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BONDHOLDER'S AGREEMENT

BONDHOLDER'S AGREEMENT

dated as of November 1, 2015

by and between

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

and

RBC MUNICIPAL PRODUCTS, LLC

Relating to

\$150,000,000

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY SUBORDINATE MEASURE
R SALES TAX REVENUE DRAWDOWN BONDS, SERIES C

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BONDHOLDER'S AGREEMENT

This BONDHOLDER'S AGREEMENT, dated as of November 1, 2015 (as the same may be amended, restated, supplemented or otherwise modified from time to time, this "*Agreement*"), is by and between LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY, a county transportation commission duly established and existing under the laws of the State of California (together with its successors and permitted assigns, the "*Authority*"), and RBC MUNICIPAL PRODUCTS, LLC, as initial purchaser ("*RBCMPLLC*" and, together with its successors, assignees, designees and nominees hereunder and any Trust (as hereinafter defined), the "*Purchaser*").

RECITALS

WHEREAS, the Authority is issuing one or more Series of bonds designated as the Los Angeles County Metropolitan Transportation Authority Subordinate Measure R Sales Tax Revenue Drawdown Bonds, Series C, Subseries C-1 (Tax-Exempt) and Subseries C-2 (Taxable) (collectively, the "*Series C Bonds*" and, individually, each a "*Subseries*"; the Subseries C-1 Bonds are referred to herein as the "*Subseries C (Tax-Exempt) Bonds*" and the Subseries C-2 Bonds are referred to herein as the "*Subseries C (Taxable) Bonds*") pursuant to the authority granted by the Constitution and Laws of the State of California (the "*State*"), including, without limitation, (i) the Los Angeles County Transportation Authority Commission Revenue Bond Act, Section 130500 et seq. of the California Public Utilities Code, as amended from time to time (the "*Act*") and (ii) Ordinance No. 08-01 (the "*Ordinance*"), including the Expenditure Plan (as defined in the Ordinance), adopted by the Authority on July 24, 2008, and any amendments or extensions thereto.

WHEREAS, the Series C Bonds are being issued pursuant to the Subordinate Trust Agreement, dated as of November 1, 2015, by and between the Authority and U.S. Bank National Association, supplemented by the Third Supplemental Trust Agreement, dated as of November 1, 2015, by and between the Authority and U.S. Bank National Association and as authorized by the Resolution of the Board of Directors of the Authority approving, among other things, the execution and delivery of this Agreement, the Subordinate Trust Agreement and the transactions contemplated hereby, adopted by the Authority on May 28, 2015 (the "*Resolution*"), and any amendments or extensions thereto;

WHEREAS, the Series C Bonds will bear interest initially at the Drawdown Rates (as defined in the Supplemental Trust Agreement) pursuant to the terms of the Subordinate Trust Agreement;

WHEREAS, pursuant to the Bond Purchase Agreement (as hereinafter defined), the Underwriter (as hereinafter defined) has agreed to purchase two Subseries of the Series C Bonds and advance one or more Drawings (as hereinafter defined) under each Subseries, subject to the terms and conditions set forth therein, and the Purchaser intends to purchase each Subseries of Series C Bonds from the Underwriter and advance one or more Drawings thereunder and, as a condition to such purchases and Drawings, the Purchaser has required the Authority to enter into this Agreement;

WHEREAS, the proceeds of each Subseries of Series C Bonds and the Drawings thereunder will be deposited as provided in Section 4.03 of the Supplemental Trust Agreement; and

WHEREAS, the principal amount of each Subseries of Series C Bonds, the dated date therefor, the maturities, the sinking fund and redemption provisions and the interest rates per annum for the each Subseries of Series C Bonds are as set forth in the Subordinate Trust Agreement and in the respective Subseries of Series C Bonds.

NOW, THEREFORE, to induce the Purchaser to purchase each Subseries of Series C Bonds, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Authority and the Purchaser hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Certain Defined Terms. In addition to the terms defined in the recitals and elsewhere in this Agreement and the Subordinate Trust Agreement, the following terms shall have the following meanings:

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

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


“Amortization End Date” [REDACTED]

“Amortization Period” has the meaning given to such term in the Supplemental Trust Agreement.

“Amortization Period Payment” has the meaning set forth in Section 2.1(e) hereof.

“Amortization Period Payment Date” [REDACTED]

“Amortization Period Interest Rate”



“Anti-Terrorism Laws” has the meaning set forth in Section 3.1(w) hereof.

“Authority” has the meaning assigned to such term in the introductory paragraph of this Agreement.

“Authority Rating” means the long-term unenhanced ratings (without regard to any bond insurance policy or credit enhancement) assigned by each of Moody’s, Fitch and S&P to the Authority’s Senior Bonds.

“Authorized Representative” means any of the Chief Executive Officer, the Executive Director, Finance and Budget, Treasurer or Assistant Treasurer of the Authority, or any other authorized representative or authorized spokesperson conveying an official position of the Authority or such person at the time and from time to time authorized to act on behalf of the Authority by written certificate furnished to the Owner Representative.

“Bank Agreement (Secured by Pledged Revenues)” means any credit agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement, direct purchase agreement, bond purchase agreement, line of credit, 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 purchase on a private placement basis, any Debt secured by or payable from all or any portion of the Pledged Revenues or Subordinate Pledged Revenues.

“Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations)” means any credit agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement, direct purchase agreement, bond purchase agreement, line of credit, 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 purchase on a private placement basis, any Senior Bonds, Parity Obligations and Subordinate Obligations.

“Bankruptcy Code” means the federal Bankruptcy Code of 1978, as it may be amended from time to time (Title 11 of the United States Code), and any successor statute thereto.

"Base Rate"

"BOE Contract" means that certain Amended and Restated Agreement for State Administration of Retail Transactions and Use Tax dated as of November 1, 2010, between the Authority and the State Board of Equalization of the State of California, together with the letter providing an irrevocable direction to such Board to deposit Measure R Sales Tax revenues with the Senior Lien Trustee.

"Board of Equalization" means the California State Board of Equalization that collects the Measure R Sales Tax.

"Bond Counsel" means Nixon Peabody LLP or such other counsel of recognized national standing in the field of law relating to municipal bonds and the exemption from federal income taxation of interest thereon, appointed and paid by the Authority.

"Bondholder" or *"Holder"* or *"Owner"* means the registered owner of the Bond; *provided, however*, that at any time either Subseries of Series C Bonds are book entry bonds, *"Bondholder"* or *"Holder"* or *"Owner"* means any Person that acquires a beneficial ownership interest in a Bond held by DTC. The initial Bondholder is the Purchaser.

"Bondholder's Agreement Event of Default" has the meaning assigned to that term in Section 5.1.

"Bond Obligations" means the obligations of the Authority to repay the principal of the Series C Bonds, together with interest thereon (including, without limitation, at the Amortization Period Interest Rate, the Default Rate and the applicable Drawdown Rate), pursuant to and in accordance with this Agreement, the Subordinate Lien Trust Agreement and the Supplemental Trust Agreement.

"Bond Purchase Agreement" means the Bond Purchase Agreement dated the Closing Date, between the Authority and the Underwriter, as amended, supplemented, modified or restated from time to time in accordance with the terms thereof.

"BOTW" means Bank of the West.

"BOTW Agreement" means the Revolving Credit Agreement dated as of November 1, 2015, between the Authority and BOTW, relating to the Los Angeles County Metropolitan Transportation Authority Subordinate Measure R Sales Tax Revenue Revolving Obligations, as amended, modified, supplemented or restated from time to time.

"Business Day" has the meaning set forth in the Subordinate Trust Agreement.

“Calculation Agent Agreement” means each Calculation Agent Agreement relating to the Series C Bonds, by and between the Authority and the Calculation Agent, as amended, supplemented, modified or restated from time to time.

“Closing Date” means November 23, 2015.

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

“Commitment Amount” means, on the Closing Date, an initial amount equal to \$150,000,000 and thereafter such initial amount adjusted from time to time: (i) downward in an amount equal to any reduction thereof effected pursuant to Section 2.5 or Section 5.2(a) hereof and (ii) downward to zero upon the expiration or termination of the Commitment in accordance with the terms hereof and the Related Documents.

“Commitment End Date” has the meaning assigned to such term in the Subordinate Trust Agreement.

“Credit Protection Provider” means, collectively, (a) any Person, including any Owner and Royal Bank, that provides credit protection or liquidity support in favor of any other Person holding a direct or indirect interest in all or either Subseries of Series C Bonds and (b) any Person that participates in any such credit protection or liquidity support.

“Debt” means, with respect to any Person, without duplication: (a) all indebtedness of such Person for borrowed money (including, but not limited to, amounts drawn under a letter of credit, line of credit or other credit or liquidity facilities or amounts loaned pursuant to a Bank Agreement (Secured by Pledged Revenues)); (b) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable in the ordinary course of business; (c) all obligations of such Person evidenced by notes, certificates, debentures or similar instruments; (d) all Guarantees by such Person of Debt of other Persons (each such Guarantee to constitute Debt in an amount equal to the amount of such other Person’s Debt guaranteed thereby); (e) all obligations of other Persons secured by a lien on, or security interest in, any asset of such Person whether or not such obligation is assumed by such Person; (f) all obligations under leases that constitute capital leases for which such Person is liable; and (g) all obligations of such Person under any Swap Contract, in each case, whether such Person is liable contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations such Person otherwise assures a creditor against loss.

“Debt Service Coverage Ratio” means, as of any DS Calculation Date, the ratio of (a) the aggregate amount of Pledged Revenues for the twelve-month period ending on such DS Calculation Date to (b) the amount of Senior and Subordinate Debt Service as of such DS Calculation Date.

“Default Rate” means the Maximum Rate.

“*Determination of Taxability*” means, for and with respect to any Subseries C (Tax-Exempt) Bonds, and shall be deemed to have occurred on the first to occur of the following:

(i) the date when the Authority files with the Internal Revenue Service any statement, supplemental statement or other tax schedule, return or document which admits or discloses that an Event of Taxability shall have in fact occurred with respect to such Subseries C (Tax-Exempt) Bonds;

(ii) the date when the Owner Representative or any Owner or former Owner has received written notification from the Authority, supported by a written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax-exempt municipal finance, to the effect that an Event of Taxability has occurred with respect to such Subseries C (Tax-Exempt) Bonds;

(iii) the date when the Authority shall be advised in writing by the Commissioner or any District Director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that an Event of Taxability shall have occurred with respect to such Subseries C (Tax-Exempt) Bonds;

(iv) the date when the Authority shall receive notice from the Owner Representative or any Owner or former Owner that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of the Owner Representative or any Owner or such former Owner the interest on such Subseries C (Tax-Exempt) Bonds due to the occurrence of an Event of Taxability; or

(v) the date on which the Internal Revenue Service issues a Letter 4413 Notice of Proposed Adverse Determination with respect to any Subseries C (Tax-Exempt) Bonds;

provided, however, no Determination of Taxability shall occur under subparagraph (iii), (iv) or (v) above unless the Authority has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined after taking into account any permitted appeals; *provided further, however*, that upon demand from the Owner Representative or any Owner or former Owner, the Authority shall promptly reimburse the Owner Representative or such Owner or former Owner for any payments, including any taxes, interest, penalties or other charges, the Owner Representative or such Owner or former Owner shall be obligated to make as a result of the Determination of Taxability.

“*Drawdown Rate*” has the meaning assigned to such term in the Supplemental Trust Agreement.

“*Drawing*” has the meaning assigned to such term in the Bond Purchase Agreement.

“DS Calculation Date” means March 31, June 30, September 30 and December 31 of each year.

“DTC” means The Depository Trust Company and its successors.

“EMMA” means the Electronic Municipal Market Access system and any successor thereto.

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

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

“Event of Taxability” means (i) a change in Law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Authority, or the failure to take any action by the Authority, or the making by the Authority of any misrepresentation herein or in any certificate required to be given in connection with this Agreement) which has the effect of causing interest paid or payable on any Subseries C (Tax-Exempt) Bonds to become includable, in whole or in part, in the gross income of any Owner for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid or payable on any Subseries C (Tax-Exempt) Bonds to become includable, in whole or in part, in the gross income of any Owner for federal income tax purposes.

“Excess Interest Amount” has the meaning set forth in Section 2.2(b) hereof.

“Excluded Tax” means, with respect to the Owner Representative or any Owner or any other recipient of any payment to be made by or on account of any obligation of the Authority hereunder, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the Laws of which the Owner Representative or any Owner or such other recipient is organized or in which its principal office is located, and (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which the Owner Representative or any Owner is located.

“Executive Order” has the meaning set forth in Section 3.1(w) hereof.

“Expenses” means all fees, charges, costs and expenses of any nature whatsoever, whether in the form of a direct, reimbursement, or indemnity payment obligation, incurred at any time and from time to time (whether before or after a Bondholder’s Agreement Event of Default) by the Owner Representative or any Owner in purchasing or funding the purchase of either Subseries of Series C Bonds, in administering or modifying the Related Documents, in negotiating or entering into any “workout” of the Transactions, or in exercising or enforcing any rights, powers or remedies provided in any of the Related Documents, including reasonable attorneys’ fees, court costs and receiver’s fees.



“Fees and Expenses” has the meaning set forth in the Senior Lien Trust Agreement.

“Fiscal Year” means the period commencing on July 1 of each given calendar year and ending on June 30 of the immediately succeeding calendar year, or such similar period as the Authority may designate as its fiscal year.

“Fitch” means Fitch Ratings, Inc., and any successor rating agency.

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

“Generally Accepted Accounting Principles” or *“GAAP”* means generally accepted accounting principles in effect from time to time in the United States and applicable to entities such as the Authority applied by the Authority on a basis consistent with the Authority’s most

recent financial statements furnished to the Owner Representative pursuant to Section 4.1(b) hereof.

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

“Guarantee” by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep well, to purchase assets, goods, securities or services, to take or pay, or to maintain financial statement conditions or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part).

“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 that impacts (A) the Authority’s ability or obligation to levy the Measure R Sales Tax in the incorporated and unincorporated territory of the County of Los Angeles in accordance with the provisions of the Act and Ordinance which affects the Authority’s ability or obligation to make payments of principal or interest on the Series C Bonds or any other payment obligations due and owing the Purchaser under this Agreement or the pledge of and lien on Pledged Revenues or Subordinate Pledged Revenues (as applicable) securing the payments of principal or interest on the Series C Bonds or (B) the Board of Equalization’s ability or obligation to collect the Measure R Sales Tax or to pay the Measure R Sales Tax to the Senior Lien Trustee, in each case, which affects the Authority’s ability or obligation to make payments of principal or interest on the Series C Bonds or any other payment obligations due and owing the Purchaser under this Agreement or the pledge of and lien on Pledged Revenues or

Subordinate Pledged Revenues (as applicable) securing the payments of principal or interest on the Series C Bonds is publicly contested or publicly repudiated by an Authorized Representative of the Authority or (ii) any such provision described in clause (i)(A) or (i)(B) of this definition is deemed to be invalid or unenforceable as a result of an Authorized Representative of the Authority or the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction taking any official action, 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) of this definition 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) (A) the validity or enforceability of, or the liabilities or obligations of the Authority with respect to, payments of principal or interest on the Series C Bonds or any other Obligations due and owing the Purchaser under this Agreement, under the Act or Ordinances or any Payment and Collateral Obligation, or (B) any Payment and Collateral Obligation in and of itself, in any case with respect to the prior clause (iv)(A) or (iv)(B), is publicly contested or publicly repudiated by an Authorized Representative of the Authority or (v) any Payment and Collateral Obligation is deemed to be invalid or unenforceable as a result of an Authorized Representative of the Authority or the State or any instrumentality of the State or any Governmental Authority with appropriate jurisdiction taking any official action 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 is supplemented, modified or amended in a manner that makes invalid or unenforceable any provision described in clause (i)(A) or (i)(B) of this definition or (viii) the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction shall, by official action, make a finding or ruling or through the enactment of any statute or legislation or the issuance of an executive order determine that Payment and Collateral Obligation is not valid and binding on the Authority.

