

LINE OF CREDIT AGREEMENT

among

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES,  
as Department

**[U.S. BANK NATIONAL ASSOCIATION]**,  
in its capacity as Issuing and Paying Agent

and

**[BANK]**

Dated as of [\_\_\_\_\_], 2012

in connection with

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES  
COMMERCIAL PAPER NOTES  
**[SUBSERIES A-\_\_ (EXEMPT FACILITY AMT)]**  
**[SUBSERIES B-\_\_ (EXEMPT FACILITY NON-AMT)]**  
**[SUBSERIES C-\_\_ (GOVERNMENTAL NON-AMT)]**  
**[SUBSERIES D-\_\_ (TAXABLE)]**

---

---

## TABLE OF CONTENTS

SECTION	HEADING	PAGE
ARTICLE I	DEFINITIONS .....	2
Section 1.01.	Definitions.....	2
Section 1.02.	Incorporation of Certain Definitions by Reference .....	11
Section 1.03.	Computation of Time Periods .....	12
Section 1.04.	Construction.....	12
Section 1.05.	Accounting Matters.....	12
Section 1.06.	Time .....	12
Section 1.07.	Liquidity Facility .....	12
ARTICLE II	COMMITMENT; FEES AND CERTAIN PAYMENTS .....	12
Section 2.01.	Commitment; Termination Date; Extensions .....	12
Section 2.02.	Notice of Borrowing .....	13
Section 2.03.	Bank Note .....	14
Section 2.04.	Fees and Payments.....	14
Section 2.05.	Yield Protection .....	15
Section 2.06.	Payment Particulars .....	16
Section 2.07.	Pledge of Revenues.....	17
ARTICLE III	PAYMENTS; LIQUIDITY ADVANCES .....	18
Section 3.01.	Liquidity Advance Rate; Other Interest Provisions.....	18
Section 3.02.	Payment Dates; Notification of Rate; Rollover Note Proceeds; Prepayments .....	19
ARTICLE IV	REPRESENTATIONS AND WARRANTIES.....	20
Section 4.01.	Organization, Powers, Etc.....	20
Section 4.02.	Authorization, Absence of Conflicts, Etc .....	20
Section 4.03.	Governmental Consent or Approval .....	21
Section 4.04.	Binding Obligations .....	21
Section 4.05.	Litigation.....	21
Section 4.06.	Financial Condition.....	21
Section 4.07.	Compliance with Rules and Regulations .....	21
Section 4.08.	Related Documents .....	22
Section 4.09.	Incorporation of Representations and Warranties.....	22
Section 4.10.	Margin Regulations.....	22
Section 4.11.	Security .....	22
Section 4.12.	Sovereign Immunity.....	23
Section 4.13.	Accurate Information .....	23
Section 4.14.	No Maximum Rate.....	23
Section 4.15.	No Proposed Legal Changes .....	23
Section 4.16.	ERISA; Plans; Employee Benefit Plans .....	23

Section 4.17.	Solvency.....	23
Section 4.18.	Ratings .....	24
Section 4.19.	Environmental Laws .....	24
Section 4.20.	No Existing Right to Accelerate .....	24
Section 4.21.	Swap Termination Payments .....	24
ARTICLE V	CONDITIONS PRECEDENT; POST CLOSING AGREEMENTS .....	24
Section 5.01.	Conditions Precedent to Effectiveness.....	24
Section 5.02.	Conditions Precedent to Making of Liquidity Advances.....	26
Section 5.03.	Post Closing Agreements .....	27
ARTICLE VI	COVENANTS.....	28
Section 6.01.	Covenants of the Department.....	28
Section 6.02.	Negative Covenants of the Department .....	33
EVENTS OF TERMINATION; REMEDIES .....		35
Section 7.01.	Events of Termination.....	35
Section 7.02.	Remedies.....	38
ARTICLE VIII	MISCELLANEOUS .....	39
Section 8.01.	Other Matters .....	39
Section 8.02.	Governing Law; Waiver of Jury Trial .....	40
Section 8.03.	Indemnification .....	41
Section 8.04.	Obligations Absolute .....	41
Section 8.05.	Liability of the Bank .....	42
Section 8.06.	Notice.....	42
Section 8.07.	Term of the Agreement.....	43
Section 8.08.	Survival .....	44
Section 8.09.	Beneficiaries .....	44
Section 8.10.	Severability .....	44
Section 8.11.	Counterparts .....	44
Section 8.11.	Counterparts.....	44
Section 8.12.	Complete and Controlling Agreement .....	44
Section 8.13.	Contractual Interpretation .....	44
Section 8.14.	USA Patriot Act .....	44
Section 8.15.	Assignment to Federal Reserve Bank .....	45
Section 8.16.	Limited Obligations .....	45
Signature Page .....		46

EXHIBIT A	—	Notice of Borrowing
EXHIBIT B	—	Bank Note
EXHIBIT C	—	Request for Extension
EXHIBIT D	—	Notice of Extension
EXHIBIT E	—	Litigation
EXHIBIT F	—	Non-Issuance Instruction
EXHIBIT G	—	Form of Compliance Certificate
EXHIBIT H	—	Form of Letter from Department re Excess Funds
EXHIBIT I	—	Form of Letter from Issuing and Paying Agent re Excess Funds

THIS LINE OF CREDIT AGREEMENT dated as of [\_\_\_\_], 2012 (this “*Agreement*”), among the Harbor Department of the City of Los Angeles, a department of the City of Los Angeles (the “*Department*”), public entity duly established and existing under the laws of the State of California (the “*City*”), [U.S. Bank National Association], a national banking association organized and existing under the laws of the United States of America as issuing and paying agent under the Issuing and Paying Agent Agreement as hereinafter defined (together with any successors thereto as such issuing and paying agent, the “*Issuing and Paying Agent*”), and [Bank], and its successors and assigns (the “*Bank*”).

