (i), (ii) and (iii) above, except with respect to any matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 5.25. No Existing Right to Accelerate. As of the Closing Date, other than in accordance with the terms of the Trust Agreement or the Senior Lien Trust Agreement or as a result of an "event of default" thereunder, no Person, including, without limitation, a credit facility provider or a liquidity provider, either of which provides credit enhancement or liquidity support to any Senior Lien Bonds or Subordinate Obligations, had or has a right under any indenture or any supplemental indenture relating to any Senior Lien Bonds or Subordinate Obligations or any other document or agreement relating to any Senior Lien Bonds or Subordinate Obligations, to direct the Trustee or any other Person to declare the principal of and interest on any Senior Lien Bonds or Subordinate Obligations to be immediately due and payable. For the avoidance of doubt, for the purpose of this Section 5.25, regularly scheduled amortization payments do not constitute accelerated payments hereunder.

Section 5.26. Anti-Terrorism Laws. To the best of the Authority's knowledge, neither the Authority nor any Affiliates thereof is in violation of any Laws relating to terrorism or money laundering ("*Anti-Terrorism Laws*"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (as amended from time to time, the "*Executive Order*"), and the Patriot Act;

(a) to the best of the Authority's knowledge, neither the Authority nor any Affiliate thereof is any of the following:

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

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

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

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

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

(b) to the best of the Authority’s knowledge, neither the Authority nor any Affiliate thereof (A) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (i) above, (B) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (C) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti- Terrorism Law.

ARTICLE VI

COVENANTS

Section 6.01. Covenants of the Authority. Until the termination of this Agreement and the payment in full to the Bank of all amounts payable to the Bank hereunder, under the Fee Letter and under the Bank Note, the Authority hereby covenants and agrees that it will:

(a) *Notice of Default.* As promptly as practical after the Executive Director of the Authority shall have obtained knowledge of the occurrence of either a Default or an Event of Default or breach of this Agreement or the Fee Letter, and in any case, provide to the Bank the written statement of the Authority setting forth the details of each such event and the action which the Authority proposes to take with respect thereto.

(b) *Annual Reports.* Within one hundred ninety-five (195) days after the end of each fiscal year of the Authority, provide to the Bank audited financial statements consisting of a balance sheet and a statement of revenues, expenditures and changes in fund balances of the Authority, including the Pledged Revenues and Net Pledged Revenues for such fiscal year, setting forth in comparative form the corresponding figures (if any) for the preceding fiscal year, all in reasonable detail, and accompanied by a certification from the Chief Executive Officer of the Authority, the Chief Financial Officer of the Authority, or the Treasurer of the Authority addressed to the Bank, which may be in portable document format (PDF), stating that neither a Default or an Event of Default has occurred which was continuing at the end of such fiscal year or on the date of his certification, or, if such an event has occurred and was continuing at the end of such fiscal year or on the date of his certification, indicating the nature of such event and the action which the Authority proposes to take with respect thereto. Notwithstanding anything in the foregoing to the contrary, upon the Authority posting its audited financial statements to EMMA, the same are hereby deemed delivered for the purposes of this Agreement.

(c) *Offering Circulars and Material Event Notices.* Within ten (10) days after the issuance of any securities payable from Pledged Revenues senior to or on a parity with the Notes by the Authority with respect to which a final official statement or other offering circular has been prepared by the Authority, provide the Bank with notice of such issuance.

(d) *Notice of Adverse Change.* Notify the Bank as soon as possible after an executive officer of the Authority acquires knowledge of the occurrence of (i) the filing of a complaint against the Authority in any court or administrative agency, where the amount claimed is in excess of Fifteen Million Dollars (\$15,000,000), (ii) the filing of any action which could lead to an initiative or referendum which could annul, amend, modify or replace the Act or Ordinance No. 16 or which could lead to the diminution or reallocation of the Proposition A Sales Tax Revenues or (iii) any other event which, in the reasonable judgment of the Authority, is likely to have a Material Adverse Effect on the financial condition or operations of the Authority.

(e) *Additional Debt; Monthly Statement of Outstanding Notes.* (i) *Additional Debt.* The Authority agrees to use its commercially reasonable efforts to post on EMMA (and promptly inform the Bank that the same is available on EMMA), in connection with the issuance and delivery of any additional Debt which would constitute Senior Lien Bonds or Senior Parity Debt, a copy of the Certificate of the Authority which the Authority is required to provide to the Senior Lien Trustee pursuant to Section 2.12 of the Senior Lien Trust Agreement, as applicable.

(ii) *Monthly Statement of Outstanding Notes.* The Authority shall provide, or cause to be provided, to the Bank a statement listing all outstanding Notes and the principal amount thereof and the maturity of such Notes on the fifteenth (15th) calendar day of each calendar month.

(f) *Other Information.* Provide to the Bank such other information respecting the business affairs, financial condition and/or operations of the Authority, as the Bank may from time to time reasonably request.

(g) *Inspections; Discussion.* Permit the Bank or its representatives, at any reasonable time during normal business hours and from time to time at the request of the Bank to the extent that the Authority is not legally precluded from permitting access thereto to visit and inspect the properties of the Authority; to examine and make copies of and take abstracts from the records and books of account of the Authority; and to discuss the affairs, finances and accounts of the Authority with the appropriate officers of the Authority; *provided* that, if required by the Authority, as a condition to the Bank being permitted by the Authority to make or conduct any such visit, inspection, examination or discussion, the Bank shall certify to the Authority that the same is being made or conducted solely in order to assist the Bank in evaluating its position under this Agreement.

(h) *Further Assurances.* Take any and all actions necessary or reasonably requested by the Bank to (i) perfect and protect, any lien, pledge or security interest in the Net Pledged Revenues or any other right or interest given, or purported to be given to the Bank or any other Person under or in connection with this Agreement, the Trust Agreement, Ordinance No. 16 or the other Related Documents or the Act or Ordinance No. 16 or (ii) enable the Bank to exercise or enforce its rights under or in connection with this Agreement or the Fee Letter.

(i) *Taxes and Liabilities.* Pay all its indebtedness and obligations promptly and in accordance with their terms and pay and discharge or cause to be paid and discharged promptly all taxes, assessments and governmental charges or levies imposed upon it or upon its income and profits, or upon any of its property, real, personal or mixed, or upon any part thereof, before the same shall become in default, which default could have a Material Adverse Effect; *provided* that the Authority shall have the right to defer payment or performance of obligations to Persons other than the Bank so long as it is contesting in good faith the validity of such obligations by appropriate legal action and no final order or judgment has been entered with respect to such obligations.

(j) *Reserved.*

(k) *Alternate Facility or Refunding.* (i) The Authority agrees to use commercially reasonable efforts to obtain an Alternate Facility to replace the Letter of Credit or otherwise refinance or defease the Notes in the event (A) the Bank decides not to extend the Letter of Credit Expiration Date or if the Authority fails to request such an extension (such replacement, refinancing, redemption or defeasance to occur on or before the Letter of Credit Expiration Date), (B) the Letter of Credit is terminated, (C) the Authority terminates this Agreement and/or the Letter of Credit in accordance with the terms hereof and thereof, (D) the Bank issues a Notice of No Issuance and/or a Final Drawing Notice or (E) the Authority terminates this Agreement and/or the Letter of Credit in accordance with the terms hereof.

(ii) The Authority agrees that any Alternate Facility will require, as a condition to the effectiveness of the Alternate Facility, that the provider of Alternate Facility provide funds to the extent necessary, on the date the Alternate Facility becomes effective, for payment of all Reimbursement Obligations at par plus interest (at the applicable rate pursuant to the terms hereof) through the date repaid. On the effective date of such Alternate Facility or refinancing, redemption or defeasance, as the case may be, the Authority shall pay in full all other amounts due under this Agreement, the Fee Letter and the Bank Note (including, without limitation, all Excess Interest and unpaid interest thereon) and the Authority shall provide for the surrender (and cancellation) of the Letter of Credit to the Bank.