“Indemnified Taxes” means Taxes other than Excluded Taxes.

“Indemnitee” has the meaning assigned to such term in Section 6.1 hereof.

“Initial Amortization Payment Date”

“Invalidity Event” means (i) the Act or the Ordinance 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 the Ordinance have been supplemented, modified and/or amended in a manner that makes invalid or unenforceable (A) the Authority’s obligation to levy the Measure R Sales Tax in the incorporated and unincorporated territory of the County of Los Angeles in accordance with the provisions of the Act and the Ordinance which affects the Authority’s ability or obligation to make payments of principal or interest on the Series C Bonds or any other payment obligations due and owing the Owner Representative or any Owner under this Agreement or the pledge of

and lien on Subordinate Pledged Revenues or Pledged Revenues securing the payments of principal or interest on the Series C Bonds or (B) the Board of Equalization's obligation to collect the Measure R Sales Tax or the Board of Equalization's ability or obligation to make payment of the Measure R Sales Tax directly to the Senior Lien Trustee, in each case, which affects the Authority's ability or obligation to make payments of principal or interest on the Series C Bonds or any other payment obligations due and owing the Owner Representative or any Owner under this Agreement or the pledge of and lien on Subordinate Pledged Revenues or the Pledged Revenues securing the payments of principal or interest on the Series C Bonds, (iii) the Act or the Ordinance 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 Series C Bond, the Senior Lien Trust Agreement or the Subordinate Trust Agreement relating to the Authority's ability or obligation to make payments of the principal or interest on the Series C Bonds or any other payment obligations due and owing the Owner Representative or any Owner under this Agreement or the pledge of and lien on the Subordinate Pledged Revenues or Pledged Revenues to secure the payment of principal and interest on the Series C Bonds (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.

"*Junior Subordinate Obligations*" has the meaning set forth in the Senior Lien Trust Agreement.

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

"*Liabilities*" has the meaning assigned to such term in Section 6.1 hereof.

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

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

“Material Adverse Change” means the occurrence of any event or change which results in a material and adverse change in the business, condition (financial or otherwise) or operations of the Authority.

“Material Adverse Effect” means any event or occurrence (including, without limitation, a change in Applicable Law) that causes a material adverse change in or a material adverse effect on (A) the validity or enforceability of this Agreement, either Subseries of Series C Bonds or any of the other the Related Documents or the Authority’s ability to perform its obligations under this Agreement and the other Related Documents, (B) the validity, enforceability or perfection of the pledge of and lien on the Pledged Revenues under the Senior Lien Trust Agreement or the pledge of and lien on the Subordinate Pledged Revenues under the Subordinate Trust Agreement, (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 Subseries C (Tax-Exempt) Bonds from federal income tax, (E) the collection of the Measure R Sales Tax that could reasonably be expected to have a material adverse effect on the ability of the Authority to pay debt service on the Series C Bonds, the Senior Bonds, the Parity Obligations or the Subordinate Obligations or amounts due on any other Obligations hereunder or (F) the rights, security interest or remedies available to the Owner Representative or any Owner under this Agreement or the other Related Documents.

“Maximum Rate” means the lesser of (i) [REDACTED] per annum and (ii) the maximum rate of interest that may legally be paid on the Obligations hereunder.

“Measure R Sales Tax” means the retail transactions and use tax imposed by Ordinance and approved by the electors of the County of Los Angeles at an election held November 4, 2008.

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

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

“MSRB G-17 Letter” has the meaning assigned to such term in the Bond Purchase Agreement.

“Notice of Bondholder’s Agreement Event of Default” has the meaning assigned to such term in Section 5.2(a) hereof.

“Obligations” means all Bond Obligations, all fees, expenses and charges payable or reimbursable hereunder to the Owner Representative, the Credit Protection Provider, the Purchaser or any Owner (including, without limitation, any amounts to reimburse the Owner Representative, the Credit Protection Provider, the Purchaser or any Owner for any advances or expenditures by it under any of such documents) and all other payment obligations of the Authority to the Owner Representative, the Credit Protection Provider, the Purchaser or any Owner arising under or in relation to this Agreement or the other Related Documents, in each,

case whether now existing or hereafter arising, due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held or acquired.

“*OFAC*” has the meaning set forth in Section 3.1(w) hereof.

“*Ordinance*” has the meaning assigned to such term in the recitals to this Agreement.

“*Other Obligations*” means all Obligations other than Bond Obligations.

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

“*Owner Representative*” means, (a) initially, the Purchaser and (b) thereafter, upon the receipt from time to time by the Subordinate Lien Trustee and the Authority of a notice described in Section 6.16 hereof, the Person designated in such notice as the Owner Representative, as more fully provided in Section 6.16 hereof.

“*Parity and Senior Debt*” means any Debt issued by or on behalf of Authority pursuant to the Subordinate Trust Agreement or the Senior Lien Trust Agreement and secured by a lien on all or any portion of the Subordinate Pledged Revenues or Pledged Revenues, respectively, ranking senior to or on a parity with the Series C Bonds, the Senior Bonds, the Parity Obligations and/or the Subordinate Obligations.

“*Parity Obligations*” has the meaning set forth in the Senior Lien Trust Agreement.

“*Patriot Act*” has the meaning assigned to such term in Section 6.4 hereof.

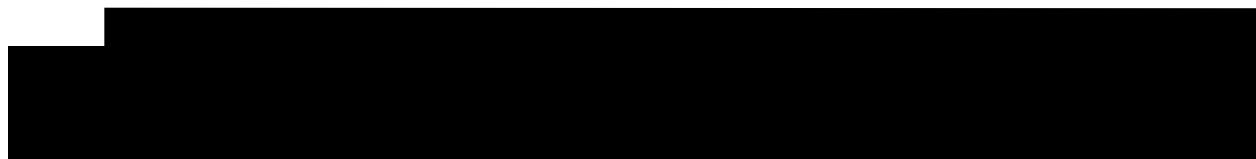
“*Payment and Collateral Obligation*” has the meaning set forth in the definition of the term “*Invalidity Event*” herein.

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

“*Pledged Revenues*” has the meaning set forth in the Senior Lien Trust Agreement.

“*Pledged Tax Revenues*” has the meaning set forth in the Senior Lien Trust Agreement.

“*Potential Bondholder’s Agreement Event of Default*” means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute a Bondholder’s Agreement Event of Default.



[REDACTED]

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

“*Purchaser*” has the meaning assigned to such term in the introductory paragraph of this Agreement.

“*Rating Agency*” means any of S&P, Moody’s and/or Fitch, as context may require.

“*Ratings Threshold*” [REDACTED]

“*RBCCM LLC*” means RBC Capital Markets, LLC and its successors, assignees, designees and nominees.

“*RBCMPLLC*” has the meaning assigned to such term in the introductory paragraph of this Agreement.

“*Related Documents*” means this Agreement, the Series C Bonds, the BOE Contract, the Senior Lien Trust Agreement, the Subordinate Trust Agreement, the Supplemental Trust Agreement, the Bond Purchase Agreement, the Tax Certificate, any Supplemental Tax Certificate, the Calculation Agent Agreement and any documents executed and delivered to any Owner, Royal Bank, the Purchaser or the Underwriter in connection therewith, and any and all future renewals and extensions or restatements of, or amendments or supplements to (excluding supplements to the Senior Lien Trust Agreement and the Subordinate Trust Agreement for the purpose of issuing additional Debt in accordance with the terms of and as permitted by the Senior Lien Trust Agreement and the Subordinate Trust Agreement, as applicable, other than any permanent amendments to the Senior Lien Trust Agreement or the Subordinate Trust Agreement included in such supplements), any of the foregoing. For the avoidance of doubt, any documentation related to the TIFIA Bonds and other TIFIA obligations payable from Measure R Sales Tax (including those with respect to the Crenshaw/LAX Transit Corridor Project) shall not be considered a Related Document.

“*Revenue Fund*” has the meaning set forth in the Senior Lien Trust Agreement.

“*Royal Bank*” means Royal Bank of Canada and its successors and assigns.

“*S&P*” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and any successor rating agency.

“*Senior and Subordinate Debt Service*” means, as of any DS Calculation Date, the higher of (a) the sum of scheduled principal and interest actually due and payable on Senior Bonds, Parity Obligations and Subordinate Obligations (collectively, the “*DS Obligations*”) in the

twelve-month period ending on such DS Calculation Date, and (b) the greatest amount of principal and interest becoming due and payable on all DS Obligations in any Fiscal Year including the Fiscal Year in which the DS Calculation Date occurs or any subsequent Fiscal Year up to and including the Fiscal Year in which the Amortization End Date occurs; *provided, however*, that for purposes of such computation:

(A) when calculating the amount of principal and interest becoming due in respect to any Subordinate Facility:

(i) in determining the principal amount due in each Fiscal Year under each Subordinate Facility, the amount borrowed under each such Subordinate Facility shall be assumed to be the maximum amount that the Authority may borrow under such Subordinate Facility (without regard to outstanding borrowings thereunder) and that the principal shall be assumed to be payable in accordance with the Term Loan Provisions of such Subordinate Facility;

(ii) in determining the interest payable on each Subordinate Facility, the amount borrowed under each such Subordinate Facility shall be assumed to be the maximum amount that the Authority may borrow under such Subordinate Facility and that interest rate shall be assumed to be equal to the greater of: (i) the interest rate applicable to the obligations under such Subordinate Facility on such DS Calculation Date and (ii) the average interest rate applicable to the obligations under such Subordinate Facility for the Fiscal Year immediately preceding the DS Calculation Date (or if the effective date of such Subordinate Facility is less than one Fiscal Year, the period from the effective date of such Subordinate Facility to the DS Calculation Date);

(B) when calculating the amount of principal and interest becoming due in respect to any Senior Bonds or Parity Obligations and in respect to any Subordinate Obligations other than the Subordinate Facilities, the amounts shall be calculated as provided in the definition of “Debt Service” set forth in the Senior Lien Trust Agreement (without regard to any of the adjustment to such definition or related definitions contained in the definition of “Projected TIFIA Pledged Revenues” in the Senior Lien Trust Agreement).

“Senior Bonds” has the meaning set forth in the Senior Lien Trust Agreement.

“Senior Lien Trust Agreement” means the Amended and Restated Trust Agreement dated as of February 1, 2014, by and between the Authority and the Senior Lien Trustee, as the same may be amended, supplemented, restated or otherwise modified from time to time (excluding supplements to the Senior Lien Trust Agreement for the purpose of issuing additional Debt in accordance with the terms of and as permitted by the Senior Lien Trust Agreement other than any permanent amendments to the Senior Lien Trust Agreement included in such supplements) in accordance with the terms hereof and thereof; *provided* that any provision that is in effect only so long as the Junior Subordinate Bonds are Outstanding or otherwise relates solely to the Junior Subordinate Bonds shall not be considered part of the “Senior Lien Trust Agreement.”

“*Senior Lien Trustee*” means U.S. Bank National Association as trustee, and its permitted successors and assigns under the Senior Lien Trust Agreement from time to time.

“*Series C Bonds*” has the meaning assigned to such term in the recitals to this Agreement.

“*State*” means the State of California.

“*State Street*” means State Street Public Lending Corporation and its successors and assigns.

“*State Street Agreement*” means that certain Revolving Credit Agreement dated as of November 1, 2015, between the Authority and State Street, relating to the Los Angeles County Metropolitan Transportation Authority Subordinate Measure R Sales Tax Revenue Revolving Obligations, as amended, modified, supplemented or restated from time to time.

“*Subordinate Facility*” means, collectively, this Agreement, the BOTW Agreement and the State Street Agreement.

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

“*Subordinate Obligations*” has the meaning given to such term in the Senior Lien Trust Agreement.

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

“*Subordinate Trust Agreement*” means the Subordinate Trust Agreement, dated as of November 1, 2015, by and between the Authority and the Subordinate Lien Trustee, as the same may be amended, supplemented, restated or otherwise modified from time to time (excluding supplements to the Subordinate Trust Agreement for the purpose of issuing additional Debt in accordance with the terms of and as permitted by the Subordinate Trust Agreement other than permanent amendments to the Subordinate Trust Agreement included in such supplement) in accordance with the terms thereof and hereof.

“*Subseries C (Tax-Exempt) Bonds*” has the meaning assigned to such term in the recitals to this Agreement.

“*Subseries C (Taxable) Bonds*” has the meaning assigned to such term in the recitals to this Agreement.

“*Supplemental Tax Certificate*” means a supplemental tax certificate delivered by the Authority in connection with the Subseries C (Tax-Exempt) Bonds or any Drawing thereunder substantially in the form of the Tax Certificate or such other form as Bond Counsel may require,

as the same may be amended, supplemented or modified from time to time in accordance with the terms hereof and thereof.

“Supplemental Trust Agreement” means the Third Supplemental Subordinate Trust Agreement dated as of November 1, 2015, between the Authority and the Trustee, as the same may be amended, supplemented, restated or otherwise modified in accordance with the terms hereof and thereof.

“Swap Contract” means (a) any and all rate swap transactions, total return swaps, 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 Certificate” means that certain Tax Compliance Certificate dated November 23, 2015, by the Authority, relating to the Subseries C (Tax-Exempt) Bonds, as the same may be amended, supplemented or modified from time to time in accordance with the terms hereof and thereof.

“Tax-Exempt Commitment Amount” means, on the Closing Date, an initial amount equal to \$150,000,000 and thereafter such initial amount adjusted from time to time: (i) downward in an amount equal to any reduction thereof effected pursuant to Section 2.5 or Section 5.2(a) hereof and (ii) downward to zero upon the expiration or termination of the Tax-Exempt Commitment Amount in accordance with the terms hereof and the Related Documents.

“Taxable Commitment Amount” means, on the Closing Date, an initial amount equal to \$100,000,000 and thereafter such initial amount adjusted from time to time: (i) downward in an amount equal to any reduction thereof effected pursuant to Section 2.5 or Section 5.2(a) hereof and (ii) downward to zero upon the expiration or termination of the Taxable Commitment Amount in accordance with the terms hereof and the Related Documents.

“Taxable Date” means the date on which interest on any Subseries C (Tax-Exempt) Bonds is first includable in gross income of any holder thereof (including, without limitation, the Owner Representative and any Owner) as a result of an Event of Taxability as such a date is established pursuant to a Determination of Taxability.

“Taxable Drawdown Rate” has the meaning given to such term in the Supplemental Trust Agreement.

“Taxable Period” has the meaning set forth in Section 2.2(e) hereof.

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

“Term Loan Provisions” means, in the case of this Agreement, Section 2.1(e) hereof, in the case of the BOTW Agreement and the State Street Agreement, the provisions of such Subordinate Facility comparable to Section 2.1(e) hereof and that provide for the payment of principal on such Subordinate Facility after the termination of the period during which the Authority may borrow additional amounts (assuming any conditions to the effectiveness of such provisions are satisfied).

“TIFIA Bonds” has the meaning set forth in the Senior Lien Trust Agreement.

“Transactions” means the issuance, sale and delivery of either Subseries of Series C Bonds by the Authority, the purchase of each Subseries of Series C Bonds by the Purchaser from the Underwriter, the execution and delivery by the Authority of the Related Documents, the performance by the Authority of the Obligations (including payment obligations) thereunder, and the use of the proceeds of Series C Bonds.