**WITNESSETH:**

WHEREAS, pursuant to Section 609 of the Los Angeles City Charter, the Charter implementation ordinance related to the procedures for issuance and sale of revenue bonds and other obligations by the Department adding Sections 11.28.1 through 11.28.9 of Division 11, Chapter 1, Article 6.5 of the Los Angeles Administrative Code (collectively, the “*Procedural Ordinance*”), and Resolution No. 6021 of the Board of Harbor Commissioners of the City of Los Angeles, adopted August 22, 2001, Resolution No. 09-6753 of the Board of Harbor Commissioners of the City of Los Angeles, adopted June 4, 2009, Resolution No. [\_\_\_\_] of the Board of Harbor Commissioners of the City of Los Angeles, adopted June 24, 2010 and Resolution No. [\_\_\_\_] of the Board of Harbor Commissioners of the City of Los Angeles, adopted [\_\_\_\_], 2012 (collectively, the “*Resolutions*”) and that certain Issuing and Paying Agent Agreement, dated as of July 1, 2009, as amended and supplemented to date, between the Department and the Issuing and Paying Agent, as the same may from time to time be amended or supplemented in accordance with the terms hereof and thereof (the “*Issuing and Paying Agent Agreement*”), the Department has authorized the issuance of up to \$[\_\_\_\_] principal amount at any one time outstanding of its Commercial Paper Notes, [Subseries A-\_\_ (Exempt Facility AMT)], [Subseries B-\_\_ (Exempt Facility Non-AMT)], [Subseries C-\_\_ (Governmental Non-AMT)] and [Subseries D-\_\_ (Taxable)] (collectively, the “*Commercial Paper Notes*”);

WHEREAS, the Department desires to provide liquidity support to pay the principal of and interest on maturing Commercial Paper Notes in the event that new Commercial Paper Notes cannot be timely sold to pay such amounts; and

WHEREAS, the Department has requested the Bank to provide liquidity support for maturing Commercial Paper Notes on the terms and conditions set forth in this Agreement, and the Bank is willing to provide liquidity support for maturing Commercial Paper Notes on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the respective agreements contained herein, the parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS

*Section 1.01. Definitions.* The following terms have the meanings indicated below or in the referenced Section of this Agreement, unless the context shall clearly indicate otherwise:

“*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.

“*Assignee*” and “*Assignees*” each has the meaning set forth in Section 8.01 hereof.

“*Available Amount*” means, at any time, the Commitment Amount *less* the sum of (a) the aggregate Principal Component of all Liquidity Advances, if any, outstanding at such time and (b) the aggregate Interest Component of all Liquidity Advances, if any, outstanding at such time.

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

“*Bank Agreement*” means any credit agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement, direct purchase agreement, bond purchase agreement, or other agreement or instrument (or any amendment, supplement or other modification thereof) entered into by the Department with any Person, directly or indirectly, or otherwise consented to by the Department, under which, directly or indirectly, any Person or Persons (each a “*Provider*”) undertake(s) to make or provide funds to make payment of, or to purchase or provide credit enhancement for bonds or notes of the Department that constitute Parity Obligations.

“*Bank Note*” has the meaning set forth in Section 2.03 hereof.

“*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*” means, for any day, a rate of interest per annum equal to the highest of (i) the sum of the Prime Rate as in effect on such day *plus* one percent (1.00%), (ii) the sum of the Federal Funds Rate as in effect on such day *plus* two percent (2.00%) and (iii) seven percent (7.00%). The Base Rate shall change at the time of any change in the Prime Rate or the Federal Funds Rate, as applicable, effective on the date of such change.

“*Bond Enabling Laws*” means (i) the Resolutions, (ii) Section 609 of the Los Angeles City Charter, (iii) the Procedural Ordinance, and (iv) any other bond enabling laws that become effective after the date of enactment of the Resolutions, and which are added to the definition of “*Bond Enabling Laws*” in the Resolutions by resolutions supplemental to the Resolutions.

“*Borrowing Date*” has the meaning set forth in Section 3.02(c) hereof.

“*Business Day*” means any day other than (i) a Saturday or Sunday; (ii) a day on which commercial banks located in the city in which the office of the Bank at which Notice of Borrowings are to be delivered are authorized or required by law to close; or (iii) a day on which the New York Stock Exchange is closed.

“*Change of Law*” means the occurrence on or after the Effective Date of any of the following: (a) the adoption, promulgation or implementation of, or taking effect of any law, rule, regulation, statute, treaty, policy, guideline, accounting principle or directive (in each case, whether or not having the force of law), (b) any change in any law, rule, regulation, statute, treaty, policy, guideline, accounting principle or directive or in the application, enforcement, interpretation, promulgation, implementation, administration or enforcement thereof by any Governmental Authority (in each case, whether or not having the force of law) or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority or compliance by the Bank, any participant, any assignee or the parent of the Bank with any request or directive of any such court, central bank or other administrative or Governmental Authority (whether or not having the force of law); *provided that* notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives enacted, adopted, issued or promulgated thereunder or in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or any Governmental Authority, shall in each case be deemed to be a “*Change of Law*”, regardless of the date enacted, adopted or issued.

“*Charter*” means the City Charter of the City of Los Angeles.

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

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Commercial Paper Notes*” has the meaning set forth in the first recital clause.

“*Commitment*” means the obligation of the Bank to make Liquidity Advances as set forth in Section 2.01(a) hereof.

“*Commitment Amount*” means \$[136,250,000] or, following the (a) election by the Department to reduce the Commitment Amount pursuant to the Fee Letter and upon payment of the applicable Reduction Fee, the amount remaining after giving effect to such reduction and/or (b) occurrence of an Event of Termination, the amount to which the Commitment Amount is reduced by the Bank pursuant to Section 7.02(c)(ii).

“*Dealer*” means each dealer appointed by the Department to located purchasers of the Commercial Paper Notes.

“*Dealer Agreement*” means each agreement between the Department and a Dealer.

“*Default Rate*” means a per annum rate equal to the Base Rate from time to time in effect plus three percent (3.00%).

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

“*Department Financial Statements*” means the financial statements of the Department as described in Sections 4.06 and 6.01(b) hereof.

“*Dodd-Frank Act*” means the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as enacted by the United States Congress, and signed into law on July 21, 2010, and all statutes, rules, guidelines or directives promulgated thereunder.

“*Dollars,*” “*US,*” “*\$*” and “*U. S. Dollars*” means the lawful currency of the United States of America.

“*Effective Date*” means the first date on which all of the conditions precedent set forth in Section 5.01 have been satisfied or waived by the Bank.

“*Eligible Note*” means any Commercial Paper Note other than a Commercial Paper Note owned by, for the account of, or on behalf of, the City, the Department or any Affiliate thereof.

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

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

“*Excess Amount*” has the meaning set forth in Section 3.02(d) hereof.

“*Excess Interest*” has the meaning set forth in Section 3.01(c) hereof.



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

“*Extended Commitment Period*” has the meaning set forth in Section 2.01(c) hereof.

“*Federal Funds Rate*” means for any day, a fluctuating interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Bank from three Federal funds brokers of recognized standing selected by it

“*Fee Letter*” means that certain Fee Letter dated the Effective Date, between the Department and the Bank, as the same may be amended and supplemented from time to time.