(iii) The Authority shall not permit an Alternate Facility to become effective with respect to less than all of the Notes of a Subseries without the prior written consent of the Bank.

(l) *Incorporation of Covenants.* The covenants of the Authority set forth in the Trust Agreement, the Issuing and Paying Agent Agreement and each Dealer Agreement are hereby incorporated by reference in this Agreement for the benefit of the Bank. To the extent that any such incorporated provision permits any Person to waive compliance with or consent to such provision or requires that a document, opinion, report or other instrument or any event or condition be acceptable or satisfactory to any Person, for purposes of this Agreement, such compliance shall be waived, or such provision shall be consented to, only if it is waived or consented to, as the case may be, by the Bank and such document, opinion, report or other instrument shall be acceptable or satisfactory to the Bank. No amendment to such covenants (or the defined terms relating thereto) made pursuant to the Trust Agreement, the Issuing and Paying Agent Agreement and the Dealer Agreement, which could reasonably be expected to have a material adverse effect on the rights, interest, security or remedies of the Bank, shall be effective to amend such incorporated covenants without the written consent of the Bank.

(m) *Use of Proceeds.* The Authority shall (i) cause the proceeds from any Drawing under the Letter of Credit or any Advance made hereunder to be used solely to pay the principal of and interest on maturing Notes as more fully described in Article III hereof and (ii) use the proceeds of the Notes solely for the purposes set forth in the Trust Agreement. The Authority shall cause proceeds from any Drawing under the Letter of Credit or any Advance to be held uninvested or invested solely in U.S. Treasury securities.

(n) *Disclosure to Participants.* The Authority will permit the Bank to disclose the information described in Section 6.01 hereof to any Participants of the Bank in this Agreement.

(o) *Most Favored Nations.* In the event that the Authority shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement, which such Bank Agreement includes the right to accelerate the payment of the principal of or interest on any Senior Lien Bonds or Subordinate Obligations or to otherwise declare the principal of or interest on any such Senior Lien Bonds or Subordinate Obligations to be immediately due and payable prior to its maturity or cause such Senior Lien Bonds or Subordinate Obligations to be paid pursuant to a mandatory tender, mandatory redemption or otherwise on any date other than a regularly scheduled payment date (which such regularly scheduled payment date shall include any scheduled amortization payments), the Bank shall be deemed to have the right to cause the payment of principal of and interest on any outstanding Reimbursement Obligations (and all other obligations due and owing hereunder and under the Bank Note and under the Fee Letter) to become immediately due and payable upon the occurrence and during the continuance of an event of termination or an event of default under such Bank Agreement permitting an acceleration of such bonds or debt. The Authority shall promptly, upon the occurrence of the Authority entering into an agreement (or amendment thereto) which provides for the right to accelerate the payment of the principal of or interest on any Senior Lien Bonds or Subordinate Obligations or to otherwise declare the principal of or interest on any such Senior Lien Bonds or Subordinate Obligations to be immediately due and payable prior

to its maturity or cause such Senior Lien Bonds or Subordinate Obligations to be paid pursuant to a mandatory tender, mandatory redemption or otherwise on any date other than a regularly scheduled payment date (which such regularly scheduled payment date shall include any scheduled amortization payments), enter into an amendment to this Agreement to include a provision which permits the Bank to cause the outstanding Reimbursement Obligations (and all other obligations due and owing hereunder, under the Bank Note and under the Fee Letter) to become immediately due and payable, provided that the Bank shall maintain the benefit of such provision even if the Authority fails to provide such amendment. The release, termination or other discharge of such other documentation that provides for acceleration of any Senior Lien Bonds or Subordinate Obligations, shall be effective to amend, release, terminate or discharge (as applicable) such provision as incorporated by reference herein without the consent of the Bank.

(p) *Sovereign Immunity.* To the fullest extent permitted by law, the Authority hereby agrees not to assert the defense of any future right of sovereign immunity in any legal proceeding to enforce or collect upon the obligations of the Authority under this Agreement or the transactions contemplated hereby.

(q) *Maintenance of Ratings.* The Authority covenants and agrees that it shall at all times (i) use its best efforts to maintain at least two short-term ratings on the Notes by any Rating Agencies, (ii) maintain at least two unenhanced long-term ratings on any one or more series of the Senior Lien Bonds by any Rating Agencies and (iii) maintain at least one long-term rating on the Bank Note from any Rating Agency.

(r) *Maintenance of Existence.* To the extent permitted by law, the Authority shall preserve and maintain (i) its existence as a public instrumentality of the State, and (ii) its rights, franchises and privileges material to the conduct of its business as from time to time being conducted.

(s) *Pledge of Sales Tax Revenues.* The Authority will take all actions and do all things necessary to maintain the pledge of and the lien on the Net Pledged Revenues as provided in the Trust Agreement and herein.

(t) *Budget.* Promptly after adoption thereof, a copy of the final budget of the Authority for each Fiscal Year during the term of the Agreement, which, for the avoidance of doubt, shall be satisfied upon posting by the Authority of the same to EMMA.

(u) *Amendments.* Promptly provide copies of any amendments or modifications to the Act or any other enacted legislation of which the Authority has actual knowledge which may materially adversely impact upon the Net Pledged Revenues or the Authority's ability to perform its obligations under the Notes or the other Related Documents, the Senior Lien Trust Agreement, the Act or Ordinance No. 16.

(v) *Receipt and Deposit of Pledged Revenues.* The Authority shall use its best efforts to assure that the CDTFA pays the Pledged Tax directly to the Senior Lien Trustee on a monthly basis; and if at any time any Pledged Tax are paid to the Authority by the CDTFA instead of being paid directly to the Senior Lien Trustee, immediately upon receipt, the Authority shall transfer such Pledged Tax to the Senior Lien Trustee for credit to the Revenue Fund held under the Senior Lien Trust Agreement; and, during such time as such Pledged Tax are held by the Authority (prior to transfer to the Senior Lien Trustee), such Pledged Tax will be impressed with a trust and held for the bondholders under the Senior Lien Trust Agreement and, to the extent such amounts exceed amounts required to be deposited in the funds held under the Senior Lien Trust Agreement, in trust for the holders of the Subordinate Obligations, including, without limitation, the Bank.

(w) *No Defeasance.* In no event shall the Authority cause or permit any of the Notes to be defeased, discharged or deemed paid within the meaning of Article VII of the Subordinate Trust Agreement and Section 6.06 the First Supplemental Subordinate Trust Agreement, except upon the prior written confirmation from the Rating Agencies then rating the Notes that the rating on the Notes will not be reduced or withdrawn as a result of such defeasance, discharge or deemed payment.

Section 6.02. Negative Covenants of the Authority. Until the termination of this Agreement and the payment in full to the Bank of all amounts payable to the Bank hereunder, under the Fee Letter and under the Bank Note, the Authority hereby covenants and agrees that it will not:

(a) *Compliance with Laws, Etc.* Violate any laws, rules, regulations, or governmental orders to which it is subject and of which it is aware after diligent inquiry, which violation could reasonably be expected to result in a Material Adverse Change.

(b) *Amendments.* Without the prior written consent of the Bank, (i) consent or agree to or permit any rescission of or amendment to the Trust Agreement, the Act or Ordinance No. 16, the Senior Lien Trust Agreement or any Related Document which would materially reduce the amount of the Net Pledged Revenues or impair the obligations of the Authority hereunder or under the Fee Letter or which would in any manner materially impair or materially adversely affect the rights of the Authority to the Net Pledged Revenues or the security of the Trust Agreement; or (ii) agree to the amendment of the Trust Agreement, the Act, Ordinance No. 16, the Senior Lien Trust Agreement or any Related Documents such that payments to holders of Notes are impaired or reduced or the priority of the obligations of the Authority under the Trust Agreement or to the Bank hereunder or under the Fee Letter is adversely affected in any way; or (iii) agree to any amendment of the Trust Agreement, the Act, Ordinance No. 16, the Senior Lien Trust Agreement or any Related Documents whatsoever which will materially and adversely affect the rights, interests, security or remedies of the Bank or the holders of Notes in respect thereof provided no consent shall be required or impairment deemed or adverse effect assumed from the issuance of additional Notes in accordance with the Trust Agreement or the issuance of additional Senior Lien Bonds or Senior Parity Debt in accordance with the Senior Lien Trust Agreement.