“Trust” means either (a) a common law trust established by the Purchaser or an Affiliate of the Purchaser under the law of the State of New York or (b) a statutory trust established by the Purchaser or an Affiliate of the Purchaser under the Delaware statutory trust statute, which, in either case, has an interest in each Subseries of Series C Bonds.

“Underwriter” means RBCCM LLC, as underwriter under the Bond Purchase Agreement.

“Unutilized Amount” means an amount equal to the Commitment Amount less the unpaid principal amount of Drawings under the Series C Bonds.

“Unutilized Fee” has the meaning assigned to such term in Section 2.3 hereof.

Section 1.2. Computation of Time Periods. In this Agreement, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.”

Section 1.3. Construction. Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, to the singular include the plural and to the part include the whole. The word “including” shall be deemed to mean “including but not limited to,” and “or” has the inclusive meaning represented by the phrase “and/or.” The words

“hereof,” “herein,” “hereunder” and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The words “asset” and “property” shall be construed to have the same meaning and effect and, when used in connection with any Person, to refer to all rights, title and interests of such Person in and to any and all property whether real, personal or mixed, or tangible or intangible, now owned or hereafter acquired, and wherever situated, including cash, securities, investment property, accounts, land, buildings, general intangibles, chattel, intellectual property, contract rights and other property and assets. The Section headings contained in this Agreement and the table of contents preceding this Agreement are for reference purposes only and shall not control or affect the construction of this Agreement or the interpretation thereof in any respect. Section and subsection references are to this Agreement unless otherwise specified. Each (if any) exhibit, schedule and annex attached hereto is a constituent part of this Agreement.

Section 1.4. Subordinate Trust Agreement Definitions. Any capitalized term used herein and not otherwise defined herein shall have the meaning provided therefor in the Subordinate Trust Agreement or the Senior Lien Trust Agreement.

Section 1.5. New York, New York Time Presumption. All references in this Agreement to times of day shall be references to prevailing New York City time unless otherwise expressly provided herein.

Section 1.6. Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP; *provided, however*, that accounting terms and determinations of Measure R Sales Tax revenues and related terms shall be determined in accordance with cash basis accounting. In the event of changes to GAAP which become effective after the Closing Date, the Authority agrees to negotiate with the Owner Representative in good faith appropriate revisions of this Agreement so as to perpetuate the meaning and effect of such provisions as originally negotiated and agreed upon.

Section 1.7. Relation to Other Documents; Acknowledgment of Different Provisions of Other Related Documents. (a) Nothing in this Agreement shall be deemed to amend, or relieve the Authority of its obligations under, any Related Document to which it is a party or the Act or Ordinance. Conversely, to the extent that the provisions of any Related Document or the Act or Ordinance allow the Authority to take certain actions, or not to take certain actions, with regard for example to permitted liens, transfers of assets, maintenance of financial ratios and similar matters, the Authority nevertheless shall be fully bound by the provisions of this Agreement.

(b) Except as provided in subsection (c) of this Section 1.7, all references to other documents, including the other Related Documents, shall be deemed to include all amendments, restatements, modifications and supplements thereto to the extent such amendments, restatements, modifications or supplements are made in accordance with the provisions of such document and (to the extent applicable) this Agreement.

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

ARTICLE II

THE AUTHORITY'S OBLIGATIONS

Section 2.1. Payment Obligations. (a) The Authority hereby unconditionally, irrevocably and absolutely agrees to make prompt and full payment of all payment obligations owed to the Owner Representative and any Owner under the Related Documents and to pay any other Obligations owing to the Owner Representative or any Owner, whether now existing or hereafter arising, irrespective of their nature, whether direct or indirect, absolute or contingent, with interest thereon at the rate or rates provided in such Related Documents.

(b) The Authority shall pay within thirty (30) days after demand:

(i) if a Bondholder's Agreement Event of Default has occurred, all reasonable costs and expenses of the Owner Representative and any Owner in connection with the enforcement (whether by means of legal proceedings or otherwise) of any of their respective rights under any of the Related Documents and any other documents which may be delivered in connection therewith, plus the fees of any legal counsel retained by the Owner Representative or any Owner in connection therewith;

(ii)



(iii) the reasonable fees and out-of-pocket expenses for counsel in connection with responding to requests from the Authority for approvals, consents, amendments and waivers; and

(iv) any amounts advanced by or on behalf of the Owner Representative or any other Owner to the extent required to cure or avoid any Bondholder's Agreement Event of Default or event of nonperformance under any Related Document, together with interest thereon at the Default Rate.

(c) Neither the Owner Representative nor any Owner shall be under an obligation to pay, and the Authority shall pay, any expenses incident to the performance of the Authority's obligations hereunder and under the other Related Documents, including (i) the cost of preparation and printing of the Related Documents, (ii) the fees and disbursements of Bond Counsel and counsel to the Authority and (iii) the fees and disbursements of any other accountants, attorneys and other experts, consultants or advisers retained by the Authority.

(d) In addition, if at any time any Governmental Authority requires payment of any fees, documentary stamps or tax in connection with the execution or delivery of any of the Related Documents, then, if the Authority lawfully may pay for such fees, stamps, or tax, the Authority shall pay, when due and payable, for all such fees, stamps and taxes, including interest and penalties thereon, and the Authority agrees to save the Owner Representative and any Owner harmless from and against any and all liabilities with respect to or resulting from any delay or omission of the Authority in paying, such fees, stamps and taxes.

(e) In the event the Owners have not received the principal and interest on all outstanding Series C Bonds on the Commitment End Date, the Authority shall cause the principal amount of the Series C Bonds to be redeemed in equal quarterly installments payable on each Amortization Period Payment Date (each such payment, an "*Amortization Period Payment*"), with the final installment in an amount equal to the entire then-outstanding principal amount of such Series C Bonds to be redeemed on the related Amortization End Date. Each Amortization Period Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate Amortization Period Payments over the Amortization Period. During the Amortization Period, interest on the Series C Bonds shall accrue at the Amortization Period Interest Rate, be payable monthly in arrears on the first Business Day of each calendar month and be calculated on the basis of a [REDACTED] day year and actual days elapsed.

Section 2.2. Increased Payments; Accounts.

(a) *Increased Costs.* If any Owner or any Credit Protection Provider determines that the adoption or implementation of, or any change in, applicable law, treaty, regulation, guideline or directive (including all requests, rules, guidelines or directives in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act and the International Regulatory Framework for Banks (Basel III) developed by the Basel Committee on Banking Supervision or by the Bank for International Settlements (BIS) (or any similar or successor organization) regardless of the date enacted, adopted or issued) or any new law, treaty, regulation, guideline or directive, or any interpretation, implementation or administration of any of the foregoing by any Governmental Authority charged with the administration or interpretation thereof, or compliance with any resulting written request or directive now existing or hereafter adopted of any Governmental Authority having jurisdiction over such Owner or Credit Protection Provider or the transactions contemplated by the Related Documents (whether or not having the force of law) will:

(i) subject such Owner or Credit Protection Provider to any tax, charge, fee, deduction or withholding of any kind with respect to any of the Related Documents or any payment by the Authority of principal, interest and fees or other amounts paid to such

Owner or Credit Protection Provider thereunder (except for taxes on the overall net income or share capital of such Owner or Credit Protection Provider),

(ii) impose, modify or deem applicable any reserve, capital or liquidity ratio, premium, special deposit, compulsory loan, insurance charge or similar requirement against credits or commitments to extend credit extended by, assets (funded or contingent) of, deposits with or for the account of, or other acquisitions of funds by such Owner or Credit Protection Provider,

(iii) impose, modify or deem applicable any capital or liquidity adequacy, liquidity or similar requirement (1) against assets (funded or contingent) of, or credits or commitments to extend credit extended by, such Owner or Credit Protection Provider or (2) otherwise applicable to the obligations of such Owner or Credit Protection Provider under any of the Related Documents,

(iv) change the basis of taxation of payments due such Owner or Credit Protection Provider under this Agreement or the Series C Bonds (other than a change in taxation of the overall net income of such Owner or Credit Protection Provider), or

(v) impose upon such Owner or Credit Protection Provider any other condition or expense with respect to any of the Related Documents or with respect to any amount paid or to be payable to or by such Owner or Credit Protection Provider in connection with the Series C Bonds;

AND THE RESULT OF ANY OF THE FOREGOING is to increase the cost to, reduce the amount of any payment (whether of principal, interest or otherwise) receivable by, or impose any expense (including loss of margin) (except for taxes on the overall net income or share capital of such Owner or Credit Protection Provider) upon such Owner or Credit Protection Provider with respect to the Related Documents, purchasing or owning the Series C Bonds or making, maintaining or, with respect to the Credit Protection Provider, funding any loan or drawing in connection with the Series C Bonds (or, in the case of any capital adequacy, liquidity or similar requirement, to have the effect of reducing the rate of return on such Owner's or Credit Protection Provider's capital or liquidity, taking into consideration such Owner's or Credit Protection Provider's policies with respect to capital adequacy or liquidity), or to require such Owner or Credit Protection Provider to make any payment on or calculated by reference to the gross amount of any sum received by it under any Related Document, in each case by an amount which such Owner or Credit Protection Provider deems to be material, then:


(A) such Owner or Credit Protection Provider may make a determination to impose increased costs as a result of any of the foregoing and notify the Authority of such determination in writing and a due date or dates on which such amounts will be owed, which due date(s) shall be no earlier than 30 days following the date the Authority is first given such notification by such Owner or Credit Protection Provider;

(B) after giving written notice of such determination, such Owner or Credit Protection Provider shall also as promptly as practicable deliver to the Authority a

certificate stating the change which has occurred or the reserve requirements or other costs or conditions which have been imposed on such Owner or Credit Protection Provider or the request, direction or requirement with which it has complied, together with the date thereof, the amount of such increased cost, reduction or payment and the way in which such amount has been calculated, including a reasonably detailed calculation, and such Owner's or Credit Protection Provider's reasonable determination, as applicable, of such amounts, absent fraud or manifest error, shall be conclusive; and

(C) the Authority shall pay to such Owner or Credit Protection Provider on each due date, from time to time as specified by such Owner or Credit Protection Provider in an invoice delivered to the Authority at least thirty (30) days prior to such due date, such amount or amounts as will compensate such Owner or Credit Protection Provider for such additional costs, reduction or payment, together with interest on such additional amounts from, and including, the due date specified by such Owner or Credit Protection Provider for payment at the Default Rate.

The protection of this Section 2.2(a) will be available to each Owner and Credit Protection Provider regardless of any possible contention of invalidity or inapplicability of the law, regulation or condition which has been



(b) *Excess Interest.* (i) If the amount of interest payable for any period in accordance with the terms hereof exceeds the amount of interest that would be payable for such period had interest for such period been calculated at the Maximum Rate, then interest for such period shall be payable in an amount calculated at the Maximum Rate.

(ii) Any interest that would have been due and payable by the Authority hereunder for any period but for the operation of the immediately preceding paragraph (i) shall accrue and be payable as provided in this paragraph (ii) and shall, after deducting any interest actually paid to the Owners during such period, constitute the "*Excess Interest Amount.*" If there is any accrued and unpaid Excess Interest Amount as of any date, then the principal amount owing by the Authority to the Owners hereunder with respect to which interest is payable shall bear interest at the Maximum Rate until payment to the Owners of the entire Excess Interest Amount owed to them.

(iii) Notwithstanding the foregoing, on the date on which no principal amount hereunder remains unpaid, to the extent possible without violating applicable Laws, the Authority shall pay to the Owners an amount equal to any accrued and unpaid Excess Interest Amount owed to them.

(c) *Payments Generally.* Except as may be otherwise provided herein, all fees hereunder and interest on amounts owed hereunder shall be computed on the basis of a year of [REDACTED] days and the actual number of days elapsed. All payments by or on behalf of the Authority to the Owner Representative or other Owner hereunder and under the other Related Documents shall be fully earned when due and (absent manifest error or as otherwise provided in Section 2.2(a)) nonrefundable when paid and shall be made in lawful currency of the United States of America and in immediately available funds. If any payment hereunder is due on a day that is not a Business Day, then such payment shall be due on the next succeeding Business Day, and, in the case of the computation of the interest or fees hereunder, such extension of time shall be included in the computation of the payment due hereunder. All payments hereunder to RBCMPLLC shall be made by wire transfer of funds to the following account: [REDACTED]

[REDACTED] (or to such other account as RBCMPLLC may specify in writing from time to time).

(d) (i) *Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes.* Any and all payments by or on account of any obligation of the Authority hereunder or under the Series C Bonds shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Miscellaneous Taxes; provided that if the Authority shall be required by Applicable Law to deduct any Indemnified Taxes (including any Miscellaneous Taxes) from such payments, then (A) to the fullest extent permitted by Applicable Law, the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.2(d)) the Owner Representative and each Owner receives an amount equal to the sum it would have received had no such deductions been made, (B) the Authority shall make such deductions and (C) the Authority shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with Applicable Law.

(ii) *Payment of Miscellaneous Taxes by the Authority.* Without limiting the provisions of paragraph (i) above, the Authority shall timely pay any Miscellaneous Taxes to the relevant Governmental Authority in accordance with Applicable Law.

(iii) *Indemnification by the Authority.* The Authority, to the fullest extent permitted by law, shall indemnify the Owner Representative and each Owner, within thirty (30) days after demand therefor, for the full amount of any Indemnified Taxes or Miscellaneous Taxes (including Indemnified Taxes or Miscellaneous Taxes imposed or asserted on or attributable to amounts payable under this Section 2.2(d)) paid by Owner Representative or such Owner and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Miscellaneous Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate stating the amount of such payment or liability delivered to the Authority by the Owner Representative shall be conclusive absent manifest error. In addition, the Authority shall indemnify the Owner Representative and

each Owner, within ten (10) days after demand therefor, for any additional amounts that the Owner Representative or any Owner is required to pay as a result of any failure of the Authority to pay any Taxes when due to the appropriate Governmental Authority or to deliver to the Owner Representative or any Owner, as applicable, pursuant to clause (iv), documentation evidencing the payment of Taxes and to contest, with the cooperation and at the expense of the Authority any such Taxes or Miscellaneous Taxes which the Owner Representative or the Authority reasonably believes not to have been properly assessed.

Prior to claiming compensation pursuant to this subsection (iii), the Owner Representative and each Owner, as applicable, will use reasonable efforts to investigate the alternatives (if any) for avoiding the need for, or the reduction of the amount of, such compensation, and the Owner Representative and each Owner, as applicable, shall take all reasonable steps to so avoid the need for, or reduce the amount of such compensation, provided that, none of the Owner Representative or any Owner shall be obligated to take any steps that are adverse to its business or operations or inconsistent with its policies.

(iv) *Evidence of Payments.* As soon as practicable after any payment of Indemnified Taxes or Miscellaneous Taxes by the Authority to a Governmental Authority, the Authority shall deliver to the Owner Representative or such Owner, as applicable, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Owner Representative and such Owner, as applicable.

(v) *Treatment of Certain Refunds.* If the Owner Representative or any Owner determines, in its sole discretion, that it has received a refund of any Taxes or Miscellaneous Taxes as to which it has been indemnified pursuant to this Section 2.2(d) (including additional amounts paid by the Authority pursuant to this Section 2.2(d)), it shall pay to the Authority an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, under this Section 2.2(d)(v) with respect to the Taxes or Miscellaneous Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses of the Owner Representative or such Owner, as applicable, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); *provided* that the Authority, upon the request of the Owner Representative or such Owner, as applicable, agrees to repay the amount paid over pursuant to this Section 2.2(d) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Owner Representative and such Owner, as applicable, in the event the Owner Representative or such Owner, as applicable, is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (v), in no event will the Owner Representative or such Owner, as applicable, be required to pay any amount to the Authority pursuant to this paragraph (v) the payment of which would place the Owner Representative or such Owner, as applicable, in a less favorable net after-Tax position than the Owner Representative or such Owner, as applicable, would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require the Owner Representative or such Owner, as applicable, to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Authority or any other Person.