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

“*Generally Accepted Accounting Principles*” or “*GAAP*” means generally accepted accounting principles consistently applied and maintained throughout the period indicated and consistent with the prior financial practice of the Department, except for changes permitted by the Governmental Accounting Standards Board or any similar accounting authority of comparable standing.

“*Governmental Authority*” means any national, supranational, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, administrative, public or statutory instrumentality, authority, body, agency, department, commission, bureau, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other Person with authority to bind a party at law.

“*Guarantee*” by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Indebtedness 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 Indebtedness 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 condition or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part).

“*Harbor District*” has the meaning set forth in the Charter.

*“Hazardous Materials”* means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

*“Immediate Termination Event”* has the meaning set forth in Section 7.02(a) hereof.

*“Incipient Invalidity Event”* means (i) the validity or enforceability of any provision of any Bond Enabling Law that impacts the Department’s ability or obligation to collect Revenues or the validity or enforceability of any Payment and Collateral Obligation, Commercial Paper Note, the Bank Note or any Liquidity Advance is contested or repudiated by duly authorized action of the Department, the City, the State or any other Governmental Authority with appropriate jurisdiction or is declared invalid or unenforceable in a proceeding subject to further appeals or (ii) any Payment and Collateral Obligation, Commercial Paper Note, the Bank Note or any Liquidity Advance or any provision of any Bond Enabling Law that impacts the Department’s ability or obligation to collect Revenues is deemed to be invalid or unenforceable as a result of an authorized representative of the Department, the City, the State or any other Governmental Authority with appropriate jurisdiction taking or being permitted to take any official action or introducing or duly enacting any statute or legislation or issuing an executive order.

*“Indebtedness”* shall mean, for any Person, without duplication: (a) all indebtedness of such Person for borrowed money (including amounts drawn under a letter of credit, line of credit or other credit or liquidity facilities); (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 Indebtedness of other Persons (each such Guarantee to constitute Indebtedness in an amount equal to the amount of such other Person’s Indebtedness 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, installment purchase agreements and other instruments that constitute capital leases for which such Person is liable; and (g) all obligations (calculated on a net basis) 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.

*“Initial Payment Date”* has the meaning set forth in Section 3.02(c) hereof.

*“Interest Component,”* in respect of each Liquidity Advance, shall mean the portion of such Liquidity Advance equal to the accrued interest on Commercial Paper Notes paid with the proceeds of such Liquidity Advance.

*“Invalidity Event”* means (a) any provision of the Related Documents relating to the Department’s ability or obligation to make payments of the principal of or interest on Liquidity Advances, the Commercial Paper Notes or the Bank Note or the pledge of and lien on the

Revenues to secure the payment of principal and interest on the Commercial Paper Notes, the Bank Note or the Liquidity Advances (each, a “*Payment and Collateral Obligation*”) is ruled to be null and void by a Federal court or any other court with appropriate jurisdiction or the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction in a final nonappealable order or judgment by such court or the State or any instrumentality of the State, as applicable; or (b) an authorized representative of the Department or the City publicly denies, contests or repudiates that the Department has any or further liability or obligation with respect to (1) the payment of the principal of or interest on Liquidity Advances, the Commercial Paper Notes or the Bank Note or (2) any provision under the Bond Enabling Laws with respect to the payment of, or the pledge of or lien on the Revenues to secure the payment of, the Commercial Payment Notes, Liquidity Advances, the Bank Note or any Payment and Collateral Obligation; or (c) any Bond Enabling Law is repealed or 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; or (d) 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 non-appealable order or judgment, as the case may be, that any provision of any Bond Enabling Law regarding (1) the Department’s ability or obligation to collect Revenues or to pay the Revenues directly to the **[U.S. Bank National Association]** or (2) the pledge of and lien on Revenues securing the payment of the principal of or interest on the Commercial Paper Notes, the Bank Note or the Liquidity Advance, is null and void.

“*Issuing and Paying Agent Agreement*” has the meaning set forth in the Recitals hereof.

“*Issuing and Paying Agent*” has the meaning set forth in the introductory paragraph.

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

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

“*Liquidity Advance Rate*” means, for any Liquidity Advance, a rate per annum equal to the higher of (a) the highest rate of interest on outstanding Commercial Paper Notes and (b) (i) from and including the Borrowing Date for such Liquidity Advance through and including the date which is ninety (90) days immediately succeeding such Borrowing Date, the Base Rate from time to time in effect, (ii) from and after the ninety-first (91st) day immediately succeeding the Borrowing Date through and including the date which is one hundred eighty (180) days immediately succeeding such Borrowing Date, the Base Rate from time to time in effect plus 1.00% per annum and (iii) from and after the one hundred eighty-first (181st) day immediately succeeding the Borrowing Date for such Liquidity Advance until the day such Liquidity Advance is paid in full, the Base Rate from time to time in effect plus 2.00% per annum; *provided* that, immediately upon the occurrence of an Event of Termination, the Liquidity

Advance Rate shall be equal to the Default Rate; *provided further*, that, subject to Section 2.04(c) hereof, at no time shall the Liquidity Advance Rate exceed the Maximum Rate.

*“Material Adverse Effect”* means any event that (i) causes or could reasonably be expected to have a material adverse change in or a material adverse effect on (a) the validity or enforceability of any of the Related Documents, (b) the validity, enforceability or perfection of the pledge of and lien on the Revenues to secure the payment of principal and interest on the Commercial Paper Notes, the Bank Note or the Liquidity Advances, (c) the status of the Department as a department of a public entity created and validly existing under the laws of the State of California or the collection of Revenues or (ii) could reasonably be expected to have a material adverse effect on the ability of the Department to timely perform its obligations under the Related Documents.

*“Maximum CP Rate”* means 12% per annum.

*“Maximum Rate”* means the highest rate permitted by law.

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

*“Non-Debt Service Obligations”* means any obligations of the Department under this Agreement and the Fee Letter other than the obligation of the Department to make payments of principal and interest on the Commercial Paper Notes, the Bank Note and the Liquidity Advances.

*“Non-Issuance Instruction”* has the meaning set forth in Section 7.02(c) hereof.

*“Notice of Borrowing”* has the meaning set forth in Section 2.02(a) hereof.

*“Notice of Extension”* means a notice in the form of Exhibit D attached hereto.

*“Offering Memorandum”* means an offering memorandum of the Department relating to the Commercial Paper Notes and any supplement or amendment thereto.

*“Other Credit Agreement”* means the Line of Credit Agreement dated as of [\_\_\_\_\_], 2012, among the Department, the Issuing and Paying Agent and the **[Other Bank]**.