(c) *Swap Termination Payments.* Subsequent to the Closing Date, the Authority shall not enter into any additional Swap Contract unless (i) any and all termination payments that may become owing by the Authority shall be subordinate to all amounts payable to the Bank hereunder and (ii) such Swap Contract does not require the Authority to cash collateralize amounts payable by the Authority thereunder. The Authority shall not permit any Lien on any portion of the Net Pledged Revenues securing any swap termination payments to be *pari passu* with or senior to the Lien on the Net Pledged Revenues created pursuant to the Trust Agreement or the Issuing and Paying Agency Agreement to secure the payment of the principal of and interest on the Notes, the Bank Note, the Advances and Reimbursement Obligations.

(d) *Offering Statement Disclosure.* The Authority shall not include in an offering document for the Notes any information concerning the Bank (other than identifying the Bank as a party to its contracts) that is not supplied in writing, or otherwise consented to, by the Bank expressly for inclusion therein. Except as may be required by law, the Authority shall not use the Bank's name in the context of credit extension to the Authority or securities offerings (other than identifying the Bank as a party to this Agreement) in any published materials (other than the Authority's staff reports, annual statements, audited financial statements and rating agency presentations) without the prior written consent of the Bank (which consent shall not be unreasonably withheld); *provided* that, without the prior written consent of the Bank, the Authority may identify the Bank as the issuer of the Letter of Credit and a party to this Agreement, the Stated Amount of the Letter of Credit, the expiration date of the Letter of Credit, the conditions under which the Bank may issue a Notice of No Issuance or a Final Drawing Notice, the Amortization Period and related conditions, the Amortization End Date and related conditions, the relationship between the Bank and any participants in a financing and that the Authority's obligations under this Agreement and the Fee Letter are secured by Net Pledged Revenues, in offering documents with respect to the Senior Lien Bonds and the Notes, so long as no other information relating to the Agreement, the Fee Letter or the Bank is disclosed in such offering documents without the prior written consent of the Bank.

(e) *Issuing and Paying Agent and Trustee.* The Authority, without the prior written consent of the Bank, which consent shall not be unreasonably withheld, conditioned or delayed, shall not take any action or refrain from taking any action that results in a change of the Issuing and Paying Agent or the Trustee. Any Issuing and Paying Agent and Trustee shall have capital of not less than \$500,000,000, and any such Issuing and Paying Agent or Trustee or its respective parent organization shall have an underlying rating from Moody's and S&P of at least "A2" (or its equivalent) and "A" (or its equivalent), respectively.

(f) *Additional Debt.*

(i)(A) In addition to the requirements set forth in Section 2.11 of the Senior Lien Trust Agreement and Section 2.09 of the Subordinate Trust Agreement, the Authority shall not issue any additional Senior Lien Bonds,

Second Tier Obligations or Subordinate Obligations until there shall first be delivered to the Senior Lien Trustee or the Trustee, as applicable, a certificate prepared by a Consultant showing that the Pledged Tax collected for any 12 consecutive months out of the 18 consecutive months immediately preceding the issuance of the proposed Senior Lien Bonds, Second Tier Obligations or Subordinate Obligations was at least equal to 125% of Projected Maximum Total Annual Debt Service for all Senior Lien Bonds, Second Tier Obligations, and Subordinate Obligations which will be Outstanding immediately after the issuance of the proposed Senior Lien Bonds, Second Tier Obligations or Subordinate Obligations.

(B) Notwithstanding the foregoing, in the event that the Authority shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement, which such Bank Agreement provides such Person with a covenant that restricts the issuance of additional Senior Lien Bonds, Second Tier Obligations or Subordinate Obligations based upon satisfaction of a condition precedent that the Pledged Tax collected for any 12 consecutive months out of the 18 consecutive months immediately preceding the issuance of the proposed Senior Lien Bonds, Second Tier Obligations or Subordinate Obligations be a greater percentage than 125% (any such greater percentage referred to herein as a “*More Stringent Additional Debt Percentage*”) of the Projected Maximum Total Annual Debt Service for all Senior Lien Bonds, Second Tier Obligations, and Subordinate Obligations which will be Outstanding immediately after the issuance of the proposed Senior Lien Bonds, Second Tier Obligations or Subordinate Obligations, then the percentage set forth in Section 6.02(f)(i)(A) shall be deemed to be amended or replaced with the More Stringent Additional Debt Percentage on the issuance of any additional Senior Lien Bonds, Second Tier Obligations or Subordinate Obligations for so long as such Bank Agreement remains in effect.

(ii) The Authority shall deliver to the Bank the certificate set forth in Section 6.02(f)(i) hereof concurrently when the same is delivered to the Senior Lien Trustee or the Trustee, as applicable.

(g) *Dealer.*

(i) The Authority shall at all times maintain a Dealer under the First Supplemental Subordinate Trust Agreement. If the Dealer fails to sell Notes (the proceeds of which will be used to pay an Advance or an unreimbursed Drawing) after any unreimbursed Drawing for thirty (30) consecutive days, then the Authority agrees, at the written request of the Bank, to cause the Dealer to be replaced with a Dealer reasonably satisfactory to the Bank. Any dealer agreement with a successor Dealer shall provide that (a) such dealer may resign upon at least thirty (30) days prior written notice to the Authority, the Trustee, the Paying Agent and the Bank, and (b) such dealer shall use its best efforts to remarket the Notes without regard to the Bank Rate (i.e., whether or not the rate to be borne by

the Notes is less than the Bank Rate) up to the maximum rate as required under the Related Documents.

(ii) The Authority covenants that it will not agree to permit any Dealer to resign with fewer day's notice than is specified in the Dealer Agreement and not prior to providing such prior written notice to the Authority, the Bank, the Paying Agent and the Trustee; *provided, however*, that the Dealer may resign by giving only thirty (30) days prior written notice to the Bank, the Paying Agent and the Trustee in the event the Authority has provided a substitute dealer reasonably satisfactory to the Bank prior to such thirtieth (30th) day.

(iii) Any Dealer, or its parent organization or an Affiliate under common control, shall have an underlying rating from Moody's and S&P of at least "A3" (or its equivalent) and "A-" (or its equivalent), respectively.

ARTICLE VII

DEFAULTS

Section 7.01. Events of Default and Remedies. If any of the following events shall occur, each such event shall be an "Event of Default":

(a) the Authority fails to pay, or cause to be paid (i) any principal of or interest on any Drawing or any Advance when due, (ii) any Letter of Credit Fee within five (5) Business Days of the date such Letter of Credit Fee is due or (iii) any other Obligation (other than the Obligations described in clause (i) or (ii) of this Section 7.01(a)) within five (5) Business Days of the date such Obligation is due;

(b) any material representation, warranty or statement made by or on behalf of the Authority herein or in any Related Document to which the Authority is a party or in any certificate delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made;

(c) (i) the Authority fails to perform or observe any term, covenant or agreement contained in Sections 6.01(b), 6.01(i), 6.01(k)(ii), 6.01(k)(iii), 6.01(l) (with respect to amendments without consent only), 6.01(m), 6.01(p), 6.01(q), 6.01(r), 6.01(s), 6.01(t), 6.02 and 8.15 hereof; or (ii) the Authority fails to perform or observe any other term, covenant or agreement contained in this Agreement or the Fee Letter (other than those referred to in Sections 7.01(a) and 7.01(c)(i)) and any such failure cannot be cured or, if curable, remains uncured for thirty (30) days after the earlier of (A) written notice thereof to the Authority or (B) an Authorized Officer having actual knowledge of such failure;