(e) *Determination of Taxability.* (i) In the event a Taxable Date occurs, the Authority hereby agrees to pay to the Owner Representative and each Owner on demand therefor (1) an amount equal to the difference between (A) the amount of interest that would have been paid to the Owner Representative and such Owner, as applicable, on any Subseries C (Tax-Exempt) Bonds during the period for which interest on such Subseries C (Tax-Exempt) Bonds is includable in the gross income of the Owner Representative and such Owner, as applicable, if such Subseries C (Tax-Exempt) Bonds had borne interest at the Taxable Drawdown Rate, beginning on the Taxable Date (the “*Taxable Period*”), and (B) the amount of interest actually paid to the Owner Representative or such Owner, as applicable, during the Taxable Period, and (2) an amount equal to any interest, penalties or charges owed by the Owner Representative or any Owner, as applicable, as a result of interest on such Subseries C (Tax-Exempt) Bonds becoming includable in the gross income of the Owner Representative or such Owner, as applicable, together with any and all reasonable attorneys’ fees, court costs, or other out-of-pocket costs incurred by the Owner Representative or such Owner, as applicable, in connection therewith.

(ii) Subject to the provisions of clause (iii) below, the Owner Representative shall afford the Authority the opportunity, at the Authority’s sole cost and expense, to contest (1) the validity of any amendment to the Code which causes the interest on such Subseries C (Tax-Exempt) Bonds to be includable in the gross income of the Owner Representative or any Owner or (2) any challenge to the validity of the tax exemption with respect to the interest on the Subseries C (Tax-Exempt) Bonds, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals); *provided* that, in no event shall the Owner Representative or any Owner be required to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Authority or any other Person.

(iii) As a condition precedent to the exercise by the Authority of its right to contest set forth in clause (ii) above, the Authority shall, on demand, immediately reimburse the Owner Representative or any Owner, as applicable, for any and all expenses (including reasonable attorneys’ fees for services that may be required or desirable) that may be incurred by the Owner Representative or such Owner, as applicable, in connection with any such contest, and shall, on demand, immediately reimburse the Owner Representative and such Owner, as applicable, for any and all penalties or other charges payable by the Owner Representative or such Owner, as applicable, for failure to include such interest in its gross income.

(f) *Maintenance of Accounts.* The Owner Representative shall maintain in accordance with its usual practice an account or accounts evidencing the Debt of the Authority and the amounts payable and paid from time to time hereunder or under the other Related Documents. In any legal action or proceeding in respect of this Agreement or the other Related Documents, the entries made in such account or accounts shall be presumptive evidence of the existence and amounts of the obligations of the Authority therein recorded. The failure to record any such amount shall not, however, limit or otherwise affect the obligations of the Authority hereunder or under the other Related Documents to repay all amounts owed hereunder and under the other Related Documents, together with all interest accrued thereon as provided herein.

(g) *Survival.* Without prejudice to the survival of any other agreement of the Authority hereunder, the agreements and obligations of the Authority contained in this Section 2.2 shall survive the termination of this Agreement and the payment in full of the Series C Bonds and the Obligations of the Authority thereunder and hereunder.

Section 2.3. Unutilized Fee.

[REDACTED]

AUTHORITY RATING
(LOWEST RATING TO BE USED)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Section 2.4. Obligations Absolute. The obligations of the Authority under this Agreement and the other Related Documents are unconditional and irrevocable and shall be paid and performed strictly in accordance with the terms of this Agreement and the other Related Documents under all circumstances, including the following:

(a) any lack of validity or enforceability of any of the Related Documents or any provision thereof;

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

(c) the existence of any claim, setoff, defense or other right which the Authority may have at any time against the Owner Representative, any Owner or any other Person, whether in connection with any of the Related Documents, the Transactions or any unrelated transaction; and

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

and irrespective of any setoff, counterclaim or defense to payment which the Authority may have against Royal Bank, the Credit Protection Provider, the Purchaser, the Owner Representative or any other Owner, or any other Person, including, without limitation, any defense based on the failure of any nonapplication or misapplication of the proceeds of the Series C Bonds, and irrespective of the legality, validity, regularity or enforceability of this Agreement, the Series C Bonds or any or all other Related Documents, and notwithstanding any amendment or waiver of (other than an amendment or waiver signed by the Owner Representative explicitly reciting the release or discharge of any such obligation), or any consent to, or departure from, this Agreement, the Series C Bonds or any or all other Related Documents or any exchange, release, or nonperfection of any collateral securing the obligations of the Authority hereunder.

Section 2.5. Reduction and Termination. (a) The Commitment Amount, the Tax-Exempt Commitment Amount and/or Taxable Commitment Amount shall be reduced from time to time as requested by the Authority within three (3) days of the Authority's written notice to the Underwater and the Purchaser requesting such reduction in the form of Exhibit A hereto; *provided*, that each such reduction amount shall be in an amount equal to \$1,000,000 or an integral multiple thereof and shall be in compliance with the Related Documents; *provided, further*, that at no time shall the Tax-Exempt Commitment Amount or the Taxable Commitment Amount exceed the Commitment.

(b) The Authority may at any time and at its sole option terminate the Commitment Amount, the Tax-Exempt Commitment Amount and/or Taxable Commitment Amount upon three (3) Business Days' prior written notice to the Underwater and the Purchaser. As a condition to any such termination, the Authority shall pay or cause to be paid all Other Obligations owed.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Section 3.1. Representations and Warranties. The Authority represents and warrants to the Purchaser and each other Owner as follows:

(a) 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 (or, if already executed or adopted, had at the time of execution or adoption) full power and authority to execute (or adopt, if applicable), deliver and perform its obligations under this Agreement and the other Related Documents, to issue, sell, execute and deliver the Series C Bonds to the Purchaser as provided in this Agreement and the Bond Purchase Agreement, and to execute, deliver and perform its obligations under the Series C Bonds and to repay the Obligations and (iv) has full power and authority to grant a pledge of and lien on the Pledged Revenues and the Subordinate Pledged Revenues to secure the Series C Bonds as provided in the Senior Trust Agreement and the Subordinate Trust Agreement.

(b) The execution (or adoption, if applicable), delivery and performance of this Agreement, the Series C Bonds and the other Related Documents and the issuance, sale, execution and delivery of the Series C Bonds (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 the Act and the Ordinance, 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 or the Subordinate 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.

(c) The execution (or adoption or issuance, if applicable), delivery and performance of this Agreement, the Series C Bonds 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. All approvals, consents and orders of and filings with any Governmental Authority which would constitute a condition precedent to the issuance of the Series C Bonds will have been obtained or made and any consents, approvals and orders so received or filings so made will be in full force and effect.

(d) This Agreement, the Subordinate Trust Agreement and the other Related Documents constitute legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or

other similar laws affecting creditors' rights generally, by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law and by limitations on legal remedies against public agencies in the State. The Series C Bonds will be duly issued, executed and delivered in conformity with the Act and the Subordinate Trust Agreement and the Senior Lien Trust Agreement, and constitute legal, valid and binding special, limited obligations of the Authority, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable reorganization, insolvency, liquidation, readjustment of debt, moratorium or other similar laws affecting the enforcement of the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and entitled to the benefit and security of the Senior Lien Trust Agreement and the Subordinate Trust Agreement.

(e) 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 Series C Bonds or the other Related Documents, or wherein an unfavorable decision, ruling or finding would in any way adversely affect (A) the authority for the issuance of the Series C Bonds or seeking to restrain or enjoin the sale, issuance or delivery of the Series C Bonds, (B) the validity or enforceability of this Agreement, the Series C Bonds or the other Related Documents or the Authority's ability to perform its obligations under this Agreement and the other Related Documents, (C) (i) the validity, enforceability or perfection of the pledge of and lien on the Pledged Revenues or the Subordinate Pledged Revenues or on the amounts held in funds, accounts and subaccounts under the Senior Lien Trust Agreement and the Subordinate Trust Agreement, as applicable, securing the Bond Obligations or (ii) the validity or enforceability of the obligation to pay the Other Obligations from Pledged Revenues provided in the Senior Lien Trust Agreement, (D) the status of the Authority as a public entity created and validly existing under the laws of the State, (E) the exemption of interest on the Subseries C (Tax-Exempt) Bonds from the gross income of the recipients thereof for Federal income tax purposes, (F) the collection of the Measure R Sales Tax that could reasonably be expected to have a material adverse effect on the ability of the Authority to pay debt service on the Series C Bonds, the Senior Bonds, the Parity Obligations or the Subordinate Obligations or amounts due on any Other Obligations hereunder or (G) the rights, security interest or remedies available to the Purchaser and the Owner Representative under this Agreement or the other Related Documents. To the knowledge of the Authority there is no action pending or threatened, which questions the validity of the Act, Ordinance or the Measure R 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 the Ordinance or to diminish or reallocate the Measure R Sales Tax.

(f) All of the Authority's financial statements that have been furnished to the Purchaser have been prepared in conformity with GAAP (except as noted therein) and are comprised of a balance sheet and a statement of revenues 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 Pledged Revenues and Subordinate Pledged Revenues as of the dates thereof, and there has been no Material Adverse Effect since the date the last such report was so furnished to the Purchaser.

(g) The Authority has not taken any action and knows of no action that any other Person has taken which would cause interest on the Subseries C (Tax-Exempt) Bonds to be included in the gross income of the recipients thereof for Federal income tax purposes.

(h) Each of the Related Documents is in full force and effect. Except as previously disclosed in writing to the Purchaser prior to the Closing Date, 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. Except as previously disclosed in writing to the Purchaser prior to the Closing Date, neither the Authority nor any other party thereto has waived or deferred performance of any material obligation under any Related Document.

(i) The Authority hereby makes to the Purchaser 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 Purchaser 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 Purchaser.

(j) The Authority is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of the Series C Bonds or any amounts furnished by the Purchaser pursuant to this Agreement or the Underwriter pursuant to the Bond Purchase 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.

(k) No Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default has occurred and is continuing.

(l) The Series C Bonds will be duly authorized, executed, issued and delivered and shall constitute Subordinate Obligations under the Senior Lien Trust Agreement and the Subordinate Trust Agreement and will be entitled to the benefits thereof.

(m) The Bond Obligations are secured by a second lien on and pledge of the Pledged Revenues pursuant to the Senior Lien Trust Agreement and a first lien on and pledge of the Subordinate Pledged Revenues pursuant to the Subordinate Trust Agreement. The Other Obligations are special obligations of the Authority which

constitute Fees and Expenses under the Senior Trust Agreement and are payable from Pledged Revenues pursuant to the terms of the Senior Lien Trust Agreement after deposits with respect to the Subordinate Obligations and before deposits with respect to the Junior Subordinate Obligations. The irrevocable pledge of and lien on the Pledged Revenues under the Senior Lien Trust Agreement and the Subordinate Pledged Revenues the Subordinate Trust Agreement, in each case, securing the payment of the Bond Obligations 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. The obligation to pay the Other Obligations from Pledged Revenues in accordance with the Senior Lien Trust Agreement is a valid and binding obligation of the Authority, and such amounts are payable on a *pari passu* basis with all other Fees and Expenses, and senior to all Junior 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. No filing, registration, recording or publication of the Senior Lien Trust Agreement or the Subordinate Trust Agreement or any other instrument nor any prior separation or physical delivery of the Pledged Revenues or the Subordinate Pledged Revenues is required to establish the pledge provided for under the Senior Lien Trust Agreement and the Subordinate Trust Agreement or to perfect, protect or maintain the Lien created thereby on the Pledged Revenues or the Subordinate Pledged Revenues and amounts held in funds, accounts or subaccounts under the Subordinate Trust Agreement to secure the Bond Obligations as described herein. As of the Closing Date, there is no indebtedness of the Authority payable from or secured by the Pledged Revenues or amounts held in funds, accounts or subaccounts established and maintained pursuant to the Senior Lien Trust Agreement or any portion thereof on a basis that is the senior to the Bond Obligations, the Series C Bonds and the other Obligations other than the Senior Bonds and the Parity Obligations existing as of the Closing Date. As of the Closing Date, there is no indebtedness of the Authority payable from or secured by the Subordinate Pledged Revenues or amounts held in funds, accounts or subaccounts under the Subordinate Trust Agreement or any portion thereof on a basis that is on a parity with the Bond Obligations, the Series C Bonds other than any Subordinate Obligations owing under the BOTW Agreement and the State Street Agreement. The lien on Pledged Revenues under the Senior Lien Trust Agreement securing the Series C Bonds are senior to the lien on Pledged Revenues securing the Junior Subordinate Obligations (including, without limitation, the TIFIA Bonds) and the obligation of the Authority to pay outstanding Other Obligations is senior in priority of payment to the payment of any Junior Subordinate Obligations. The Bond Obligations constitute "Subordinate Obligations" for purposes of the Senior Lien Trust Agreement and the Subordinate Trust Agreement.

(n) The Authority is subject to claims and to suit for damages in connection with its obligations under this Agreement and the other Related Documents 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.

(o) All information, reports and other papers and data with respect to the Authority furnished to the Purchaser, at the time the same were so furnished, were accurate in all material respects. Any financial, budget and other projections furnished to the Purchaser 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.

(p) The terms of this Agreement and the other Related Documents (including the Series C Bonds) regarding the calculation of interest and fees do not violate any applicable usury laws.

(q) To the best knowledge of the Authority, there is no amendment or 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.

(r) The provisions of the Subordinate Trust Agreement constitute a contract between the Authority and the Owners subject to the provisions of the Subordinate Trust Agreement, and the Purchaser and the Owners, 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 Series C Bonds.

(s) The Authority is not subject to ERISA and maintains no ERISA Plans.

(t) After giving effect to the issuance of the Series C Bonds and the other obligations contemplated by this Agreement, 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.

(u) 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.

(v) As of the Closing Date, 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 Bonds or Subordinate Obligations, a direct purchase provider of Senior Bonds and Subordinate Obligations or any Person under a Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations)) has a right under any indenture or any supplemental indenture relating to any such Senior Bonds, Parity Obligations, Parity and Senior Debt or Subordinate Obligations or any other document or agreement relating to any Senior Bonds, Parity Obligations, Parity and Senior Debt or Subordinate Obligations or any Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations), to direct the Senior Lien Trustee, the Subordinate Lien Trustee or any other Person to declare or cause the principal of and interest on any such Senior Bonds, Parity Obligations, Parity or Senior Debt or Subordinate Obligations to become immediately due and payable in full as the result of acceleration, mandatory redemption or mandatory tender.

(w) Neither the Authority nor any of 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 (the "*Executive Order*"), and the Patriot Act;

(i) neither the Authority nor any Affiliate thereof is any of the following:

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

(B) 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;

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

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

(E) a Person that is named as a "specially designated national and blocked person" on the most current list published by the Office of Foreign Asset Control ("*OFAC*") or any list of Persons issued by OFAC

pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list; and

(ii) 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.

(x) Neither the Authority nor anyone authorized to act on its behalf, directly or indirectly, has offered the Series C Bonds for sale to, or solicited any offer to buy the Series C Bonds from, anyone other than the Underwriter.