*“Parity Obligations”* means all bonds, debentures, notes, certificates, reimbursement obligations and other evidences of indebtedness for borrowed money currently outstanding or hereafter issued by the Department in accordance with the additional debt limitations set forth in the Parity Revenue Bond Indentures and the Issuing and Paying Agent Agreement, the security for which includes a pledge or assignment of or a lien on the Revenues on a parity with that of the Commercial Paper Notes, and all interest rate swaps, caps, floors, collars and other interest hedge agreements in respect of such bonds, debentures, notes, certificates, reimbursement

obligations and other evidences of indebtedness for borrowed money as long as the scheduled payments under such interest rate swaps, caps, floors, collars and other interest hedge agreements are secured by a pledge or assignment of or a lien on the Revenues on a parity with that of the Commercial Paper Notes. On the date of this Agreement, “*Parity Obligations*” consist of the Department’s [(i) **\$164,625,000 aggregate principal amount of Refunding Revenue Bonds, 2001 Series A, 2001 Series B (AMT) and 2002 Series A (AMT)**, (ii) **\$534,930,000 aggregate principal amount of Refunding Revenue Bonds, 2005 Series A, 2005 Series B, 2005 Series C-1, 2005 Series C-2, 2006 Series A, 2006 Series B and 2006 Series C**, (iii) **\$111,300,000 aggregate principal amount of Refunding Revenue Bonds, 2006 Series D (AMT)** and (iv) **\$430,160,000 aggregate principal amount of Revenue Bonds, 2009 Series A and 2009 Series B and Refunding Revenue Bonds, 2009 Series C**].

“*Parity Revenue Bond Indentures*” means [(i) **the Indenture of Trust, dated as of July 1, 2001 between the Department and BNY Western Trust Company, as trustee**, (ii) **the Indenture of Trust, dated as of October 1, 2005, by and between the Department and The Bank of New York Trust Company, N.A., as trustee**, (iii) **the Indenture of Trust dated as August 1, 2006 by and between the Department and U.S. Bank National Association, as trustee**, and (iv) **the Indenture of Trust dated as July 1, 2009, by and between the Department and U.S. Bank National Association, as trustee**].

“*Participant*” and “*Participants*” each has the meaning set forth in Section 8.01 hereof.

“*Payment Account*” has the meaning set forth in Section 2.06(a) hereof.

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

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

“*Potential Event of Termination*” means an event, act or occurrence which, with the giving of notice or the lapse of time (or both), would become an Event of Termination.

“*Principal Component*” in respect of each Liquidity Advance, shall mean the portion of such Liquidity Advance equal to the principal amount of Commercial Paper Notes paid with the proceeds of such Liquidity Advance.

“*Prime Rate*” means the rate of interest established by the Bank from time to time as its “*prime rate*” for U.S. dollar loans, or its equivalent, as is in effect on such day, any change in such rate to be effective on the date such change is effective for the Bank’s purposes, it being understood that such rate shall not necessarily be the best or lowest rate of interest available to the Bank’s best or most preferred prime, large commercial customers. Each determination of the Prime Rate by the Bank shall be conclusive and binding on the Department absent manifest error. The Prime Rate is a reference rate only, and the Bank may make loans from time to time at interest rates above, equal to or below the Prime Rate.

*“Procedural Ordinance”* means the Charter implementation ordinance related to the procedures for issuance and sale of revenue bonds and other obligations by the Department, which ordinance added Sections 11.28.1 through 11.28.9 of Division 11, Chapter 1, Article 6.5 to the Los Angeles Administrative Code.

*“Principal Payment”* has the meaning set forth in Section 3.02(c) hereof.

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

*“Rating Agency”* means any one or any combination of S&P, Moody’s or Fitch.

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

*“Related Documents”* means this Agreement, the Fee Letter, the Bank Note, each Notice of Borrowing, the Issuing and Paying Agent Agreement, the Commercial Paper Notes, each Dealer Agreement, the Bond Enabling Laws and all amendments and modifications thereto.

*“Resolutions”* has the meaning set forth in the first recital clause.

*“Revenues”* means (i) all money received or collected from or arising out of the use or operation of any harbor or port improvement, work, structure, appliance, facility or utility, service, or watercraft, owned, controlled or operated by the City in or upon or pertaining to the lands and waters, or interests therein, of said City in the Harbor District; all tolls, charges and rentals collected by the Department; and all compensations or fees required to be paid for franchises or licenses, or otherwise by law or ordinance or order, to the City for the operation of any public service utility upon lands and waters, or interests therein, of the City in the Harbor District; *provided* that for the avoidance of doubt user fees collected by the Department on behalf of, or required to be transmitted to, third parties pursuant to applicable law and not commingled with Revenues, shall not be deemed to be Revenues; and (ii) all interest or gain derived from the investment of amounts in any of the funds or accounts established under the Issuing and Paying Agent Agreement (except interest and gain derived from the Rebate Account established and maintained hereunder).

*“Rollover Note Proceeds”* has the meaning set forth in Section 3.02(d) hereof.

*“Rollover Notes”* means Commercial Paper Notes issued for the purpose of refunding or repaying outstanding Commercial Paper Notes.

*“S&P”* means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, or if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Department and reasonably acceptable to the Bank.

*“State”* means the State of California.

“*Stated Expiration Date*” means the later of (i) [\_\_\_\_\_, 20\_\_] or (ii) the last day of any Extended Commitment Period; *provided, however*, that if the date specified in (i) or (ii), as applicable, is not a Business Day, the Stated Expiration Date shall be the immediately preceding Business Day.

“*Substitute Liquidity Facility*” has the meaning set forth in the Issuing and Paying Agent Agreement.

“*Suspension Event*” has the meaning set forth in Section 7.02(b) hereof.

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

“*Taxes*” has the meaning set forth in Section 2.06(c) hereof.

“*Term Out Period*” has the meaning set forth in Section 3.02(c) hereof.

“*Termination Date*” has the meaning set forth in Section 2.01(b) hereof.

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

“*Written*” or “*In Writing*” means any form of written communication or a communication by means of facsimile and electronic means if acceptable to the recipient; *provided* that electronic communication may not be used to provide Notices of Borrowing to the Bank and it may not be used to satisfy the Department’s obligations under Sections 6.01(a), (c) and (d).

*Section 1.02. Incorporation of Certain Definitions by Reference.* Each capitalized term used herein and not defined herein shall have the meaning provided therefor in the Issuing and Paying Agent Agreement.

*Section 1.03. 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 1.04. Construction.* Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, the singular includes the plural, the part includes the whole 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 and the Fee Letter as a whole and not to any particular provision of this Agreement and/or the Fee Letter. The word “including” has the meaning “including, but not limited to.” The section headings contained in this Agreement and the table of contents preceding this Agreement is for reference purposes only and shall not control or affect the construction of this Agreement or the interpretation thereof in any respect. Section, subsection and exhibit references are to this Agreement unless otherwise specified.