(d) the Authority shall (i) default in any payment of any Proposition A Indebtedness, beyond the period of grace, if any, provided in the instrument or agreement

under which such Proposition A Indebtedness was created; or (ii) default in the observance or performance of any agreement or condition relating to any Proposition A Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to permit the holder or holders of such Proposition A Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, or to cause (in each case, determined without regard to whether any notice is required), any such Proposition A Indebtedness to become due prior to its stated maturity;

(e) (i) a court or other Governmental Authority with jurisdiction to rule on the validity of this Agreement, the Trust Agreement, the Issuing and Paying Agent Agreement, the Act, Ordinance No. 16 or any other Related Document to which the Authority is a party shall find, announce or rule that (A) any material provision of this Agreement and any other Related Document to which the Authority is a party; or (B) any provision of the Trust Agreement, the Issuing and Paying Agent Agreement, the Act or Ordinance No. 16 relating to the security for the Notes, the Bank Note or the Obligations, the Authority's ability to pay the Obligations or perform its obligations hereunder or under the Fee Letter or the interests, security, rights and remedies of the Bank or any Payment and Collateral Obligation, is not a valid and binding agreement of the Authority;

(ii) an Authorized Officer of the Authority, by duly authorized action of the Authority, shall contest the validity or enforceability of this Agreement, any other Related Document to which the Authority is a party or any provision of the Trust Agreement, the Issuing and Paying Agent Agreement, the Act or Ordinance No. 16 relating to the security for the Notes, the Bank Note or the Obligations, the Authority's obligation to pay the Obligations or perform its obligations hereunder or under the Fee Letter or the interests, security, rights or remedies of the Bank or the pledge of, lien on or security interest in the Net Pledged Revenues or any Payment and Collateral Obligation, or shall, by duly authorized action of the Authority, seek an adjudication that this Agreement, any other Related Document to which the Authority is a party or any provision of the Trust Agreement, the Issuing and Paying Agent Agreement, the Act or Ordinance No. 16 relating to the security for the Notes, the Bank Note or the Obligations, the Authority's ability to pay the Obligations or perform its obligations hereunder or under the Fee Letter or the interests, security, rights or remedies of the Bank or any Payment and Collateral Obligation, is not valid and binding on the Authority or an Authorized Officer of the Authority shall, by duly authorized action of the Authority, repudiate the Authority's obligations under this Agreement or under any other Related Document or any Payment and Collateral Obligation or any Governmental Authority with competent jurisdiction (including, without limitation, the Authority) shall initiate legal proceedings seeking to declare any of the Related Documents or the Authority's obligations to pay any Senior Lien Bonds or Senior Parity Debt as not valid and binding on the Authority; or

(iii) the validity, effectiveness or enforceability of the pledge of, lien on or security interest in the Net Pledged Revenues under the Trust Agreement, the Issuing and Paying Agent Agreement or Ordinance No. 16 securing the Notes and the Obligations

hereunder and under the Fee Letter and the Bank Note or any Payment and Collateral Obligation shall at any time for any reason cease to be valid, effective or binding as a result of a finding or ruling by a court or Governmental Authority with competent jurisdiction, or shall be declared, in a final non-appealable judgment by any court of competent jurisdiction, to be null and void, invalid or unenforceable;

(f) any provision of the Trust Agreement, the Issuing and Paying Agent Agreement or Ordinance No. 16 relating to the security for the Notes, the Bank Note or the Obligations, the Authority's ability to pay the Obligations or perform its obligations hereunder or under the Fee Letter or the interests, security, rights or remedies of the Bank, or any Related Document to which the Authority is a party, except for any Dealer Agreement which has been terminated due to a substitution of a Dealer, shall cease to be in full force or effect, or the Authority or any Person acting by or on behalf of the Authority shall deny or disaffirm the Authority's obligations under the Trust Agreement, the Issuing and Paying Agent Agreement, the Act or Ordinance No. 16 or any other Related Document to which the Authority is a party or any Payment and Collateral Obligation;

(g) one or more final judgments or orders for the payment of money from Net Pledged Revenues which, individually or in the aggregate, equal or exceed \$15,000,000 (excepting therefrom any amounts covered by and available from insurance) shall have been rendered against the Authority and such judgment(s) or order(s) shall not have been satisfied, stayed, vacated, discharged or bonded pending appeal within a period of sixty (60) days from the date on which it was first so rendered;

(h) (i) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal or interest on any Debt (including, without limitation, amounts due under any Bank Agreement) secured by a lien, charge or encumbrance upon or payable from the Net Pledged Revenues; (ii) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, the Authority seeks to have an order for relief entered with respect to it or seeking to adjudicate it insolvent or bankrupt or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, termination, composition or other relief with respect to it or its debts (or the existence of the Authority is dissolved or terminated by any other means); (iii) the Authority seeks appointment of a receiver, trustee, custodian or other similar official for itself or for any substantial part of the Authority's property, or the Authority shall make a general assignment for the benefit of its creditors; (iv) there shall be commenced against the Authority any case, proceeding or other action of a nature referred to in clause (ii) above and the same shall remain undismissed; (v) there shall be commenced against the Authority any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal, within 60 days from the entry thereof; (vi) a financial control board, or its equivalent, shall be imposed upon the Authority by a Governmental Authority; (vii) the Authority takes action in furtherance of,

or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), (iii), (iv), (v) or (vi) above; or (viii) the Authority shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due;

(i) either of Moody's or S&P suspends, withdraws (other than a withdrawal requested by the Authority for non-credit related reasons) or downgrades the long-term unenhanced rating of any Senior Lien Bonds (other than bank bonds, purchased bonds, revolving notes and other rated obligations payable to and held by any credit or liquidity provider which constitute Senior Parity Debt) of the Authority below "Baa2" (or its equivalent) or below "BBB" (or its equivalent), respectively; *provided however*, if there is no long-term unenhanced debt rating on any Senior Lien Bonds (other than bank bonds, purchased bonds, revolving notes and other rated obligations payable to and held by any credit or liquidity provider which constitute Senior Parity Debt) outstanding, it shall constitute an Event of Default if either of Moody's or S&P suspends, withdraws or downgrades the "shadow rating" assigned to Senior Lien Bonds below "Baa2" (or its equivalent) or below "BBB" (or its equivalent), respectively;

(j) any funds or accounts or investments on deposit in, or otherwise to the credit of, any of the funds or accounts established pursuant to the Trust Agreement, the Act, Ordinance No. 16, the Issuing and Paying Agent Agreement or the other Related Documents, that have been pledged to or a lien granted thereon to secure the Notes, the Bank Note or the Obligations, shall become subject to any writ, judgment, warrant or attachment, execution or similar process which shall not have been vacated, discharged, or stayed or bonded pending appeal within thirty (30) days from the entry thereof;

(k) (i) the occurrence of any event of default under the Senior Trust Agreement or the Trust Agreement (which is not waived pursuant to the terms thereof); (ii) any "event of default" shall have occurred and be continuing under any Related Document beyond the expiration of any applicable grace period which is not otherwise described in this Section 7.01; or (iii) any "event of default" under any Bank Agreement shall have occurred and be continuing beyond the expiration of any applicable grace period;

(l) any provision of the Act or Ordinance No. 16 is supplemented, modified or amended in a manner that materially adversely impairs (i) the Authority's ability or obligation to impose or levy the Proposition A Sales Tax in the incorporated and unincorporated territory of the County of Los Angeles or collect Revenues and/or pay the Revenues directly to the Trustee or (ii) the CDTFAs obligation to collect of the Proposition A Sales Tax or the CDTFAs ability or obligation to transfer the Proposition A Sales Tax Revenues to the Trustee;

(m) the Authority shall cease to exist, dissolve or terminate.