ARTICLE IV

COVENANTS OF THE AUTHORITY

Section 4.1. Affirmative Covenants of the Authority. So long as the Commitment Amount or any Series C Bond is outstanding and until all Obligations shall have been paid in full, the Authority hereby covenants and agrees with the Purchaser and each other Owner, unless otherwise consented to in writing by the Owner Representative in its sole discretion, as follows:

(a) *Notice of Default.* As promptly as practical, and in any event within five (5) Business Days, after the date the Authority shall have obtained knowledge of the occurrence of a Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default or a breach of this Agreement or any other Related Document, the Authority will provide notice of the same to the Owner Representative and, in each such case the Authority will provide to the Owner Representative 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) (i) *Annual Reports.* Within one hundred two hundred forty (240) days after the end of each Fiscal Year of the Authority, the Authority will provide to the Owner Representative 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 Tax 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 an unqualified opinion of a nationally recognized independent certified public accounting firm stating that they have been prepared in accordance with GAAP and accompanied by a certification from the Chief Executive Officer, the Executive Director, Finance and Budget or the Treasurer of the Authority addressed to the Owner Representative stating that neither a Potential Bondholder's Agreement Event of Default nor a Bondholder's Agreement 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.

(ii) *Semi-annual Financial Statements.* As soon as available, and in any event within one hundred (100) days after each June 30 and December 31, the Authority will provide to the Owner Representative the unaudited financial statements of the Authority including the balance sheet as of each June 30 and December 31 and a statement of income and expenses, all in reasonable detail and accompanied by a certification from the Chief Executive Officer or Executive Director, Finance and Budget or the Treasurer of the Authority addressed to the Purchaser stating that neither a Potential Bondholder's Agreement Event of Default nor a Bondholder's Agreement Event of Default has occurred which was continuing at the end of such six-month period or on the date of his certification, or, if such an event has occurred and was continuing at the end of such six-month period 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.

(iii) *Quarterly Statements.* As soon as available, and in any event within fifteen (15) days after the end of each March 31 (such quarterly period to include each day from and including January 1st of each year to and including March 31st of each year), June 30 (such quarterly period to include each day from and including April 1st of each year to and including June 30 of each year), September 30 (such quarterly period to include each day from and including July 1st of each year to and including September 30th of each year) and December 31 (such quarterly period to include each day from and including October 1st of each year to and including December 31st of each year), the Authority shall provide to the Owner Representative a statement of (A) the amount of all Measure R Sales Tax and Pledged Revenues during such fiscal quarter, (B) the amount of all Measure R Sales Tax and Pledged Revenues during the twelve (12) months ended as of the end of such fiscal quarter, (C) the amount of all payments of principal and interest on the Senior Bonds, the Parity Obligations and the Subordinate Obligations during the twelve (12) months ended as of such DS Calculation Date and (D) a coverage calculation showing the Debt Service Coverage Ratio as of such DS Calculation Date, all in reasonable detail. The foregoing statement delivered to the Owner Representative within fifteen (15) days after the end of each July 1 and September 30 shall also be accompanied by a certification from the Chief Executive Officer, the Executive Director, Finance and Budget or the Treasurer of the Authority addressed to the Owner Representative stating that neither a Potential Bondholder's Agreement Event of Default nor a Bondholder's Agreement Event of Default has occurred which was continuing at the end of such quarterly period or on the date of his certification, or, if such an event has occurred and was continuing at the end of such quarterly period 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.

(c) *Offering Circulars and Material Event Notices.* Within ten (10) days after the issuance by the Authority of any Senior Bonds, Parity Obligations or Subordinate

Obligations, with respect to which a final official statement or other offering circular has been prepared by the Authority, the Authority will provide to the Owner Representative notice of such issuance and a copy of such official statement or offering circular (or a link to EMMA with respect to such official statement or offering circular).

(d) *Notice of Adverse Change.* The Authority will notify the Owner Representative as soon as possible, and in any event within five (5) Business Days, after the Executive Director, Finance and Budget or the Treasurer 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) and which is payable from Pledged Revenues or Subordinate Pledged Revenues, (ii) the filing of any action which could lead to an initiative or referendum which could annul, amend, modify or replace the Act or the Ordinance or which could lead to the diminution or reallocation of the Measure R Sales Tax, (iii) any action, suit, proceeding, inquiry or investigation before or by any court, public board or body pending or threatened wherein an unfavorable decision, ruling or finding could have a Material Adverse Effect, (iv) the reduction, withdrawal or suspension of any long-term unenhanced debt rating assigned to any Parity or Senior Debt, or (v) any other event which, in the reasonable judgment of the Authority, is likely to have a Material Adverse Effect.

(e) *Additional Senior Lien Debt.* As soon as available, but in any event within ten (10) days after the issuance and delivery of any additional Senior Bonds or Parity Obligations, deliver to the Owner Representative a copy of the certificates that are required to be delivered to the Senior Lien Trustee pursuant to Sections 3.02(D) and (F) of the Senior Lien Trust Agreement (if applicable).

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

(g) *Inspections; Discussion.* The Authority will permit the Owner Representative or its representatives, at any reasonable time during normal business hours and from time to time at the request of the Owner Representative 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 Owner Representative being permitted by the Authority to make or conduct any such visit, inspection, examination or discussion, the Owner Representative shall certify to the Authority that the same is being made or conducted solely in order to assist the Owner Representative in evaluating its position under this Agreement or the other Related Documents.

(h) *Further Assurances.* The Authority shall take any and all actions necessary or reasonably requested by the Owner Representative to (i) perfect and protect, any lien, pledge or security interest or other right or interest given, or purported to be given to the Owner Representative or any other Person under or in connection with this Agreement or the other Related Documents, (ii) enable the Owner Representative to exercise or enforce its rights under or in connection with this Agreement and the other Related Documents or (iii) enable the Owner Representative or any Owner to assign or pledge a Series C Bond to any Federal Reserve Bank.

(i) *Taxes and Liabilities.* The Authority shall 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 Owner Representative 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) *Subordinate Lien Trustee.* The Authority, without the prior written consent of the Owner Representative, 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 Subordinate Lien Trustee. Any Subordinate Lien Trustee shall have capital of not less than \$500,000,000, and any such Subordinate Lien 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.

(k) *Incorporation of Covenants.* The covenants of the Authority set forth in each of the Related Documents to which the Authority is a party are hereby incorporated by reference in this Agreement for the benefit of the Owner Representative and each Owner. 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 Owner Representative and such document, opinion, report or other instrument shall be acceptable or satisfactory to the Owner Representative. No amendment to such covenants (or the defined terms relating thereto) made pursuant to the Related Documents, which could reasonably be expected to have a Material Adverse Effect, shall be effective to amend such incorporated covenants without the prior written consent of the Owner Representative. So long as (i) the Commitment Amount has not been reduced to zero or terminated pursuant to the terms of this Agreement or (ii) any Obligations remain outstanding, the Authority shall continue to comply with the covenants and undertakings set forth in the Senior Lien Trust Agreement and the Subordinate Trust Agreement, notwithstanding anything therein limiting such compliance to when a "Bond"

(as defined in the Senior Lien Trust Agreement) or a Subordinate Obligation, as applicable, remains outstanding thereunder.

(l) *Waiver of Sovereign Immunity.* The Authority hereby agrees not to assert the defense of any right of sovereign immunity in any legal proceeding to enforce or collect upon the obligations of the Authority under this Agreement or any other Related Document or the transactions contemplated hereby or thereby.

(m) *Credit Facilities.* In the event that the Authority has or shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations), which such Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations) provides such Person with additional or more restrictive covenants (including, without limitation, financial covenants), additional or more restrictive events of default and/or additional or more restrictive rights or remedies (collectively, the “*Additional Rights*”) than are provided to the Owner Representative in this Agreement, then, upon the occurrence and during the continuation of an event of default (without regard to a waiver of such event of default) under such agreement (or amendment thereto) caused by such Additional Rights, such Additional Rights shall automatically be deemed to be incorporated into this Agreement and the Owner Representative and the Owners shall have the benefits of such Additional Rights; *provided, however*, that such Additional Rights shall automatically be deemed to be incorporated into this Agreement and the Owner Representative and the Owners shall have the benefits of such Additional Rights only from and after the occurrence and during the continuation of an event of default under the related Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations) caused by the Additional Rights or a failure by the Authority to comply with such Additional Rights. The Authority shall promptly, upon the occurrence of a default or an event of default (without regard to a waiver of such default or event of default) under the related Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations) caused by such Additional Rights or a failure by the Authority to comply with such Additional Rights, enter into an amendment to this Agreement to include such Additional Rights, *provided* that the Owner Representative and the Owners shall maintain the benefit of such Additional Rights even if the Authority fails to provide such amendment, but only for so long as such default or event of default continues. If the Authority shall amend the related Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations) such that it no longer provides for such Additional Rights, then, without the consent of the Owner Representative, this Agreement shall automatically no longer contain the related Additional Rights and the Owner Representative shall no longer have the benefits of any of the related Additional Rights.

(n) *Reserved.*

(o) *Receipt and Deposit of Pledged Revenues.* The Authority shall use its best efforts to assure that the Board of Equalization pays the Measure R Sales Tax directly to the Senior Lien Trustee on a monthly basis; and if at any time any Measure R Sales Tax is paid to the Authority by the Board of Equalization instead of being paid directly to the

Senior Lien Trustee, immediately upon receipt, the Authority shall transfer such Measure R Sales 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 Measure R Sales Tax is held by the Authority (prior to transfer to the Senior Lien Trustee), such Measure R Sales Tax will be impressed with a trust provided for in the Senior Lien Trust Agreement.

(p) *Maintenance of Ratings.* The Authority shall at all times maintain two Authority Ratings from Moody's, S&P or Fitch. As of the Closing Date, the Authority maintains Authority Ratings from Moody's and S&P).

(q) *Maintenance of Existence.* The Authority shall maintain its existence as a public entity duly established and existing under the laws of the State.

(r) *Refinancing.* The Authority agrees to use its commercially reasonable efforts to refinance the Series C Bonds and pay all other Obligations hereunder in the event (A) the Purchaser determines not to extend the Commitment End Date or if the Authority fails to request such an extension (such replacement or refinancing to occur on or before the Commitment End Date) or (B) this Agreement is terminated.

(s) *Sales Tax Related Laws.* In the event that (i) the Act or the Ordinance is determined by a court of competent jurisdiction to be invalid or unenforceable or (ii) a referendum or court proceeding challenging either the Act or the Ordinance is initiated or filed, the effect of which is to disrupt the transfer of the Measure R Sales Tax from the Board of Equalization to the Senior Lien Trustee, the Authority shall (A) take all actions as may or shall be required to have the Act or the Ordinance acknowledged, reinstated or reapplied, as applicable, and (B) direct the Board of Equalization to directly transmit all Measure R Sales Tax associated with the Act or the Ordinance to the Senior Lien Trustee for use as provided in the Senior Lien Trust Agreement (including for payment of the Obligations).

(t) *Pro Rata Payment Following Default or Event of Default.* Upon the occurrence and continuation of a Default or an Event of Default hereunder, the Authority shall, to the extent it pays principal under the BOTW Agreements, the State Street Agreement and this Agreement other than required by the express terms of such agreements, to (x) pay, on a *pro rata* basis, the principal amount of all Series C Bonds outstanding, all loans outstanding under the BOTW Agreement and all loans outstanding under the State Street Agreement, and (y) reduce, to the extent such *pro rata* payments are made on such indebtedness, *pro tanto* the Available Commitment hereunder and the commitments under each agreement or other banking arrangement entered into by the Authority relating to such other Subordinate Obligations, including, without limitation, the BOTW Agreement and the State Street Agreement (in each case, without regard to any temporary reductions thereof and in proportion to the maximum amount available to be drawn or issued hereunder and thereunder, without regard to any temporary reductions thereof). Notwithstanding anything herein to the contrary, should the Authority pay

tax-exempt indebtedness under such agreements in order to preserve the tax-exempt status of such indebtedness, such prepayment need not be made on a pro rata basis.

(u) *Bond Rating.* The Authority shall, if requested by the Owner Representative and at the Authority's expense, use its best efforts to provide a rating on the Series C Bonds from at least one of Fitch, Moody's or S&P within 90 days following the date of such request; *provided, however*, that the failure of the Authority to provide a Bond rating within such 90-day period will not constitute a Bondholder's Agreement Event of Default under this Agreement so long as the Authority applies for such rating promptly after the Owner Representative's request and diligently pursues its receipt from Fitch, Moody's or S&P, as applicable.

(v) *CUSIP Numbers; DTC.* The Authority shall at all times cause the Series C Bonds to be assigned a CUSIP Number and held with DTC.

(w) *Notice of Series C Bonds.* The Authority shall provide to the Owner Representative written notice ten (10) days prior to any proposed redemption of the Series C Bonds pursuant to the Subordinate Trust Agreement.

Section 4.2. Negative Covenants of the Authority. So long as the Commitment Amount or any Series C Bonds are outstanding and until all of the Obligations shall have been paid in full, the Authority hereby covenants and agrees as follows:

(a) *Compliance With Laws, Etc.* The Authority shall not 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 Effect.

(b) *Amendments.* The Authority shall not modify, amend or supplement, or give any consent to any modification, amendment or supplement or make any waiver with respect to, any provision of any Related Document (provided that solely for purposes of this clause (b), the proviso set forth in the definition of "Senior Lien Trust Agreement" and the last sentence of Related Documents shall be of no force and effect if an amendment, supplement or modification thereto would have a material adverse effect on the rights, security or interests of the Owner Representative or Owner without the prior written consent of the Owner Representative) without the prior written consent of the Owner Representative; provided, however, that nothing contained in this Section 4.2(b) shall require the consent of the Owner Representative to the execution and delivery of supplements to the Senior Lien Trust Agreement or the Subordinate Trust Agreement that are made solely for the purpose of specifying the terms of additional Debt issued in accordance with the terms thereof and Section 4.2(d) of this Agreement. Without the prior written consent of the Owner Representative, the Authority shall not consent or agree to any rescission of or amendment to the Act or Ordinance which would in any manner materially impair or materially adversely affect the ability of the Authority to meet its obligations hereunder, including, without limitation, reducing the amount of the Pledged Revenues or Subordinate Pledged Revenues to such an extent that its ability to

pay the Obligations or the lien on Pledged Revenues or Subordinate Pledged Revenues is impaired.

(c) *Liens, Etc.* The Authority shall not create or suffer to exist any Lien upon or with respect to any of the funds or accounts created under the Senior Lien Trust Agreement or the Subordinate Trust Agreement that is senior or parity with the Lien of the Subordinate Obligations except those Liens specifically permitted under the Senior Lien Trust Agreement and the Subordinate Trust Agreement; *provided, further*, that, unless otherwise consented to in advance in writing by the Owner Representative, in no event will the Authority permit any Lien upon the Pledged Revenues or Subordinate Pledged Revenues securing any termination payment pursuant to any Swap Contract to be on parity with or senior to the Lien on Pledged Revenues and/or Subordinate Pledged Revenues securing the Bond Obligations, the Series C Bonds and the other Obligations hereunder.

(d) *Additional Debt.* (i) The Authority shall not issue any Debt secured by a lien on Pledged Revenues which is senior to the lien securing the Senior Bonds and Parity Obligations.