*Section 1.05. Accounting Matters.* 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, including the Department Financial Statements, shall be prepared, in accordance with Generally Accepted Accounting Principles.

*Section 1.06. Time.* All times are the times then in effect in New York, New York.

*Section 1.07. Liquidity Facility.* This Agreement is the Liquidity Facility as such term is defined in the Issuing and Paying Agent Agreement.

## ARTICLE II

### COMMITMENT; FEES AND CERTAIN PAYMENTS

*Section 2.01. Commitment; Termination Date; Extensions.* (a) The Bank agrees, on the terms and subject to the satisfaction of the conditions contained in this Agreement and the Fee Letter, to make advances from time to time comprised of a Principal Component and an Interest Component (“*Liquidity Advances*”), with its own funds, to the Issuing and Paying Agent for the purpose of paying the principal of, and interest on, maturing Commercial Paper Notes which are Eligible Notes and for which Rollover Notes have not been issued. The amount of each Liquidity Advance shall equal the lesser of (i) the principal of, and interest on, maturing Commercial Paper Notes that are Eligible Notes and for which Rollover Notes have not been issued and (ii) the Available Amount. Until such time as the Commitment has terminated or the Bank has delivered a Non-Issuance Instruction or a Notice of Termination to the Issuing and Paying Agent, upon payment in full of a Liquidity Advance the amount that may be advanced pursuant to this Section 2.1(a) shall be reinstated by the amount of the respective Principal Component and the Interest Component of such Liquidity Advance so repaid.

(b) The Bank’s Commitment shall terminate upon the earliest of: (i) the close of business at the Bank’s office in New York, New York on the Stated Expiration Date, (ii) the



close of business at the Bank's office in New York, New York on the date of receipt by the Bank of notice from the Issuing and Paying Agent to the effect that a Substitute Liquidity Facility in full and complete substitution for this Agreement has been issued, (iii) the close of business at the Bank's office in New York, New York on the date of receipt by the Bank of notice from the Issuing and Paying Agent to the effect that no Commercial Paper Notes remain Outstanding nor are any authorized to be issued under the Issuing and Paying Agent Agreement, (iv) the date the Commitment is reduced to zero and (v) the date the Commitment is terminated pursuant to Section 7.02 hereof (the earliest of such dates, referred to herein as the "*Termination Date*"). The Bank's obligation to make Liquidity Advances shall be automatically and immediately suspended upon the occurrence and during the continuance of a Suspension Event.

(c) The Stated Expiration Date may be extended from time to time by agreement in writing between the Bank and the Department (the period from the preceding Stated Expiration Date to such new Stated Expiration Date being herein sometimes called the "*Extended Commitment Period*"). The Extended Commitment Period may itself be extended in a like manner for additional periods. If no Event of Termination or Potential Event of Termination has occurred and is continuing, the Department may request in writing to the Bank, in the form of Exhibit C to this Agreement not earlier than ninety (90) days prior to the Stated Expiration Date that the Bank extend the Stated Expiration Date. The Department has no obligation to request an Extended Commitment Period and the Bank has no obligation to agree to any Extended Commitment Period, and all terms of the extension (including the term, commitment and other fees, interest rates and other provisions) shall be mutually acceptable to the Bank and the Department. The Bank agrees to respond to a written extension request by the Department within thirty (30) after receipt of all information necessary, in the Bank's reasonable judgment, to permit the Bank to make an informed credit decision. If the Bank fails to respond to the Department within thirty (30) days of receipt of the Department's request or the Stated Expiration Date shall have occurred, the Bank shall be deemed to have denied such request. If the Bank and the Department agree to an Extended Commitment Period, the Bank shall give written notice, in the form of a Notice of Extension substantially in the form of Exhibit D hereto of its determination to extend, to the Department, with a copy to the Issuing and Paying Agent. The consent of the Bank, if granted, shall be conditioned upon the preparation, execution and delivery of documentation in form and substance reasonably satisfactory to the Bank and consistent with this Agreement and shall be subject to such additional terms, including payment of extension fees to the Bank, as shall be agreed with the Department.

*Section 2.02. Notice of Borrowing.* (a) Unless a Immediate Termination Event or Suspension Event has occurred, if the Bank receives, by facsimile or hand delivery, a notice of borrowing in the form attached hereto as Exhibit A, with blanks appropriately completed and executed by an individual who purports to be an authorized officer of the Issuing and Paying Agent (a "*Notice of Borrowing*"), by no later than 12:00 noon on a Business Day, subject to the satisfaction of the conditions set forth in Section 5.02(a) hereof, the Bank will transfer to the Issuing and Paying Agent not later than 2:30 p.m. on such Business Day, in immediately available funds, an amount equal to the lesser of the amount requested in such Notice of Borrowing or the Available Amount. A Notice of Borrowing received by the Bank after 12:00 noon on a Business Day shall be treated as received before 12:00 noon on the next Business Day.

(b) Once delivered to the Bank, a Notice of Borrowing shall be irrevocable and the Department shall borrow the proceeds of the Liquidity Advance described therein. The delivery to the Bank of a Notice of Borrowing shall constitute a representation and warranty by the Department that no Immediate Termination Event or Suspension Event has occurred.

(c) In the event that the proceeds of any Liquidity Advance made by the Bank hereunder to the Issuing and Paying Agent shall not be required to be applied to pay the principal of, and interest on, maturing Commercial Paper Notes, such funds shall be held and returned to the Bank as soon as practicable by the Issuing and Paying Agent and until so returned shall be held in trust by the Issuing and Paying Agent for the account of the Bank. In the event that such funds are not returned to the Bank in immediately available funds by 4:00 p.m. on the same day on which such funds were advanced, the Department (or the Issuing and Paying Agent at that direction of the Department) shall pay or cause to be paid to the Bank interest on such funds at a rate equal to the Liquidity Advance Rate from time to time in effect.

*Section 2.03. Bank Note.* The Department's obligation to repay Liquidity Advances shall be evidenced by a promissory note in the form attached hereto as Exhibit B in the amount of \$[136,250,000] and dated the Effective Date (the "*Bank Note*") and one or more accounts or records maintained by the Bank in the ordinary course of business. The accounts or records maintained by the Bank shall be conclusive absent manifest error of the amount of the Liquidity Advances made by the Bank to the Issuing and Paying Agent and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Department hereunder to pay any amount owing with respect to the Liquidity Advances.