(n) the occurrence of (i) an Incipient Invalidity Event or (ii) an Invalidity Event;

(o) any Governmental Authority of competent jurisdiction shall declare a financial emergency or similar declaration with respect to the Authority and shall appoint or designate, with respect to the Authority, an entity such as an organization, a board, a commission, an authority, an agency or any other similar body to manage the affairs and operations of the Authority and such appointed entity has the authority to intercept or direct all or substantially all of the Proposition A Sales Tax; or

(p) the Authority shall issue any Senior Lien Bonds, Second Tier Obligations or Subordinate Obligations and the Pledged Tax collected for any 12 consecutive months out of the 18 consecutive months immediately preceding such issuance was less than 125% of Projected Maximum Total Annual Debt Service for all Senior Lien Bonds and Subordinate Obligations which are outstanding after such issuance.

Section 7.02. Remedies.

(a) Upon the occurrence and during the continuation of an Event of Default, the Bank, in its sole discretion, may take any one or more of the following actions, and the taking of any one of such actions shall not preclude the taking of any other of such actions: (i) deliver to the Issuing and Paying Agent a Final Drawing Notice to the effect that an Event of Default has been declared under this Reimbursement Agreement and that the Letter of Credit will terminate 10 days after receipt of such notice and requesting that the Issuing and Paying Agent make a Final Drawing (as defined in the Letter of Credit) under the Letter of Credit in an amount equal to the principal of the outstanding Notes plus interest to their maturity, (ii) deliver to the Issuing and Paying Agent a notice in the form of Appendix II hereto (a “*Notice of No Issuance*”) and on the maturity date for the last Note to mature which was issued prior to the delivery of such No Issuance Notice and upon the Bank honoring the Drawing under the Letter of Credit with respect to such Note, the Letter of Credit shall be terminated and returned to the Bank, (iii) deliver to the Issuing and Paying Agent a notice in the form of Schedule II to the Letter of Credit (a “*Reduction Notice*”) and on the maturity date for the last Note to mature which was issued and outstanding prior to the delivery of such Reduction Notice, the Stated Amount of the Letter of Credit shall be reduced to the principal amount of Notes outstanding on the date of the issuance of the Reduction Notice, (iv) cure any default, event of default or event of nonperformance under this Reimbursement Agreement or under any of the other Related Documents or (v) exercise any other rights or remedies available under any Related Document, the Act or Ordinance No. 16 or any other agreement or at law or in equity.

(b) Upon the occurrence of an Event of Default under Section 7.01(h), (k)(i) or (m) hereof, the Bank may, by notice to the Authority and the Trustee, declare all outstanding Obligations of the Authority (including, without limitation, outstanding Reimbursement Obligations) to be immediately due and payable (provided that the obligations of the Authority hereunder shall become automatically and immediately due and payable without such notice upon the occurrence of an event of default under 7.01(h) hereof or under Section 8.01(e) under the Senior Trust Agreement, such acceleration shall automatically occur (unless such automatic acceleration is expressly waived by the Bank

in writing)), and such amounts shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Authority.

(c) The rights and remedies of the Bank specified herein are for the sole and exclusive benefit, use and protection of the Bank, and the Bank is entitled, but shall have no duty or obligation to the Authority, the Trustee, the Issuing and Paying Agent, the holders of any Senior Lien Bonds or Subordinate Lien Obligations or any other Person, (i) to exercise or to refrain from exercising any right or remedy reserved to the Bank hereunder, or (ii) to cause the Trustee, the Issuing and Paying Agent or any other Person to exercise or to refrain from exercising any right or remedy available to it under any of the Related Documents.

ARTICLE VIII

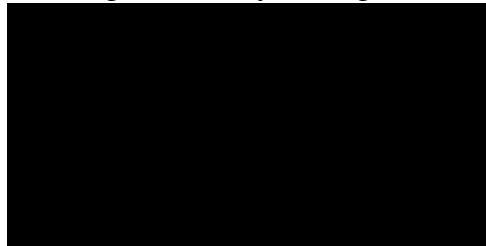
MISCELLANEOUS

Section 8.01. Amendments, Waivers, Etc. No amendment or waiver of any provision of this Agreement, or consent to any departure by the Authority therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; *provided, however*, that no amendment, waiver or consent shall, unless in writing and signed by the Bank, affect the rights or duties of the Bank under this Agreement or any other Related Document or the Act or Ordinance No. 16.

Section 8.02. 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), facsimile transmission, or regular mail, as follows:

to the Authority:

Los Angeles County Metropolitan Transportation Authority



to the Bank for Credit Matters:

Barclays Bank PLC



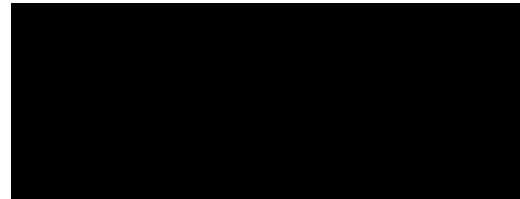
and

Barclays Bank PLC



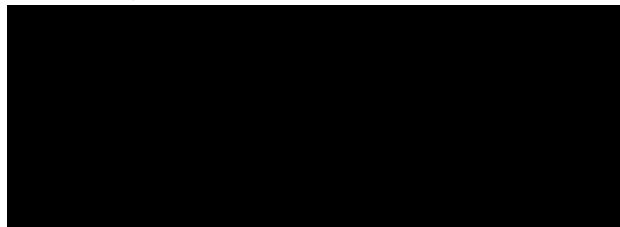
to the Issuing and Paying Agent:

U.S. Bank National Association

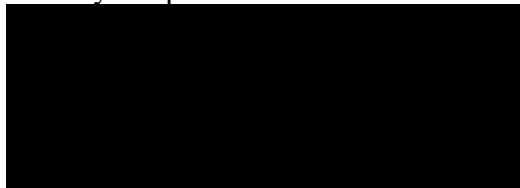


to the Dealers:

Goldman, Sachs & Co. LLC.



Barclays Capital Inc.



RBC Capital Markets, LLC





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 or sent by facsimile transmission or mailed, be effective when deposited with the courier, sent by facsimile transmission or mailed respectively, addressed as aforesaid, except that Drawing certificates submitted to the Bank shall not be effective until received by the Bank.

Section 8.03. 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 and until all Obligations hereunder, under the Fee Letter and under the Bank Note shall have been paid in full. Whenever in this Agreement and the Fee Letter any of the parties hereto and thereto 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 Authority which are contained in this Agreement, the Fee Letter and the Bank Note shall inure to the benefit of the successors and assigns of the Bank. The Authority may not transfer its rights or obligations under this Agreement, the Fee Letter or the Bank Note without the prior written consent of the Bank. The Bank may transfer some or all of its rights and obligations under this Agreement with the prior written consent of the Authority (which consent shall not be withheld unreasonably); *provided* that (i) the Authority has received written notice from each of the Rating Agencies then rating the Notes that the transfer shall not cause the lowering, withdrawal or suspension of any ratings then existing on the Notes; and (ii) the Bank shall be responsible for all costs resulting from the transfer. This Agreement, the Fee Letter and the Bank Note are made solely for the benefit of the Authority, the Bank, and no other Person (including, without limitation, the Issuing and Paying Agent, any Dealer or any holder of Notes) shall have any right, benefit or interest under or because of the existence of this Agreement, the Fee Letter or the Bank Note; *provided further* that the Authority's liability to any Participant shall not in any event exceed that liability which the Authority 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 under this Agreement, the Fee Letter and the Bank Note on a participating basis but not as a party to this Agreement, the Fee Letter or the Bank Note (a "*Participation*") without the consent of the Authority. The Bank shall provide the Authority with written notice of any Participation not more than five (5) Business Days after the date of entering into such Participation. 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 hereunder, and the Authority shall continue to deal solely and directly with the Bank in connection with the Bank's rights and obligations under this Agreement and the Bank Note. The Authority agrees that each Participant shall, to the extent of its Participation, be entitled to the benefits of this Agreement, the Fee Letter 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, any Event of Default under the Agreement, any Related Documents, the Senior Lien Trust Agreement, the Act or Ordinance No. 16; and *provided further* that no such Participant shall be entitled to receive payment pursuant to Section 2.14 hereof in an amount greater than the amount which would have been payable had the Bank not granted a Participation to such Participant.