(ii) In addition to the requirements set forth in Sections 3.01, 3.02, 3.03, 3.04, 3.05 and 3.06, as applicable, of the Senior Lien Trust Agreement and Section 2.09 of the Subordinate Trust Agreement (with respect to Subordinate Obligations only), the Authority shall not issue any additional Senior Bonds, Parity Obligations or Subordinate Obligations (A) unless such Senior Bonds, Parity Obligations or Subordinate Obligations have been duly and legally authorized by the Authority for any lawful purpose and (B) until there shall first be delivered to the Subordinate Lien Trustee and the Owner Representative a certificate of an Authorized Representative showing that upon the issuance of such Senior Bonds, Parity Obligations or Subordinate Obligations, the Debt Service Coverage Ratio shall be at least equal to 125% as of the date of issuance of such Senior Bonds, Parity Obligations or Subordinate Obligations (each certificate provided pursuant to this paragraph shall also state that no “Event of Default” under the Senior Lien Trust Agreement shall have occurred and then be continuing and set forth the computations upon which such certificate is based).

(iii) Notwithstanding the foregoing, in the event that the Authority shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations), which such Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations) provides such Person with a covenant that restricts the issuance of additional Senior Bonds, Parity Obligations or Subordinate Obligations based upon satisfaction of a condition precedent that the Debt Service Coverage Ratio be a greater percentage than 125% (any such greater percentage referred to herein as a “*More Stringent Additional Debt Percentage*”), then the percentage set forth in (d)(ii) above shall be deemed to be amended to replaced with the *More Stringent Additional Debt Percentage* on the issuance of any additional Senior Bonds, Parity Obligations or Subordinate Obligations for so long as such Bank

Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations) remains in effect.

(e) *Exempt Status.* The Authority shall not take any action or omit to take any action or authorize or direct any Person to take any action or omit to take any action, that if taken or omitted, would adversely affect the excludability of interest on the Subseries C (Tax-Exempt) Bonds from the gross income of the Owner Representative or any Owner for Federal income tax purposes.

(f) *Federal Reserve Board Regulations.* The Authority shall not use any portion of the proceeds of the Series C Bonds or any Drawing for the purpose of carrying or purchasing any Margin Stock.

(g) *Use of any Owner's Information.* Except as may be required by law (including, but limited to, federal and state securities laws and public record and open meeting requirements), the Authority shall not use any financial information of the Owner Representative or any other Owner, ratings of the Owner Representative or any other Owner or any pricing related to this Agreement or the transaction contemplated hereby in any published materials (other than the Authority's staff reports, annual statements, audited financial statements, rating agency presentations) without the prior written consent of the Owner Representative or such other Owner. Without the prior written consent of the Owner Representative or any other Owner, the Authority may disclose in a preliminary official statement, official statement or other offering document the name of the Owner Representative or any other Owner with respect to this Agreement and any other information about this Agreement (other than information omitted from the redacted version posted on EMMA) that the Authority determines is appropriate to be included.

(h) *Consolidation, Merger, Etc.* The Authority shall not dissolve or otherwise dispose of all or substantially all of the assets of the Authority or consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into the Authority; *provided, however*, that the Authority may consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into the Authority if each of the following conditions shall have been fulfilled:

(i) such merger or consolidation shall be with or into another governmental entity which shall assume in writing, reasonably satisfactory in form and substance to the Owner Representative, or by operation of law the due and punctual performance and observance of all of the covenants, agreements and conditions of this Agreement and the other Related Documents;

(ii) such merger or consolidation shall not adversely affect or impair to any extent or in any manner (1) the Pledged Revenues or the Subordinate Pledged Revenues, (2) the availability of the Pledged Revenues or the Subordinate Pledged Revenues for the payment and security of the obligations of the Authority under this Agreement, or (3) the pledge or security afforded by the Senior Lien Trust Agreement and the Subordinate

Trust Agreement to the Senior Bonds and the Subordinate Obligations, and the Authority shall have furnished to the Owner Representative, for the benefit of the Owner Representative and each Owner, an opinion of its Bond Counsel, satisfactory in form and substance to the Owner Representative, to such effect; and

(iii) the Authority shall have given the Owner Representative not less than 60 days' prior written notice of such merger or consolidation and furnished to the Owner Representative all such information concerning such merger or consolidation as shall have been reasonably requested by the Owner Representative.

(i) *Debt Service Coverage Ratio.* As of each DS Calculation Date, the Authority shall not permit the Debt Service Coverage Ratio to be less than 125% for the twelve (12) months ended as of such date. In the event the Authority shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations), which Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations) provides such Person with a covenant that requires the Authority to maintain a Debt Service Coverage Ratio greater than 125% (such greater Debt Service Coverage Ratio herein referred to as the "*Modified Minimum Debt Service Coverage Ratio*"), or that it will constitute an event of default under such Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations) if such Debt Service Coverage Ratio as of any stated date of determination provided for in such Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations) is less than the Modified Minimum Debt Service Coverage Ratio, then so long as such Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations) remains in effect, the Authority shall not permit the Debt Service Coverage Ratio to be less than the Modified Minimum Debt Service Coverage Ratio as of each DS Calculation Date.

(j) *Right to Accelerate; No Shorter Amortization Period.* (i) The Authority hereby covenants that it will not enter into or otherwise consent to any Bank Agreement (Secured by Pledged Revenues) or any amendment thereto which Bank Agreement (Secured by Pledged Revenues) includes or amendment adds the right to accelerate the payment of the principal of or interest on any Debt secured by Pledged Revenues or Subordinate Pledged Revenues upon the occurrence and continuation of an event of default or event of termination under such Bank Agreement (Secured by Pledged Revenues).

(ii) The Authority hereby covenants that it will not enter into or consent to any Bank Agreement (Secured by Pledged Revenues) or any amendment thereto which Bank Agreement (Secured by Pledged Revenues) provides for any "term-out provision" following the expiry of such Bank Agreement or upon the occurrence of a default or event of default thereunder which permits any outstanding advance, loan, drawing or bond or similar obligation to be amortized over a period shorter than the Amortization Period set forth in Section 2.1(e) hereof.

ARTICLE V

BONDHOLDER'S AGREEMENT EVENTS OF DEFAULT

Section 5.1. Bondholder's Agreement Events of Default. The occurrence of any of the following events (whatever the reason for such event and whether voluntary, involuntary, or effected by operation of law) shall be a "Bondholder's Agreement Event of Default" hereunder, unless waived in writing by the Owner Representative:

(a) The Authority shall (i) commence a voluntary case or other proceeding seeking liquidation, reorganization, arrangement, adjustment, winding-up, dissolution, composition or other similar relief with respect to itself or its indebtedness under any bankruptcy, insolvency, reorganization or other similar law for the relief of debtors now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official for it or a substantial part of its property, (ii) consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, (iii) make a general assignment for the benefit of creditors, (iv) admit, in writing, its inability to pay its indebtedness as it becomes due, (v) become insolvent within the meaning of Section 101(32) of the Bankruptcy Code, or (vi) take any official action to authorize any of the foregoing; or

(b) Any of the following shall occur with respect to the Authority (i) an involuntary case or other proceeding shall be commenced against the Authority seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall not be dismissed within ninety (90) days; or (ii) an order for relief shall be entered against the Authority under the federal bankruptcy laws as now or hereafter in effect or pursuant to any other state or federal laws concerning insolvency or of similar purpose; or (iii) there shall be commenced against the Authority any case, proceeding or other action seeking issuance of a warrant of attachment, execution, restraint or similar process against all or any substantial part of its assets, 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 ninety (90) days from the entry thereof; or (iv) the Authority shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) the Authority shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as the same becomes due or (vi) a debt moratorium, debt adjustment, debt restructuring or comparable extraordinary restriction with respect to the payment of principal or interest on the indebtedness of the Authority shall be declared or imposed pursuant to a finding or ruling by the Authority, the United States of America, the State, any instrumentality thereof or any other Governmental Authority of competent jurisdiction over the Authority; or

(c) 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 Measure R Sales Tax; or

(d) The dissolution or termination of the existence of the Authority shall occur; or

(e) The Authority shall (i) default on the payment of the principal of or interest on any Senior Bonds, Parity Obligations, Subordinate Obligations, Junior Subordinate Obligations or Parity and Senior Debt (whether by scheduled maturity, required redemption, required prepayment or acceleration or otherwise), beyond the period of grace, if any, provided in the instrument or agreement under which any such Senior Bonds, Parity Obligations, Subordinate Obligations, Junior Subordinate Obligations or Parity and Senior Debt was created or incurred; (ii) default in the observance or performance of any agreement or condition set forth in any Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations), (iii) default in the observance or performance of any agreement or condition relating to any Senior Bonds, Parity Obligations, Subordinate Obligations or Parity and Senior Debt or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to permit the holder of such Senior Bonds, Parity Obligations, Subordinate Obligations or Parity and Senior Debt to cause or such holder causes (determined without regard to whether any notice is required) any such Senior Bonds, Parity Obligations, Subordinate Obligations or Parity and Senior Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption, mandatory tender or mandatory prepayment of any such Senior Bonds, Parity Obligations, Subordinate Obligations or Parity and Senior Debt or (iv) default in the observance or performance of any agreement or condition set forth in any Bank Agreement (Secured by Pledged Revenues) and as a result of such default the lender under such Bank Agreement (Secured by Pledged Revenues) in fact causes the obligations under such Bank Agreement (Secured by Pledged Revenues) to become immediately due and payable as a result of the acceleration, mandatory redemption, mandatory tender or mandatory prepayment of the obligations under such Bank Agreement (Secured by Pledged Revenues); or

(f) The Authority shall fail to pay any Bond Obligations or the principal of or interest on any Series C Bonds when and as due; or

(g) Any Invalidity Event or Incipient Invalidity Event shall occur; or

(h) The occurrence of any event of default under Section 7.01(A), 7.01(B), 7.01(D), 7.01(E), 7.01(F) or 7.01(G) of the Senior Lien Trust Agreement or Section 8.01

of the Subordinate Trust Agreement (which is not waived pursuant to the terms thereof); or

(i) The Authority shall fail to pay any Obligation when due (other than as provided in Section 5.1(f) hereof) and such failure shall continue for five (5) days after the Authority has received written notice from the Owner Representative that any such amount was not paid when and as due; or

(j) Any material representation or warranty made by or on behalf of the Authority in this Agreement (including, without limitation, representation and warranties incorporated herein by reference) or in any certificate or statement delivered hereunder or thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made or delivered; or

(k) The Authority shall default in the due performance or observance of any of the covenants set forth in Section 4.1(g), (j), (l), (o), (p), (q) or (t) hereof or Section 4.2(b), (c), (d), (e), (f), (h) or (i) hereof; or

(l) The Authority shall default in the due performance or observance of any other term, covenant or agreement contained in this Agreement or any other Related Document (other than defaults specifically addressed in this Section 5.1) and such default shall remain unremedied for a period of thirty (30) days after written notice thereof shall have been received by the Authority from the Owner Representative; or

(m) The existence of one or more final, non-appealable judgments, attachments or levies against the Authority for the payment of money payable out of Pledged Revenues ranking senior to or on parity with the Subordinate Obligations, the operation or result of which, individually or in the aggregate, equals or exceed \$10,000,000, and such judgment, attachment or levy shall remain unpaid or the lien created thereby shall remain unsatisfied, undischarged or unbonded (by property other than any of the Pledged Revenues) for a period of sixty (60) days; or

(n) Any of Moody's, Fitch (if Fitch is then rating the Senior Bonds) or S&P either (i) withdraws or suspends the Authority Rating for credit related reasons or (ii) reduces the Authority Rating below the Ratings Threshold; or

(o) The occurrence of any event of default under the Senior Lien Trust Agreement or the Subordinate Trust Agreement (other than as specified in Section 5.1(h) hereof) (which is not waived pursuant to the terms thereof) or any event of default or termination under any other Related Document (which is not waived pursuant to the terms thereof) which is not otherwise described in this Section 5.1; or

(p) Any Lien created by the Senior Lien Trust Agreement or the Subordinate Trust Agreement or any other Related Document in favor of, or for the benefit of, the Owners shall at any time or for any reason (except as expressly permitted to be released by the terms of such governing document) not constitute a valid Lien; or

(q) Any other material provision of this Agreement or any other Related Document (other than a provision described in the definitions of Invalidity Event or Incipient Invalidity Event) shall at any time for any reason cease to be valid and binding on the Authority as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction or shall be declared in a final non-appealable judgment by any court with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the Authority; or

(r) There shall be a failure on the part of the Board of Equalization (or any successor to the functions of the Board of Equalization) to collect the Measure R Sales Tax, or the Measure R Sales Tax shall be repealed or reduced in percentage or the basis on which the tax is imposed or computed is modified and such repeal, modification or reduction has not been enjoined or stayed by a court of law or equity, in any such case, with the effect of lowering Pledged Revenues to less than 125% of Senior and Subordinate Debt Service, or the Authority diverts or attempts to divert the Measure R Sales Tax for any use prior to the deposit of the Measure R Sales Tax into the funds and accounts held by the Senior Lien Trustee or the Subordinate Lien Trustee, or there is created a lien on or a charge against the Subordinate Pledged Revenues or the funds and accounts held by Subordinate Lien Trustee for the benefit of all the owners of Subordinate Obligations and the Owners, which lien or charge is prior to or on a parity with that granted to secure the Subordinate Obligations, except to the extent permitted by the Subordinate Trust Agreement.

Section 5.2. Consequences of a Bondholder's Agreement Event of Default. If a Bondholder's Agreement Event of Default specified in Section 5.1 hereof occurs, then, in addition to any other rights or remedies available to the Subordinate Lien Trustee or the Owner Representative under any other Related Document or under applicable Law:

(a) the Owner Representative will promptly provide written notice to the Authority and to the Subordinate Lien Trustee of the occurrence of such Bondholder's Agreement Event of Default (a "*Notice of Bondholder's Agreement Event of Default*"), *provided* that the Owner Representative will incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure will in no way affect the adjustment of the interest rate on the Series C Bonds to the Default Rate upon the occurrence of a Bondholder's Agreement Event of Default. The Notice of Bondholder's Agreement Event of Default shall state that a Bondholder's Agreement Event of Default has occurred and may state that the commitment of the Underwriter to purchase Series C Bonds and to honor Drawings under the Bond Purchase Agreement is terminated (in which case such commitment of the Underwriter under the Bond Purchase Agreement shall immediately terminate as provided in the Bond Purchase Agreement);

(b) the Owner Representative may deliver a written notice to the Trustee and the Authority that a Bondholder's Agreement Event of Default has occurred and is continuing and direct the Trustee to take such other remedial action as is provided for in the Supplemental Trust Agreement;

(c) upon the occurrence of any Bondholder's Agreement Event of Default, the Series C Bonds and all other Obligations shall automatically and immediately bear interest at the Default Rate;

(d) the Owner Representative may take one or more of the following actions at any time and from time to time (regardless of whether the actions are taken at the same or different times):

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

(ii) cure any Potential Bondholder's Agreement Event of Default, Bondholder's Agreement Event of Default or event of nonperformance hereunder or under any Related Document (in which event the Authority shall reimburse the Owner Representative pursuant to Section 2.1(b)(iv) hereof); *provided, however*, that the Owner Representative shall have no obligation to effect such a cure; and

(iii) exercise, or cause to be exercised, any and all remedies as it may have under the Related Documents (other than as provided for in Section 5.2(a) hereof) and as otherwise available at law and at equity.

Notwithstanding anything herein to the contrary, the Owners shall have no right to accelerate amounts owing hereunder.

Section 5.3. Remedies Cumulative; Solely for the Benefit of the Owner Representative and Any Owner. To the extent permitted by, and subject to the mandatory requirements of, applicable Law, each and every right, power and remedy specifically given to the Owner Representative or the Owners in the Related Documents shall be cumulative, concurrent and nonexclusive and shall be in addition to every other right, power and remedy therein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy (whether specifically given or otherwise existing) may be exercised from time to time and as often and in such order as may be deemed expedient by the Owner Representative or the Owners, as the case may be, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise any other right, power or remedy at the same time or thereafter.