*Section 2.04. Fees and Payments.* (a) The fees and payments owed by the Department pursuant to this Agreement shall be payable from Revenues pursuant to the Issuing and Paying Agent Agreement. The Department hereby agrees to perform the obligations provided for in the Fee Letter, including, without limitation, the payment of any and all fees, expenses and other amounts provided for therein, at the times and in the amounts set forth in the Fee Letter. Without limiting the generality of the foregoing, in the event that this Agreement is terminated or the Commitment is reduced and is not subject to reinstatement, the Department shall pay to the Bank the Termination Fee and/or Reduction Fee, if any, at the times and in the amounts set forth in and as required by the Fee Letter. The terms and provisions of the Fee Letter are hereby incorporated herein by reference as if fully set forth herein. All references to amounts or obligations due hereunder or in this Agreement shall be deemed to include all amounts and obligations (including without limitation fees and expenses) under the Fee Letter. All fees paid under this Agreement and the Fee Letter shall be fully earned when due and nonrefundable when paid. The Department shall pay all of the Bank's reasonable out-of-pocket expenses (including, without limitation, reasonable fees and disbursements of counsel for the Bank) arising in connection with the preparation, execution, delivery and enforcement of or preservation of rights in connection with, any workout, restructuring or default under or amendment or waiver with respect to this Agreement, the Commercial Paper Notes and the other Related Documents.

(b) *Overdue Amounts.* If the Department shall fail to pay when due any amount owing to the Bank under this Agreement or the Fee Letter, then to the extent permitted by law the

Department will pay to the Bank on demand interest on the amount in default from the date such payment became due until payment in full at the Default Rate.

*Section 2.05. Yield Protection.* (a) If the Bank, its parent, or any Participant or Assignee shall have determined that a Change of Law shall at anytime:

(i) impose, modify or deem applicable any reserve, liquidity, special deposit, insurance premium, fee, financial charge, monetary burden or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System or any changes in levels of reserves, deposits, insurance or capital, allocation of capital or liquidity requirements or conditions) against funding credits or commitments to extend credit extended by, or assets (funded or contingent) of, deposits with or for the account of, or other acquisitions of funds or bonds by the Bank, its parent, or any Participant or Assignee, or making or maintaining its obligations under this Agreement;

(ii) subject the Bank, its parent, or any Participant or Assignee to any Taxes or change the basis of taxation of payments to the Bank, its parent, or any Participant or Assignee of any amounts payable hereunder or under the Fee Letter (except for taxes on the overall net income of the Bank, its parent, such Participant or Assignee, as applicable), or

(iii) impose on the Bank, its parent, or any Participant or Assignee any other or similar condition regarding this Agreement, the commitment or obligations of the Bank, its parent, or any Participant or Assignee hereunder or the making of any Liquidity Advance, the result of which is to increase the cost to the Bank, its parent, or such Participant or Assignee of making or maintaining its obligations under this Agreement or reduces any amount receivable by the Bank, its parent, or such Participant or Assignee hereunder or requires the Bank, its parent, or such Participant or Assignee to make any payment in connection therewith by an amount deemed material by the Bank or such Participant,

and the result of any event referred to in clause (i), (ii) or (iii) above shall be to increase the cost to the Bank, its parent, or any Participant or Assignee of making or maintaining its obligations under this Agreement by an amount which the Bank or any Participant or Assignee shall deem to be material or to reduce the return received by the Bank, its parent, or such Participant or Assignee, then, within thirty (30) days after the Department's receipt of the Bank's written demand, the Department shall pay to the Bank (for itself or the account of its Parent, such Participant or Assignee), from time to time as specified by the Bank, additional amounts which shall be sufficient to compensate the Bank, its parent, or any Participant or Assignee for such increased cost or reduction in amount received, together with interest on each such amount from the date payment is due at the Base Rate, and thereafter until payment in full at the Default Rate.

(b) If the Bank, its parent, or any Participant or Assignee shall have determined that a Change of Law has or would impose, modify or deem applicable any capital adequacy, liquidity or similar requirement (including, without limitation, a request or requirement that affects the

manner in which the Bank, its parent, or such Participant or Assignee allocates capital resources to its commitments, including its obligations under lines of credit or liquidity) that either (A) affects or would affect the amount of capital or liquid assets to be maintained by the Bank, its parent, or such Participant or Assignee or (B) reduces or would reduce the rate of return on capital of the Bank, its parent, or such Participant or Assignee as a consequence of the Bank's obligations hereunder to a level below that which the Bank, its parent, or such Participant or Assignee could have achieved but for such Change of Law (taking into consideration its policies with respect to capital adequacy) by an amount deemed by the Bank, its parent, or such Participant or Assignee to be material, then with thirty (30) days after the Department's receipt of the Bank's written demand, the Department shall pay to the Bank (for itself or for the account of its parent, such Participant or Assignee) such additional amount or amounts as will compensate the Bank, its parent, or such Participant or Assignee, if any, as the case may be, therefor, together with interest on each such amount from the date payment is due until the date of payment in full thereof at the Default Rate.

(c) Each demand for compensation pursuant to Section 2.05(a) or 2.05(b) hereof shall be accompanied by a certificate of the Bank in reasonable detail setting forth the computation of such compensation (including the reason therefor), which certificate shall be conclusive, absent manifest error, as against all other Persons, including without limitation, the Department.

(d) The benefits of this Section 2.05 shall be available to each Assignee and each Participant, *provided* that the Department shall not be obligated to pay any portion of the costs to any Assignee or Participant greater than which the Department would have paid to the Bank pursuant to this Section 2.05 had the Bank not granted such assignment or made such participation.

*Section 2.06. Payment Particulars.* (a) All payments by or on behalf of the Department under this Agreement or the Fee Letter shall be made to the Bank prior to 4:00 p.m. on the date such payment is due by means of a wire transfer of funds in Dollars to the Bank through the Federal Reserve Wire System to **[Bank]**, Account No. \_\_\_\_\_, ABA No. \_\_\_\_\_, Ref: Port of Los Angeles Commercial Paper Notes [\_\_\_\_\_] (the "*Payment Account*"), or such other account as the Bank may specify to the Department in writing from time to time. Any payment received by the Bank after 4:00 p.m. shall be deemed to be received by the Bank on the next succeeding day. Any amount owed to the Bank hereunder or under the Fee Letter which is not paid when due shall bear interest from the date such payment was due at the Default Rate, such interest to be payable on demand except as otherwise provided herein. Except as otherwise specified herein, all computations of interest shall be made on the basis of a year of 365 or 366 days, as applicable, based upon the actual number of days elapsed and all computations of fees and other amounts due and owing hereunder or under the Fee Letter shall be made on the basis of a year of 360 days based upon the actual number of days elapsed.