(c) The Bank may assign and pledge all or any portion of the obligations payable to it hereunder 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 Authority to the Bank in accordance with the terms of this Agreement shall satisfy the Authority's obligations hereunder in respect of such assigned obligation to the extent of such payment. No such assignment shall release the Bank from its obligations hereunder.

Section 8.04. Unconditional Obligations. The obligations of the Authority under this Agreement, the Fee Letter and the Bank Note shall be absolute, unconditional, irrevocable and payable strictly in accordance with the terms of the Trust Agreement, the Issuing and Paying Agent Agreement, Ordinance No. 16, this Agreement, the Fee Letter and the Bank Note, under all circumstances whatsoever, including, without limitation, the following:

(a) any lack of validity or enforceability of this Agreement, the Fee Letter, the Letter of Credit, the Bank Note or, to the extent permitted by law, the Notes, the Trust Agreement, the Issuing and Paying Agent Agreement, the Act, Ordinance No. 16 or any other Related Document;

(b) any amendment or waiver of or any consent to departure from the terms of the Trust Agreement, the Issuing and Paying Agent Agreement, the Act, Ordinance No. 16 or all or any of the other Related 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 Authority, the Issuing and Paying Agent, any Dealer, or any other Person, whether in connection with this Agreement, the Fee Letter, the Bank Note, the Trust Agreement, the Issuing and Paying Agent Agreement, the Act, Ordinance No. 16, the other Related Documents, or any other transaction related thereto;

(d) any statement or any other document presented pursuant hereto or pursuant to the Letter of Credit which the Bank in good faith determines to be valid, sufficient or genuine and which subsequently proves to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever; and

(e) payment by the Bank of a Drawing 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.

Notwithstanding this Section, the Bank acknowledges the Authority may have the right to bring a collateral action with respect to one or more of the foregoing circumstances. The Authority's payment obligations shall remain in full force and effect pending the final disposition of any such action.

Section 8.05. LIABILITY OF BANK; INDEMNIFICATION. (a) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE AUTHORITY 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 AUTHORITY 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 OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS SHALL BE LIABLE OR RESPONSIBLE FOR (I) THE USE OF THE LETTER OF CREDIT, THE DRAWINGS OR ADVANCES THEREUNDER OR HEREUNDER, THE PROCEEDS OF THE NOTES OR THE TRANSACTIONS CONTEMPLATED HEREBY AND BY THE RELATED 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 THE LETTER OF CREDIT; OR (IV) ANY OTHER CIRCUMSTANCES WHATSOEVER IN MAKING OR FAILING IN GOOD FAITH TO MAKE PAYMENT HEREUNDER OR UNDER THE LETTER OF CREDIT; *PROVIDED* THAT THE AUTHORITY SHALL NOT BE REQUIRED TO INDEMNIFY THE BANK FOR ANY CLAIMS, LOSSES, LIABILITIES, COSTS OR EXPENSES TO THE EXTENT, BUT ONLY TO THE EXTENT, SOLELY AND DIRECTLY CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE BANK.

(b) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE AUTHORITY HEREBY INDEMNIFIES AND HOLDS HARMLESS THE BANK AND ANY OF ITS OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS FROM AND AGAINST ANY AND ALL DIRECT, AS OPPOSED TO CONSEQUENTIAL OR PUNITIVE CLAIMS, DAMAGES (THE RIGHT TO RECEIVE CONSEQUENTIAL OR PUNITIVE DAMAGES BEING HEREBY WAIVED), 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 FEE LETTER, THE LETTER OF CREDIT AND THE BANK NOTE AND THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY; AND (II) THE STATEMENTS CONTAINED IN THE OFFERING MEMORANDUM PREPARED AND DISTRIBUTED IN CONNECTION WITH THE NOTES; *PROVIDED* THAT THE AUTHORITY SHALL NOT BE REQUIRED TO INDEMNIFY THE BANK, AND THE AUTHORITY SHALL HAVE A CAUSE OF ACTION AGAINST THE BANK, AND THE BANK SHALL BE LIABLE, FOR ANY DIRECT, AS OPPOSED TO CONSEQUENTIAL OR PUNITIVE CLAIMS, DAMAGES (THE RIGHT TO RECEIVE CONSEQUENTIAL OR PUNITIVE DAMAGES BEING HEREBY

WAIVED), LOSSES, LIABILITIES, COSTS OR EXPENSES (A) TO THE EXTENT, BUT ONLY TO THE EXTENT, SOLELY AND DIRECTLY CAUSED BY (1) THE BANK'S WILLFUL MISCONDUCT OR GROSS NEGLIGENCE IN DETERMINING WHETHER THE DOCUMENTS PRESENTED UNDER THE LETTER OF CREDIT COMPLY WITH THE TERMS OF THE LETTER OF CREDIT; OR (2) THE BANK'S WILLFUL OR GROSSLY NEGLIGENT FAILURE TO MAKE LAWFUL PAYMENT UNDER THE LETTER OF CREDIT AFTER THE PROPER PRESENTATION TO THE BANK BY THE ISSUING AND PAYING AGENT OR A SUCCESSOR ISSUING AND PAYING AGENT UNDER THE ISSUING AND PAYING AGENT AGREEMENT OF A DRAWING STRICTLY COMPLYING WITH THE TERMS AND CONDITIONS OF THE LETTER OF CREDIT; OR (B) INCURRED IN CONNECTION WITH THE STATEMENTS CONTAINED IN THE OFFERING MEMORANDUM UNDER THE CAPTION "THE BANK".

Section 8.06. Expenses and Taxes. The Authority will promptly pay (a) the fees and expenses of counsel to the Bank and incurred in connection with the preparation, execution and delivery of this Agreement, the Fee Letter and the Letter of Credit as set forth in the Fee Letter; (b) the fees and disbursements of counsel to the Bank with respect to advising the Bank as to the rights and responsibilities under this Agreement and the Fee Letter after the occurrence of an Event of Default; and (c) all costs and expenses, if any, in connection with the enforcement of this Agreement and the Fee Letter and any other documents which may be delivered in connection herewith or therewith, including in each case the fees and disbursements of counsel to the Bank. In addition, the Authority shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement and the Fee Letter and the security contemplated by the Related Documents, the Act and Ordinance No. 16 and any related documents and agrees to hold the Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees. In addition, the Authority agrees to pay, after the occurrence of an Event of Default, all costs and expenses (including attorneys' fees and costs of settlement) incurred by the Bank in enforcing any obligations or in collecting any payments due from the Authority hereunder or under the Fee Letter or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement or the Fee Letter in the nature of a "workout" or of any insolvency or bankruptcy proceedings of the Authority.

Section 8.07. 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, the Issuing and Paying Agent Agreement, the Act, Ordinance No. 16 and any other Related Documents, this Agreement shall control solely as between the Authority and the Bank.

Section 8.08. Modification, Amendment, Waiver, Etc. No modification, amendment or waiver of any provision of this Agreement, the Fee Letter or the Bank Note shall be effective unless the same shall be in writing and signed by the parties hereto.

Section 8.09. 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.

Section 8.10. 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 8.11. 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 8.12. Entire Agreement. This Agreement and the Fee Letter together with the Bank Note represents the final agreement between the parties hereto and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties hereto.

Section 8.13. Governing Law; Jury Trial; Jurisdiction. (a) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK; PROVIDED THAT THE POWER AND AUTHORITY OF THE AUTHORITY TO EXECUTE, DELIVER AND PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE.