The rights and remedies of the Owner Representative specified herein are for the sole and exclusive benefit, use and protection of the Owner Representative and any Owners, and the Owner Representative is entitled, but shall have no duty or obligation to the Authority, the Subordinate Lien Trustee or any other Person (other than the Owners) or otherwise, to exercise

or to refrain from exercising any right or remedy reserved to the Owner Representative hereunder or under any of the other Related Documents.

Section 5.4. Waivers or Omissions. No delay or omission by the Owner Representative or the Owners in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right, remedy or power or be construed to be a waiver on the part of the Owner Representative or the Owners of any default or to be acquiescence therein. No express or implied waiver by the Owner Representative or the Owners of any Bondholder's Agreement Event of Default shall in any way be a waiver of any future or subsequent Bondholder's Agreement Event of Default. No delay or omission on the part of the Owner Representative or the Owners (or the Subordinate Lien Trustee) in exercising any right hereunder or under other Related Documents following any Bondholder's Agreement Event of Default, or any other option granted to the Owner Representative or the Owners (or the Subordinate Lien Trustee) hereunder, in any one or more instances, nor the acceptance by the Owner Representative or the Owners (or the Subordinate Lien Trustee) of any partial payment on account of the Obligations, shall constitute a waiver of any such Bondholder's Agreement Event of Default, and each such option shall remain continuously in full force and effect.

Section 5.5. Discontinuance of Proceedings. In case the Owner Representative or the Owners proceed to invoke any right, remedy or recourse permitted hereunder or under the other Related Documents and thereafter elect to discontinue or abandon the same for any reason, the Owner Representative or the Owners, as applicable, have the unqualified right so to do and, in such event, the Authority, the Owner Representative and the Owners will be restored to their former positions with respect to the Obligations, the Related Documents and otherwise, and the rights, remedies, recourse and powers of the Owner Representative and the Owners hereunder will continue as if the same had never been invoked.

Section 5.6. Equitable Relief. The Authority recognizes that in the event a Bondholder's Agreement Event of Default occurs, any remedy of law may prove to be inadequate relief to the Owner Representative and the Owners; therefore, the Authority agrees that the Owner Representative, if the Owner Representative so requests, shall be entitled to equitable relief in any such case.

ARTICLE VI

MISCELLANEOUS

Section 6.1. Indemnification by the Authority. (a) The Authority, the Owner Representative and each Owner agree that the obligation of the Authority to pay the Bond Obligations are contractual obligations of the Authority payable solely from the Subordinate Pledged Revenues and that the obligation of the Authority to pay the Other Obligations are contractual obligations of the Authority payable solely from the Pledged Revenues on a basis subordinate to the Subordinate Obligations and shall not be affected by, and the Owner Representative and each Owner shall not be responsible for, among other things, (i) the validity, genuineness or enforceability of this Agreement, the Series C Bonds or documents, notices or endorsements relating thereto (even if this Agreement or any documents, notices endorsements

relating thereto should in fact prove to be in any and all respects invalid, fraudulent or forged), (ii) the use to which the amounts disbursed by the Underwriter, the Purchaser, the Owner Representative or any Owner may be put, or (iii) any other circumstances or happenings whatsoever, whether or not similar to any of the foregoing.

(b) In addition to any and all rights of reimbursement, indemnification, subrogation or any other rights pursuant hereto or under law or equity, the Authority hereby agrees (to the extent permitted by law) to indemnify and hold harmless the Owner Representative and each Owner and their respective officers, directors and agents (each, an “*Indemnatee*”) from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever (including reasonable attorneys’ fees) which may incur or which may be claimed against an Indemnatee by any Person or entity whatsoever (collectively, the “*Liabilities*”) by reason of or in connection with (i) the execution and delivery or transfer of, or payment or failure to pay under, any Related Document; (ii) the issuance by the Authority or the purchase by the Purchaser of the Bond or the honoring of any Drawings; (iii) the use of the proceeds of the Series C Bonds or any Drawing; (iv) any breach by the Authority of any warranty, covenant, term or condition in, or the occurrence of any default by it under any of the Related Documents or the Act or the Ordinance, together with all reasonable expenses resulting from the compromise or defense of any claims or liabilities arising as a result of any such breach or default; (v) any action or proceeding relating to a court order, injunction or other process or decree restraining or seeking to restrain the Owner Representative and any Owner from paying any amount under this Agreement (other than actions or proceedings instituted by or on behalf of the Owner Representative and any Owner); or (vi) any investigation, litigation or other proceeding (whether or not the Owner Representative and any Owner is a party thereto) related to the entering into and/or each performance of any of the Related Document or the use of the proceeds of any of the Series C Bonds; *provided* that the Authority shall not be required to indemnify an Indemnatee for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of such Indemnatee as determined by a court of competent jurisdiction in a final nonappealable judgment; *provided, further*, that the Authority shall not be liable to any Person for any claims, damages, costs, or other liabilities based solely upon or arising in connection with the establishment of the Trust, any offers or sales of any certificates of or interests in or under the Trust, or any actions of the Purchaser or any affiliate related to the transactions of the Trust. Nothing under this Section 6.1 is intended to limit the Authority’s payment of the Obligations. To the fullest extent permitted by applicable law, the Authority shall not assert, and hereby waives, any claim against any Indemnatee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Related Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, or the use of the proceeds thereof.

(c) Notwithstanding anything to the contrary contained in this Section 6.1, (i) the Authority shall have no obligation to indemnify the Owner Representative and any Owner for damages that the Authority proves were caused solely out of the gross negligence or willful misconduct of the Owner Representative or such Owner, as determined by a court of court of competent jurisdiction in a final nonappealable judgment, and (ii) the Authority shall have a claim against the Owner Representative and each Owner, and the Owner Representative and

such Owner shall be liable to the Authority, to the extent of any direct, as opposed to consequential, damages suffered by the Authority which the Authority proves were caused solely by the Owner Representative's or such Owner's gross negligence or willful misconduct, as determined by a court of competent jurisdiction in a final nonappealable judgment.

(d)(i) In the case of any proceeding (including any governmental investigation) instituted against the Owner Representative and any Owner in respect of which indemnity may be sought by the Owner Representative and any Owner pursuant to this Section 6.1, the Owner Representative or such Owner shall promptly notify the Authority in writing.

(ii) Solely in connection with third party claims, damages, losses, liabilities, reasonable costs or expenses whatsoever in respect of which indemnity may be sought by Owner Representative and any Owner pursuant to this Section 6.1 and except that after the occurrence and during the continuance of an Event of Default, the Authority shall select counsel for the Owner Representative or such Owner, which counsel shall be reasonably acceptable to the Owner Representative or such Owner and the Authority, and the Authority shall pay the reasonable fees and disbursements of such counsel related to such proceeding. Notwithstanding the preceding sentence, each Indemnitee shall have the right to employ its own counsel and to determine its own defense of such action in any such case, but the fees and expenses of such counsel shall be at the expense of such Indemnitee unless (x) the employment of such counsel shall have been authorized in writing by the Authority, or (y) the Authority, after due notice of the action, shall not have employed counsel acceptable to such Indemnitee to have charge of such defense, in either of which events the reasonable fees and expenses of counsel for such Indemnitee shall be borne by the Authority.

(iii) In connection with any claims, damages, losses, liabilities, reasonable costs or expenses whatsoever in respect of which indemnity may be sought pursuant to this Section 6.1, the Owner Representative or such Owner shall manage the response and course of action with respect to such proceeding; *provided* that the Owner Representative or such Owner shall in good faith use commercially reasonable efforts to consult with the Authority regarding the response and course of action with respect to such proceeding. Counsel for the Owner Representative or such Owner shall provide the Authority with monthly invoices substantiating the reasonable fees and disbursements of such counsel related to such proceeding to be paid by the Authority. The Owner Representative or such Owner shall manage negotiations and determinations regarding reasonable settlement of any such proceeding; *provided* that the Owner Representative or such Owner shall in good faith use commercially reasonable efforts to consult with and obtain the concurrence of the Authority regarding any settlement of any such proceeding, but if settled or if there shall be a final judgment against the Owner Representative or such Owner, the Authority, agrees to indemnify the Owner Representative or such Owner from and against any loss or liability by reason of such settlement of judgment.

(e) Without prejudice to the survival of any other obligation of the Authority under this Agreement, the indemnities and related obligations of the Authority under this Section 6.1 shall survive the payment of the Series C Bonds and all other Obligations and the termination of this Agreement.

Section 6.2. Reimbursement; Interest. If the Owner Representative or any Owner shall incur any Expenses or pay any Liabilities in connection with enforcing the rights and remedies provided under this Agreement and the other Related Documents, the Owner Representative's and such Owner's payment of such Expenses and Liabilities constitute advances to the Authority which shall be paid by the Authority to the Owner Representative or such Owner, as applicable, within thirty (30) days after demand, together with interest thereon from the date incurred until paid in full at the rate of interest then applicable to the Series C Bonds. Notwithstanding the foregoing, however, in any action or proceeding under any Related Document to recover or collect the Obligations, mandatory provisions of law governing the recovery of costs, disbursements and allowances shall prevail unaffected by this Section 6.2.

Section 6.3. Conditions Precedent. This Agreement shall become effective on the date hereof subject to the satisfaction or waiver by the Purchaser of the conditions precedent set forth in Section 4 of the Bond Purchase Agreement and the issuance of the Series C Bonds.

Section 6.4. Patriot Act Notice. The Owner Representative 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*"), it 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 Owner Representative to identify the Authority in accordance with the Patriot Act. The Authority hereby agrees that it shall promptly provide such information upon request by the Owner Representative.

The Authority hereby represents and warrants and covenants and agrees (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 any Owner 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 Series C Bonds 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 6.5. Amendments and Waivers; Enforcement. The Owner Representative and the Authority may from time to time enter into agreements amending, modifying or supplementing the Related Documents or changing the rights of the Owner Representative or the Authority thereunder, and the Owner Representative may from time to time grant waivers or consents to a departure from the due performance of the obligations of the Authority thereunder. Any such agreement, waiver or consent must be in writing and will be effective only to the extent specifically set forth in such writing. In the case of any such waiver or consent relating to any provision hereof, any Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default so waived or consented to shall be deemed to be cured and not continuing, but no such waiver or consent shall extend to any other or subsequent Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default or impair any right consequent thereon.

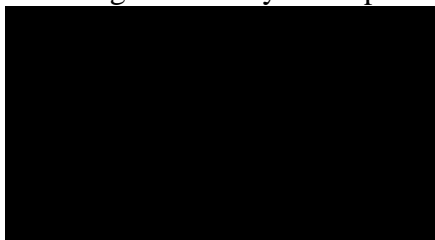
Section 6.6. No Implied Waiver. No course of dealing and no delay or failure of the Owner Representative in exercising any right, power or privilege under any of the Related

Documents will affect any other or future exercise thereof or exercise of any other right, power or privilege; nor will any single or partial exercise of any such right, power or privilege or any abandonment or discontinuance of steps to enforce such a right, power or privilege preclude any further exercise thereof or of any other right, power or privilege.

Section 6.7. Notices. Each item to be delivered by the Authority to the Owner Representative pursuant to Section 4.1 hereof shall be delivered by email transmission of searchable files. All notices, requests, demands, directions and other communications (collectively “*notices*”) under the provisions of this Agreement must be in writing (including facsimile or email communication), unless otherwise expressly permitted hereunder, and must be properly addressed and sent by registered or certified mail or by express courier for next Business Day delivery or by facsimile or email transmission and will be deemed received as follows: (i) if sent by registered or certified mail, five (5) days after mailing; (ii) if sent by express courier, on the next Business Day; (iii) if sent by facsimile or email, when confirmation of transmission is obtained if prior to 5:00 p.m. (local time for the recipient) on a Business Day, and otherwise on the next Business Day; *provided* that service of a notice prescribed by any applicable statute shall be considered complete when the requirements of that statute are met. Except as otherwise specified herein, notices by electronic mail (e-mail) will not constitute notice under this Agreement and are only to be used in addition to notice given as prescribed under clause (i), (ii) or (iii) of the preceding sentence. All notices shall be sent to the applicable party at the following address or in accordance with the last unrevoked written direction from such party to the other parties listed below:

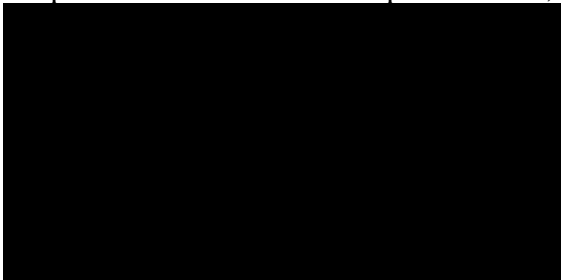
If to the Authority:

Los Angeles County Metropolitan Transportation Authority



If to the Owner:

Representative: RBC Municipal Products, LLC



With a copy to:

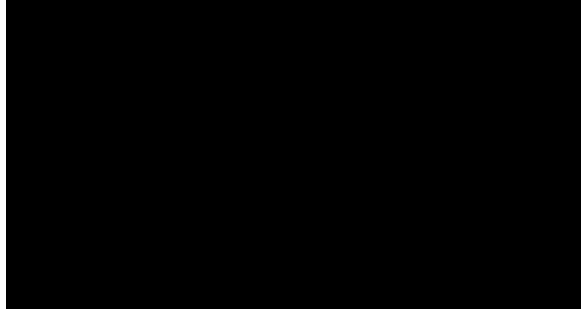
RBC Capital Markets, LLC



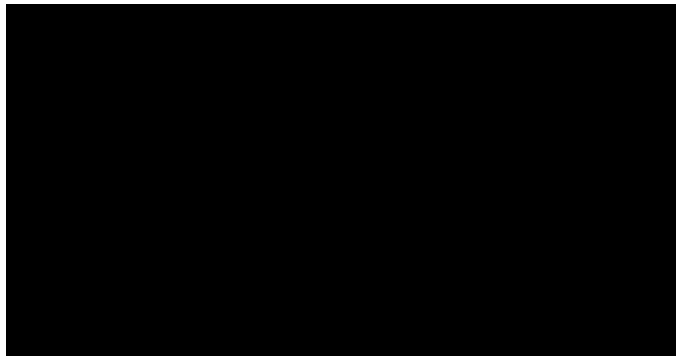


and

Royal Bank of Canada



and



The Owner Representative may in its sole discretion rely on any notice purportedly made by or on behalf of the Authority, but it has no duty to accept any notice not given as prescribed in this Section 6.7 and has no duty to verify the identity or authority of the Person giving such notice, unless such action or omission would amount to gross negligence or intentional misconduct.

At this time, the Authority does not agree to accept notices and other communications electronically. It may do so in the future pursuant to a written document executed by an Authority Representative.

Section 6.8. Severability. The provisions of this Agreement are intended to be severable. If any provision of this Agreement is held invalid or unenforceable in whole or in part in any jurisdiction, such provision will, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

Section 6.9. No Setoff. Notwithstanding anything to the contrary contained herein, each Owner hereby agrees that it will not assert any of its statutory or common law rights of setoff as the depository bank of the Authority in connection with the collection or repayment of any of the Obligations or any other obligation of the Authority owing to the such Owner under this Agreement or the other Related Documents.

Section 6.10. Governing Law; Waiver of Jury Trial.

(a) *GOVERNING LAW.* THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS.