(b) Except as may be otherwise provided herein, whenever any payment or action to be made or taken hereunder or under the Fee Letter shall be stated to be due on a day which is not a Business Day, such payment or action shall be made or taken on the next following Business Day, and such extension of time shall be included in computing interest or fees, if any, in connection with such payment or action.

(c) All and all payments by or on behalf of the Department under this Agreement and under the Fee Letter shall be made without defense, counterclaim, setoff, condition or qualification, and free and clear of, and without deduction or withholding for, or by reason of any present or future taxes, levies, imposts, deductions or charges of any nature whatsoever; excluding, however, taxes imposed on or measured by the net income or capital of the Bank by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a result of a connection between the Bank and such jurisdiction or political subdivision (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being referred to as “*Taxes*”). If requested by the Department, the Bank, any Assignee and any Participant, from time to time, shall provide the Department, the Issuing and Paying Agent and the United States Internal Revenue Service (to the extent such information and forms may be lawfully provided by the Bank or such Assignee or Participant) with such information and forms as may be required by the Treasury Regulations Section 1.1441 (C.F.R.) or any other such information and forms as may be necessary to establish that the Department is not subject to any withholding obligation under Section 1442 or other comparable provisions of the Code. If the Department shall be required by law to withhold or deduct any Taxes imposed by the United States or any political subdivision thereof from or in respect of any sum payable hereunder or under the Fee Letter to the Bank, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.06(c)), the Bank receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Department shall make such deductions and (iii) the Department shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the Department shall make any payment under this Section 2.06(c) to or for the benefit of the Bank with respect to Taxes and if the Bank shall claim any credit or deduction for such Taxes against any other taxes payable by the Bank to any taxing jurisdiction in the United States, then the Bank shall pay to the Department an amount equal to the amount by which such other taxes are actually reduced; *provided, however*, that the aggregate amount payable by the Bank pursuant to this sentence shall not exceed the aggregate amount previously paid by the Bank with respect to such Taxes. In addition, the Department agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America or any state of the United States or any other taxing jurisdiction from any payment made hereunder or under the Fee Letter or from the execution or delivery or otherwise with respect to this Agreement (hereinafter referred to as “*Other Taxes*”). The Bank shall provide to the Department within a reasonable time a copy of any written notification it receives with respect to Taxes or Other Taxes owing by the Department to the Bank hereunder; *provided that* the Bank’s failure to send such notice shall not relieve the Department of its obligation to pay such amounts hereunder.

(d) Payments received by the Bank shall be applied, first, to any fees, costs, charges or expenses payable by the Department under this Agreement and the Fee Letter; second, to past due interest; third, to interest then due and payable; and fourth, to principal.

*Section 2.07. Pledge of Revenues.* (a) The Bank Note and the Liquidity Advances are revenue obligations and shall be payable as to both principal and interest from, and shall be secured by a pledge of and lien on, the Revenues on a parity with the Parity Obligations. The

Revenues constitute a trust fund for the security and payment of the interest on and principal of the Commercial Paper Notes, the Bank Note and all obligations of the Department relating to the Commercial Paper Notes, the Bank Note and the Liquidity Advances hereunder and all Parity Obligations in accordance with the terms of the Parity Revenue Bond Indentures. The pledge of Revenues herein made shall be irrevocable until all of the Bank Note and the Liquidity Advances have been paid and retired and all obligations of the Department under this Agreement and the Fee Letter have been satisfied in full. The Department shall allocate the Revenues to the payment of Operation and Maintenance Costs and to the payment of the Parity Obligations, including the Commercial Paper Notes, Liquidity Advances, the Bank Note, as set forth in Section 5.02 of each of the Parity Revenue Bond Indentures.

(b) All Non-Debt Service Obligations shall be secured by a pledge of and lien on the Revenues on a basis that is junior and subordinate in all respects to the pledge of and lien on the Revenues securing the Bank Note, Liquidity Advances and Parity Obligations.

### **ARTICLE III**

#### **PAYMENTS; LIQUIDITY ADVANCES**

*Section 3.01. Liquidity Advance Rate; Other Interest Provisions.* (a) Each Liquidity Advance made by the Bank hereunder shall bear interest at the Liquidity Advance Rate for the period commencing from the date that the Bank shall made such Liquidity Advance and continuing until such Liquidity Advance is paid in full.

(b) If the principal amount of any Liquidity Advance or any interest payment required hereunder, is not paid when due (whether by acceleration, redemption or otherwise), such overdue principal or interest payment shall bear interest from the date such obligation was due until paid in full (after as well as before judgment) at a rate per annum equal to the Default Rate (but not to exceed the Maximum Rate, subject to Section 2.04(c) hereof), such interest to be payable on demand.

(c) If the rate of interest payable hereunder shall exceed the Maximum Rate for any period for which interest is payable, then (i) interest at the Maximum Rate shall be due and payable with respect to such interest period and (ii) interest at the rate equal to the difference between (A) the rate of interest calculated in accordance with the terms hereof and (B) the Maximum Rate (the "*Excess Interest*"), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed the Maximum Rate, at which time the Department shall pay to the Bank, with respect to amounts then payable to the Bank that are required to accrue interest hereunder, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Bank to equal the Maximum Rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder until all deferred Excess Interest is fully paid to the Bank. Upon the termination of this Agreement, in consideration for the limitation of the rate of interest otherwise payable hereunder, to the extent permitted by law, the Department shall pay to the Bank a fee equal to the amount of all unpaid deferred Excess Interest.

*Section 3.02. Payment Dates; Notification of Rate; Rollover Note Proceeds; Prepayments.* (a) The Department agrees that, with respect to each Liquidity Advance, interest thereon shall be payable on the outstanding principal amount of each Liquidity Advance in arrears on each of the following dates: (i) the first Business Day of each calendar month, (ii) on each date on which the Issuing and Paying Agent receives Rollover Note Proceeds, (iii) on each date on which the Department prepays (or causes to be prepaid) Liquidity Advances, (iv) at maturity (whether by acceleration or otherwise), and (v) after maturity or following and during the continuance of an Event of Termination on demand.

(b) The Bank, upon the request of the Department or the Issuing and Paying Agent, shall notify the Department or the Issuing and Paying Agent, as the case may be, of the Liquidity Advance Rate in effect during any period in which any Liquidity Advance is outstanding or during which any Excess Interest remains unpaid. Absent manifest error, the Bank's determination of any of the foregoing shall be binding upon the Department and the Issuing and Paying Agent.