(b) TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY HERETO KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ITS RIGHT TO A JURY TRIAL IN RESPECT OF ANY LITIGATION (WHETHER AS CLAIM, COUNTERCLAIM, AFFIRMATIVE DEFENSE OR OTHERWISE) OR OTHER CAUSES OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT AND THE OTHER RELATED DOCUMENTS, THE ACT AND ORDINANCE NO. 16. IT IS HEREBY ACKNOWLEDGED THAT THE WAIVER OF A JURY TRIAL IS A MATERIAL INDUCEMENT FOR THE BANK TO ENTER INTO THIS AGREEMENT AND THAT THE EXECUTION AND DELIVERY OF THIS AGREEMENT BY THE AUTHORITY AND THE BANK IS MADE IN RELIANCE UPON SUCH WAIVER. EACH PARTY HERETO FURTHER WARRANTS AND REPRESENTS THAT SUCH WAIVER HAS BEEN KNOWINGLY AND VOLUNTARILY MADE FOLLOWING CONSULTATION WITH ITS RESPECTIVE LEGAL COUNSEL. THE AUTHORITY REPRESENTS AND ACKNOWLEDGES THAT IT HAS REVIEWED THIS PROVISION WITH ITS LEGAL COUNSEL AND THAT IT HAS KNOWINGLY AND VOLUNTARILY WAIVED ANY JURY TRIAL RIGHTS IT MAY HAVE FOLLOWING CONSULTATION WITH SUCH LEGAL COUNSEL. IF AND TO THE EXTENT THE FOREGOING WAIVER OF THE RIGHT TO A JURY TRIAL IS UNENFORCEABLE FOR ANY REASON, THE PARTIES HERETO HEREBY CONSENT TO THE ADJUDICATION OF ANY AND ALL CLAIMS PURSUANT TO JUDICIAL REFERENCE AS PROVIDED IN CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638, AND THE JUDICIAL REFEREE SHALL BE EMPOWERED TO DETERMINE ANY AND ALL ISSUES IN SUCH REFERENCE WHETHER FACT OR LAW. EACH PARTY HERETO ACKNOWLEDGES AND REPRESENTS THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER RELATED DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS

SECTION, AND THAT IT HAS REVIEWED THIS WAIVER AND CONSENT, AND KNOWINGLY AND INTENTIONALLY WAIVES ITS JURY TRIAL RIGHTS AND CONSENTS TO JUDICIAL REFERENCES FOLLOWING THE OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL OF ITS CHOICE ON SUCH MATTERS. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT OR TO JUDICIAL REFERENCE UNDER CALIFORNIA CODE OF CIVIL PROCEDURES SECTION 638 AS PROVIDED HEREIN.

(C) THE PARTIES HERETO IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND ANY COURT IN THE STATE OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION, SUIT OR PROCEEDING BROUGHT AGAINST OR BY IT IN CONNECTION WITH THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT RELATED THERETO, AND THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREE THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD OR DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. THE PARTIES AGREE THAT A FINAL NON-APPEALABLE JUDGMENT IN ANY SUCH ACTION, SUIT OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY ANY OTHER MANNER PROVIDED BY LAW. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HEREBY WAIVE AND AGREE NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURTS, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN ANY INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER OR THAT THE RELATED DOCUMENTS OR THE SUBJECT MATTER THEREOF MAY NOT BE LITIGATED IN OR BY SUCH COURTS.

Section 8.14. No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the Authority acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a) (i) the services regarding this Agreement provided by the Bank and any Affiliate thereof are arm's-length commercial transactions between the Authority, on the one hand, and the Bank and its Affiliates, on the other hand, (ii) the Authority has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the Authority is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Related Documents; (b) (i) the Bank and its Affiliates each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary, for the Authority, or any other Person and (ii) neither the Bank nor any of its Affiliates has any obligation to the Authority with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Related Documents; and (c) the Bank and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Authority, and neither the Bank nor any of its Affiliates has any obligation to disclose any of such interests to the Authority. To the fullest extent permitted by law, the Authority, hereby waives and releases any claims that it may have against the Bank or any of its Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby.

Section 8.15. USA Patriot Act; Government Regulations. The Bank hereby notifies the Authority that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “*Patriot Act*”), the Bank is required to obtain, verify and record information that identifies the Authority, which information includes the name and address of the Authority and other information that will allow the Bank to identify the Authority in accordance with the Patriot Act. The Authority shall, promptly following a request by the Bank, provide all documentation and other information that the Bank reasonably requests in order to comply with its ongoing obligations under applicable law or regulation, including, without limitation, “know your customer” and anti-money laundering rules and regulations, including the Patriot Act, and shall comply with all applicable Bank Secrecy Act (“*BSA*”) laws and regulations, as amended.

The Authority hereby represents and warrants and covenants and agrees to the best of its knowledge (a) that it is not and shall not be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by OFAC, the Authority 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 Authority or from otherwise conducting business with the Authority and (b) to ensure that the proceeds of the 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.

Section 8.16. Dealing with the Authority, 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 Authority, the Issuing and Paying Agent, and/or any Dealer regardless of the capacity of the Bank hereunder.

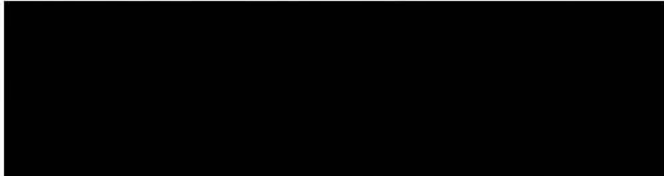
Section 8.17. Acknowledgement and Consent to Bail-In of EEA Financial Institutions. The Authority acknowledges and agrees that notwithstanding any other term of this Agreement or any other agreement, arrangement or understanding with the Bank, any liability arising under or in connection with this Agreement (including, without limitation, any liability arising out of or in connection with the Letter of Credit) may be subject to Bail-In Action and the Authority accepts to be bound by the effect of:

- (a) any Bail-In Action in relation to such liability, including (without limitation):
 - (i) a reduction, in full or in part, of any amount due in respect of any such liability;
 - (ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, the Authority; and
 - (iii) a cancellation of any such liability; and
- (b) a variation of any term of this Agreement or the Letter of Credit to the extent necessary to give effect to Bail-In Action in relation to any such liability.

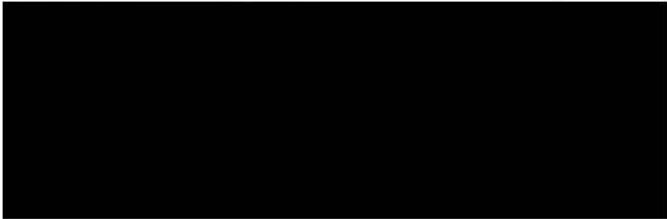
[Remainder of page intentionally left blank]

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

**LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY**



BARCLAYS BANK PLC

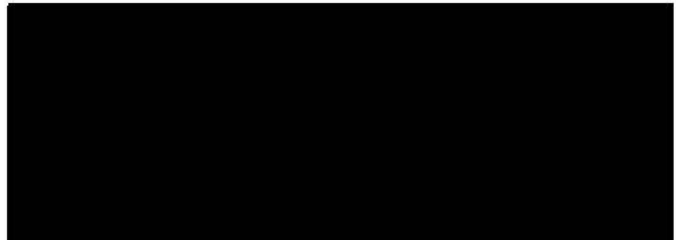


IN WITNESS WHEREOF, the Authority and the Bank have duly executed this Agreement as of the date first above written.