(b) *WAIVER OF JURY TRIAL.* TO THE EXTENT PERMITTED BY APPLICABLE LAWS, EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE RELATED DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. IF AND TO THE EXTENT THAT THE FOREGOING WAIVER OF THE RIGHT TO A JURY TRIAL IS UNENFORCEABLE FOR ANY REASON IN SUCH FORUM, EACH OF THE PARTIES HERETO HEREBY CONSENTS TO THE ADJUDICATION OF ALL CLAIMS PURSUANT TO JUDICIAL REFERENCE AS PROVIDED IN STATE CODE OF CIVIL PROCEDURE SECTION 638, AND THE JUDICIAL REFEREE SHALL BE EMPOWERED TO HEAR AND DETERMINE ALL ISSUES IN SUCH REFERENCE, WHETHER FACT OR LAW. EACH OF THE PARTIES HERETO REPRESENTS THAT EACH HAS REVIEWED THIS WAIVER AND CONSENT AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS AND CONSENTS TO JUDICIAL REFERENCE FOLLOWING CONSULTATION WITH LEGAL COUNSEL ON SUCH MATTERS. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT OR TO JUDICIAL REFERENCE UNDER STATE CODE OF CIVIL PROCEDURE SECTION 638 AS PROVIDED HEREIN.

(c) EACH OF PARTIES HERETO HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA AND ANY COURT IN THE STATE OF CALIFORNIA, AND ANY APPELLATE COURT FROM ANY THEREOF AND THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND ANY COURT IN THE STATE OF NEW YORK LOCATED IN THE BOROUGH OF MANHATTAN, 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 CALIFORNIA OR NEW YORK STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. THE PARTIES AGREE THAT A FINAL NONAPPEALABLE 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 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 AN 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 6.11. No Advisory or Fiduciary Responsibility. In connection with all aspects of the Transactions (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the Authority acknowledges and agrees that: (a)(i) the Purchaser or one of its Affiliates may have an ownership interest in secondary market securities of which the Series C Bonds form the underlying asset; (ii) the Purchaser contemplates a deposit of the Series C Bonds into the Trust and Royal Bank will be the initial Credit Protection Provider for the Trust; (iii) the arranging, structuring and other services regarding this Agreement provided by the Purchaser are arm's-length commercial transactions between the Authority and its Affiliates, on the one hand, and the Purchaser and its Affiliates, on the other hand; (iv) the Authority has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate; and (v) the Authority is capable of evaluating, and understands and accepts, the terms, risks and conditions of the Transactions; (b)(i) the Purchaser is and has been acting solely as a principal and has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Authority or any other Person with respect to the Transactions (whether or not the Purchaser or any of its Affiliates has advised or is currently advising the Authority on other matters); and (ii) neither the Purchaser nor any of its Affiliates has any obligation to the Authority with respect to the Transactions, except those obligations expressly set forth herein; and (c) the Purchaser 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 Purchaser nor any of its Affiliates has any obligation to disclose any of such interests to the Authority. To the fullest extent permitted by applicable Law, the Authority hereby waives and releases any claims that it may have against the Purchaser or the Purchaser's Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any Transaction.

Section 6.12. Entire Agreement. The Related Documents constitute the entire understanding and agreement between the Authority and the Purchaser with respect to the Transactions and the Series C Bonds and supersede all prior or contemporaneous written or oral understandings, courses of dealing and agreements between the Authority and the Purchaser with respect to the matters addressed in the Related Documents. In particular, and without limitation, the Related Documents supersede any commitment by the Purchaser to extend credit to the Authority or to purchase the Series C Bonds, and all such agreements or commitments are merged into the Related Documents. Except as incorporated in writing into the Related Documents, there are no representations, understandings, stipulations, agreements or promises, oral or written, with respect to the matters addressed in the Related Documents.

Section 6.13. Duration. All representations and warranties of the Authority contained in the Related Documents or made in connection therewith (including any statements made in or in connection with any amendment hereto) shall survive the making of and shall not be waived by the execution and delivery of any of the Related Documents or any investigation by the Authority. All covenants and agreements of the Authority contained herein shall continue in full force and effect from and after the date hereof until the Obligations have been indefeasibly paid

in full and fully discharged; *provided, however*, that the obligations of the Authority under Article II and Sections 6.1, 6.2 and 6.17 and under each other provision of any Related Document granting a right of indemnity or reimbursement in favor of the Owner Representative or any other Owner shall survive any expiration or termination of this Agreement.

Section 6.14. Parties in Interest. Nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the Authority, the Purchaser and the Owner Representative any legal or equitable right, remedy or claim under or in respect of this Agreement, which is intended for the sole and exclusive benefit of the parties hereto. Notwithstanding the foregoing, it is understood and agreed that each Owner is an express and intended third-party beneficiary of this Agreement and each Indemnitee is an intended beneficiary of Section 6.1 hereof, that the benefits of this Agreement or Section 6.1 hereof are conferred upon each Owner and each Indemnitee, respectively, and that the Owner Representative shall exercise and enforce each right, covenant, remedy or other provision hereof on behalf of the Owners or the Indemnites.

Section 6.15. Successors and Assigns. This Agreement is a continuing obligation and is binding upon the Authority and its respective permitted successors and assigns and inures to the benefit of the Purchaser and the Owner Representative and their respective permitted successors, transferees and assigns. The Authority may not assign or otherwise transfer or delegate any of its rights or obligations hereunder or under the other Related Documents without the prior written consent of the Owner Representative. Notwithstanding any other provision of any of the Related Documents to the contrary, any Owner may, without the consent of the Authority, assign, pledge as security, participate or sell the Series C Bonds or a beneficial interest in the Series C Bonds, subject to applicable securities laws restrictions, if any, including any pledge or assignment to secure obligations to a Federal Reserve Bank.

Section 6.16. Owner Representative. (a) RBCMPLLC, its successors and assignees, constitutes the Owner Representative hereunder and under the Related Documents unless and until a majority of the Owners give written notice to the Authority and the Subordinate Lien Trustee identifying any successor or assignee Owner Representative hereunder and under the other Related Documents and, *provided* that any such notice on its face establishes the requisite ownership of a majority of the aggregate principal amount of the Series C Bonds then Outstanding by the Owners identified therein, the Person designated in such notice as the Owner Representative will, upon delivery to the Authority and the Subordinate Lien Trustee of such notice, constitute the Owner Representative and will succeed to and become vested with all of the rights, powers, privileges and responsibilities of the Owner Representative in the Related Documents. Any predecessor Owner Representative hereunder will be discharged from its duties and obligations hereunder and under the other Related Documents, *provided* that the predecessor Owner Representative will continue to be entitled to the benefits of Article II and Sections 6.1, 6.2 and 6.17 and of each other provision of any Related Document granting a right of indemnity or reimbursement in favor of the Owner Representative.

(b) The Owner Representative may designate any nominee, designee or agent to act for and in the name of the Owner Representative by written notice to the Authority and the Trustee, and any such duly designated nominee, designee or agent will thereupon be empowered to act for

and on behalf of the Owner Representative and exercise the rights, powers, privileges and responsibilities of the Owner Representative in each of the Related Documents.

Section 6.17. Reinstatement. To the extent that the Owner Representative or any Owner receives any payment from or on behalf of the Authority which payment or any part thereof is subsequently

- (a) invalidated;
- (b) declared to constitute a fraudulent conveyance or preferential transfer;
- (c) set aside; or
- (d) required to be repaid (including pursuant to any settlement entered into by the Owner Representative or any Owner in its discretion) to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause;

(collectively, “*Set Aside*”), then, to the extent of any such Set Aside, the obligations or part thereof intended to be satisfied shall be revived and reinstated and shall continue in full force and effect as if such payment had not been received by the Owner Representative or such Owner or such Set Aside had not occurred.

Section 6.18. Standard of Conduct by Owner Representative; Liability of Owner Representative. (a) Nothing contained in any Related Documents limits the right of the Purchaser, the Owner Representative or any Owner to exercise its business judgment or to act, in the context of the granting or withholding of any consent under any of the Related Documents, in a subjective manner, whether or not objectively reasonable under the circumstances, so long as the Owner Representative’s or such Owner’s exercise of its business judgment or action is made or undertaken in good faith. The Authority intends by the foregoing to set forth and affirm the entire understanding with respect to the standard pursuant to which the Owner Representative’s or any Owner’s duties and obligations are to be judged and the parameters within which the Owner Representative’s or any Owner’s discretion may be exercised hereunder and under the other Related Documents. As used herein, “good faith” means honesty in fact in the conduct and transaction concerned.

(b) The Authority hereby unconditionally and irrevocably releases and discharges the Purchaser, the Owner Representative and each Owner and each of their respective Affiliates and the officers, directors, employees and agents of each of them from any liability or responsibility for any of the following: (i) any use that may be made of the proceeds of the Series C Bonds or any acts or omissions of the Subordinate Lien Trustee or any other Person in connection with the issuance of the Series C Bonds or the use of the proceeds of the Series C Bonds; (ii) any of the acts, omissions, agreements, circumstances and conditions covered by the indemnification provided in Sections 6.1 and 6.2; (iii) any act or omission of the Purchaser, the Owner Representative or any Owner; and (iv) any other circumstance whatsoever in connection with the Transactions or the exercise by the Purchaser, the Owner Representative or any Owner of any of

its rights under any of the Related Documents; *provided* that the Authority shall have a claim against the Purchaser, the Owner Representative or such Owner, and the Purchaser, the Owner Representative or such Owner shall be liable to the Authority to the extent, but only to the extent, of any direct, actual damages, but expressly not for any lost profits or any consequential, special, indirect or punitive damages (the right to recover or receive lost profits, consequential, special, indirect or punitive damages being hereby waived), suffered by the Authority and not required to be mitigated by the Authority under applicable Law, which direct, actual damages are determined by a final and nonappealable judgment of a court of competent jurisdiction to have been directly caused by the Purchaser's, the Owner Representative's or such Owner's willful misconduct or gross negligence in connection with the administration of this Agreement.

Section 6.19. Waiver of Rule of Construction. The Authority hereby waives any and all provisions of law to the effect that an ambiguity in a contract or agreement should be interpreted against the party responsible for its drafting.

Section 6.20. Usury. If applicable Law is interpreted by a court of competent jurisdiction to render usurious any amount or amounts payable to the Purchaser, the Owner Representative or any Owner under this Agreement or the Series C Bonds, or contracted for, charged or received by the Purchaser, the Owner Representative or any Owner with respect to the obligations of the Authority hereunder or under the Series C Bonds, or if any acceleration or optional or extraordinary prepayment results in the Authority having paid any interest in excess of that permitted by applicable Law, then it is the Purchaser's and the Owner Representative's express intent that all excess amounts theretofore collected by the Purchaser, the Owner Representative or such Owner will be credited against the principal balance of the Authority's obligations to the Purchaser, the Owner Representative or such Owner, and the provisions of the Related Documents will immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder modified, without the necessity of the execution of any new documents, so as to comply with the applicable Law, but so as to permit the recovery of the fullest amount otherwise called for hereunder or thereunder. All sums paid or agreed to be paid to the Purchaser, the Owner Representative or any Owner which may be characterized as interest under applicable Law will, to the extent permitted thereby, be amortized, prorated, allocated, and spread throughout the full stated term of the Series C Bonds or other obligations of the Authority until payment in full so that the rate or amount of interest on account of such obligations does not exceed the maximum rate permitted by Law from time to time in effect and applicable to such obligations for so long as the obligations are outstanding.

Section 6.21. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. This Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail with a pdf copy or other replicating image attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or "printouts," if introduced as evidence in any judicial, arbitral, mediation or

administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a “pdf” (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

Section 6.22. Dealing with the Authority and the Subordinate Lien Trustee. Each Owner 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 and the Subordinate Lien Trustee regardless of the capacity of such Owner hereunder.

Section 6.23. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first written above.

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY



[SIGNATURES CONTINUED ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first written above.

RBC MUNICIPAL PRODUCTS, LLC

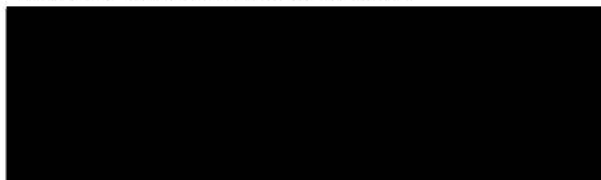


EXHIBIT A

[FORM OF NOTICE OF TERMINATION OR REDUCTION]

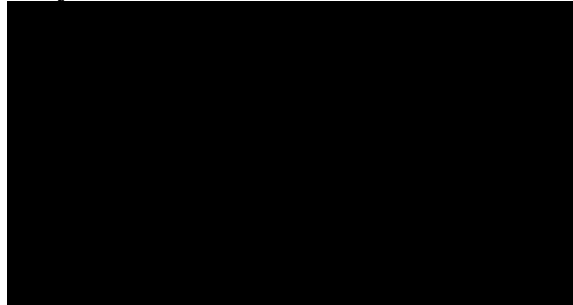
NOTICE OF TERMINATION OR REDUCTION

[Date]

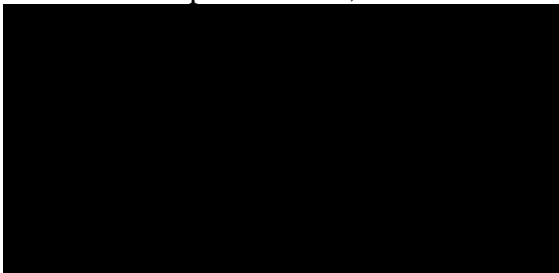
RBC Capital Markets, LLC



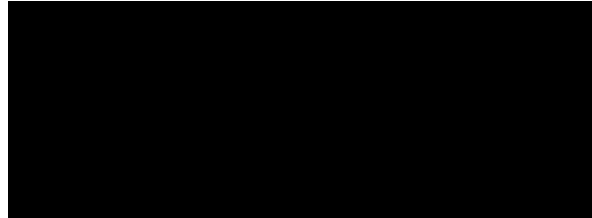
Royal Bank of Canada



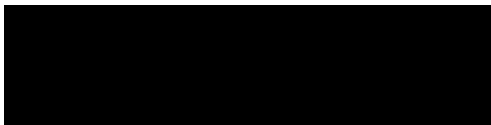
RBC Municipal Products, LLC



U.S. Bank National Association



and



and:



Ladies and Gentlemen:

Re: Los Angeles County Metropolitan Transportation Authority Subordinate
Measure R Sales Tax Revenue Drawdown Bonds, Series C

The Los Angeles County Metropolitan Transportation Authority (the “*Authority*”),
through its undersigned, a Authorized Representative, hereby notifies RBC Capital Markets,

LLC (the “*Underwriter*”) and RBC MUNICIPAL PRODUCTS, LLC, as initial purchaser (“*RBCMPLLC*” and the “*Purchaser*”), with reference to the Bond Purchase Agreement dated November 23, 2015 and the Bondholder’s Agreement dated as of November 1, 2015 (together with any amendments or supplements thereto, the “*Agreement*”), by and between the Authority and the Lender (the terms defined therein and not otherwise defined herein being used herein as therein defined):

[(1) The Authority hereby informs you that the [Commitment Amount][Taxable Commitment Amount][Tax-Exempt Commitment Amount] [is/are] terminated in accordance with the Agreement, such termination to be effective on _____.]

OR

[(1) The Authority hereby informs you that the [Commitment Amount][Taxable Commitment Amount][Tax-Exempt Commitment Amount] [is/are] reduced from [insert amount as of the date of Certificate] to [insert new amount], such reduction to be effective on _____.]

IN WITNESS WHEREOF, the Authority has executed and delivered this Notice this _____
day of _____, _____.

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY

By: _____

Name: _____

Title: _____