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY

By: _____
Name: _____
Title: _____

BARCLAYS BANK PLC



APPENDIX I

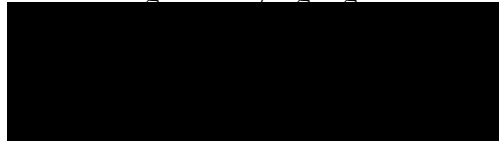
[FORM OF IRREVOCABLE TRANSFERABLE DIRECT-PAY LETTER OF CREDIT]

APPENDIX II

[FORM OF NOTICE OF NO ISSUANCE]

[Dated Date]

U.S. Bank National Association,
as Issuing and Paying Agent and Trustee



Re: Los Angeles County Metropolitan Transportation Authority
Second Subordinate Sales Tax Revenue
Commercial Paper Notes,
Series A-TE-Barclays

and

Los Angeles County Metropolitan Transportation Authority
Second Subordinate Sales Tax Revenue
Commercial Paper Notes,
Series A-T-Barclays

Ladies and Gentlemen:

Pursuant to Sections 3.02(b) and 7.02(a) of that certain Reimbursement Agreement, dated as of April 1, 2019 (the “*Reimbursement Agreement*”), by and between the Los Angeles County Metropolitan Transportation Authority (the “*Authority*”) and the undersigned, as Bank, you are hereby notified that (a) either (1) an “Event of Default” under Section 7.01() of the Reimbursement Agreement has occurred and is now continuing or (2) one or more of the representations and warranties of the Authority set forth in the Reimbursement Agreement, are in the reasonable opinion of the Bank, no longer true and correct in all material respects; (b) upon receipt of this notice, (i) no new Notes shall be issued or authenticated on or after the date hereof and (ii) on the maturity date for the last maturing Note issued prior to your receipt of this notice and upon completion of all Drawings permitted under the Letter of Credit with respect to such Note, the Letter of Credit shall be returned to the Bank for cancellation. Capitalized terms used herein and not defined herein having their respective meanings set forth in the Reimbursement Agreement.

This Notice of No Issuance shall remain in effect unless you have received written notification from us that this Notice of No Issuance Issuance has been rescinded.

Very truly yours,

BARCLAYS BANK PLC, as Bank

By: _____
Name: _____
Title: _____

ACCEPTED AND ACKNOWLEDGED BY:

U.S. Bank National Association, as Issuing and Paying Agent, hereby accepts this Tier One Stop Issuance Instruction on _____, 20__ (the “*Acceptance Date*”) and acknowledges that it has ceased issuing Notes as of the Acceptance Date; *provided, however*, that the failure of U.S. Bank National Association to acknowledge this Notice of No Issuance shall not affect the effectiveness of this Notice of No Issuance.

U.S. BANK NATIONAL ASSOCIATION, AS ISSUING AND PAYING AGENT

By _____
Name _____
Title _____

cc: Los Angeles County Metropolitan Transportation Authority
[DEALER]

APPENDIX III

[FORM OF BANK NOTE]

BANK NOTE

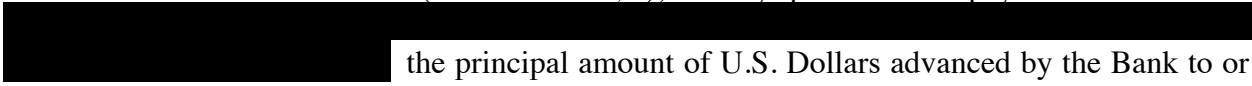
\$199,999,988

April 25, 2019

NEITHER THE FAITH AND THE CREDIT NOR THE TAXING POWER OF THE COUNTY OF LOS ANGELES, THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY, OTHER THAN THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY TO THE EXTENT OF THE NET PLEDGED REVENUES AS DEFINED IN THE AGREEMENT, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS OBLIGATION.

The principal of and interest on this obligation are junior and subordinate in all respects to the Senior Lien Bonds as to lien on and source and security for payment from the Pledged Revenues.

FOR VALUE RECEIVED, the undersigned, the LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (the "Authority"), hereby promises to pay to the order of

 the principal amount of U.S. Dollars advanced by the Bank to or for the benefit of the Authority pursuant to the terms of the Letter of Credit issued pursuant to the Reimbursement Agreement, dated as of April 1, 2019, by and between the Authority and the Bank, as the same may be amended or supplemented from time to time (the "Agreement"), together with interest as provided in the Agreement. The aggregate amount advanced by the Bank as part of a Drawing or Drawings or Advance or Advances is not to exceed an amount equal to \$199,999,988. All capitalized terms used herein and not otherwise defined shall have the meaning assigned in the Agreement. All amounts due hereunder shall be computed and payable at such times and in such amounts as provided in the Agreement.

The Authority agrees to pay the Bank's reasonable costs and expenses, incurred in connection with the enforcement of this Bank Note, including the Bank's counsel's fees and expenses, but only to the extent as provided in the Agreement.

All Drawings and Advances under the Letter of Credit and the Agreement shall be evidenced by this Bank Note and all payments, repayments and prepayments hereon shall be endorsed by the Bank on Schedule I attached hereto; *provided, however*, that any failure by the Bank to endorse such information on Schedule I shall not in any manner affect the obligation of the Authority to make payments of principal and interest in accordance with the terms of the Agreement and this Bank Note. The Authority hereby irrevocably authorizes the holder of this Bank Note to enter on Schedule I hereto the date and amount of each Drawing or Advance under this Bank Note and in accordance with the Agreement.

The Authority waives diligence, demand, presentment, protest, and notice of every kind whatsoever. The failure of the holder hereof to exercise any of its rights hereunder in any particular instance shall not constitute a waiver of the same or any other right in that or any subsequent instance. Time is of the essence for this Bank Note. THIS BANK NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK; *PROVIDED* THAT THE POWER AND AUTHORITY OF THE AUTHORITY TO EXECUTE, DELIVER AND PERFORM ITS OBLIGATIONS UNDER THIS BANK NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

This Bank Note is the "*Bank Note*" referred to in, and is entitled to the benefits of and is subject to the terms and conditions of, the Agreement, including those regarding acceleration of the maturity thereof upon the occurrence of certain stated events and prepayment prior to and payment at maturity.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Authority has caused its duly authorized officer to execute and delivery this Bank Note, under seal, as of the date and year first set forth above.

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY

By _____
Name _____
Title _____

CERTIFICATE OF AUTHENTICATION

This Bank Note is a Subordinate Obligation, issued pursuant to the Trust Agreement, as defined in the Reimbursement Agreement.

Date of Authentication: April 25, 2019

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

By _____
Authorized Signatory

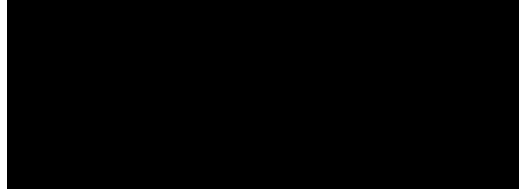
SCHEDULE I

<u>Date</u>	<u>Amount of Bank Loan</u>	<u>Amount of Principal Paid or Prepaid</u>	<u>Interest Period (if applicable)</u>	<u>Principal Balance Unpaid</u>	<u>Name of Person Making Notation</u>
-------------	--------------------------------	--	--	---	---

APPENDIX IV

[FORM OF REQUEST FOR EXTENSION]

Barclays Bank PLC



cc:



Re: Request for Extension of Irrevocable Transferable
Direct-Pay Letter of Credit No. SB-03566

Ladies and Gentlemen:

Pursuant to Section 2.12 of that certain Reimbursement Agreement, dated as of April 1, 2019 (the "*Reimbursement Agreement*"), by and between the Los Angeles County Metropolitan Transportation Authority (the "*Authority*") and Barclays Bank PLC (the "*Bank*"), the Authority hereby requests that the Letter of Credit Expiration Date be extended for a one-year extension. All capitalized terms contained herein which are not specifically defined herein shall be deemed to have the definition set forth in the Reimbursement Agreement.

The Bank is requested to notify the Authority of its decision with respect to this request for extension within [___] days of the date of receipt of all information necessary, in the Bank's reasonable judgment, to permit the Bank to make an informed credit decision. If the Bank fails to notify the Authority of its decision within such [___]-day period, the Bank shall be deemed to have rejected such request.

Very truly yours,

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY

By: _____
Name: _____
Title: _____

cc: **[Issuing and Paying Agent]**,
as Issuing and Paying Agent