(c) So long as (i) no Event of Termination shall have occurred and be continuing and (ii) all representations and warranties set forth in Article IV hereof are true and correct in all material respects as of the date of such Liquidity Advance (other than such representations and warranties that expressly relate to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date), in each case, each Liquidity Advance shall amortize and be payable over a four (4) year period (the "*Term Out Period*") from the date such Liquidity Advance is made (the "*Borrowing Date*") with principal payable in approximately equal quarterly installments (each, a "*Principal Payment*") commencing on the first Business Day of the month to occur three full calendar months after the Borrowing Date (the "*Initial Payment Date*") and succeeding dates every three months after the Initial Payment Date (*provided, however, if any such date is not a Business Day, the related principal payment date shall be the next succeeding day which is a Business Day*) and prior to the four (4) year anniversary of the Borrowing Date (each, a "*Principal Payment Date*"). If on the Borrowing Date, an Event of Termination shall have occurred and be continuing or any representation or warranty set forth in Article IV hereof (other than representations and warranties that expressly relate to an earlier date and which are true and correct in all material respects as of such earlier date) is not true and correct in any material respect, the related Liquidity Advance shall be due and payable on such Borrowing Date.

(d) If on any date (x) the sum of the aggregate principal amount of outstanding Liquidity Advances exceeds the Available Amount, the Department shall immediately prepay the Liquidity Advances in an amount equal to such excess, (y) the aggregate principal amount of outstanding Commercial Paper Notes exceeds the amount of the Available Amount, the Department shall immediately cease issuing any further Commercial Paper Notes until the Available Amount is not less than the aggregate principal amount of outstanding Commercial Paper Notes plus the principal amount of any Commercial Paper Notes the Department intends to issue, or (z) any Commercial Paper Notes are sold to finance the repayment of a Liquidity Advance, the Department shall immediately prepay any outstanding Liquidity Advances (if any) in an amount equal to the sum of the proceeds from such sale. If the Department issues Commercial Paper Notes pursuant to the Issuing and Paying Agency Agreement on any date on

which any Liquidity Advance is outstanding and the sum of (1) proceeds from the issuance and sale of Commercial Paper Notes (“*Rollover Note Proceeds*”) and the amount of Commercial Paper Notes that are sold in an aggregate principal amount in excess of the Commercial Paper Notes coming due on the date thereof (in the amount of such excess), (2) the aggregate amount of cash and investments then held in the **[Matured Note Redemption Account (as defined in the Issuing and Paying Agent Agreement)]** and (3) any funds made available by the Department to pay the principal amount of the Commercial Paper Notes, exceeds (any such excess being referred to as the “*Excess Amount*”) the amount (if any) required to pay the principal amount of Commercial Paper Notes maturing on such date, the Department shall (or shall cause the Issuing and Paying Agent to) repay or prepay Liquidity Advances in an aggregate principal amount such that the aggregate principal amount so paid or prepaid, as the case may be (together with interest accrued thereon to but excluding the date of prepayment), shall equal the Excess Amount, by paying such aggregate principal amount together with such accrued interest to the Bank. If on any such date no Liquidity Advance is outstanding hereunder and no other amount is payable by the Department hereunder, then funds on deposit in the **[Matured Note Redemption Account (as defined in the Issuing and Paying Agent Agreement)]** may be used for any other lawful purpose of the Department as provided in the Issuing and Paying Agent Agreement.

(e) Notwithstanding anything to the contrary contained in Section 3.02(c), the Department may prepay (or cause the Issuing and Paying Agent to prepay) Liquidity Advances from Revenues upon not less than one Business Day’s notice, in whole or in part, in minimum principal amounts of one hundred thousand Dollars (\$100,000) and in integral multiples of one hundred thousand dollars (\$100,000) at any time without penalty.

## ARTICLE IV

### REPRESENTATIONS AND WARRANTIES

The Department makes the following representations and warranties to the Bank:

*Section 4.01. Organization, Powers, Etc.* The Department (i) is a proprietary department of the City of Los Angeles, a public entity established pursuant to the laws of the State of California validly organized and existing under and by virtue of the laws of the State of California and the Charter, (ii) has full power and authority to own its properties and carry on its business as now conducted, and (iii) has full power and authority to execute (or adopt, if applicable), deliver and perform its obligations under the Related Documents, to borrow hereunder and to execute, deliver and perform its obligations under the Commercial Paper Notes.

*Section 4.02. Authorization, Absence of Conflicts, Etc.* The execution (or adoption, if applicable), delivery and performance of the Related Documents (i) have been duly authorized by the Department, (ii) do not and will not conflict with, or result in violation of any applicable provision of law, including any Bond Enabling Law, or any order, rule or regulation of any court or other agency of government and (iii) do not and will not conflict with, result in a violation of or constitute a default under, the Issuing and Paying Agent Agreement or any other resolution,



agreement or instrument to which the Department is a party or by which the Department or any of its property (including the Revenues) is bound.

*Section 4.03. Governmental Consent or Approval.* The execution (or adoption, if applicable), delivery and performance of the Related Documents do not and will not require registration with, or the consent or approval of, or any other action by, any federal, state or other governmental authority or regulatory body other than those which have been made or given and are in full force and effect; *provided* that no representation is made as to any blue sky or securities law of any jurisdiction.

*Section 4.04. Binding Obligations.* The Related Documents are legal, valid and binding obligations of the Department, enforceable against the Department in accordance with their terms, subject to any applicable bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws, judicial discretion and principles of equity relating to or affecting creditors' rights or contractual obligations generally or limitations on remedies against public entities in California.

*Section 4.05. Litigation.* There is no action or investigation pending or, to the knowledge of the Department, threatened, against the Department before any court or administrative agency which questions the validity of any act or the validity of any proceeding taken by the Department in connection with the execution and delivery of the Related Documents, or wherein an unfavorable decision, ruling or finding would in any way adversely affect (a) the validity or enforceability of the Related Documents, (b) the validity, enforceability or perfection of the pledge of and lien on the Revenues, (c) the status of the Department as a proprietary department of the City established under the City Charter, (d) the exemption of interest from federal income tax on those Commercial Paper Notes that purport to be so exempt or (e) the collection of Revenues. To the knowledge of the Department, except as set forth in Exhibit E, there is no action pending or threatened, which questions the validity of any Bond Enabling Law nor is there any pending initiative or referendum qualified for the ballot which would cause a Material Adverse Effect.

*Section 4.06. Financial Condition.* All of the Department's financial statements which have been furnished to the Bank have been prepared in conformity with Generally Accepted Accounting Principles (except as noted therein) and are comprised of a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows. All of such financial statements fairly present the financial condition of the Department, including the Revenues as of the dates thereof, and other than as has been disclosed to the Bank in writing prior to the Effective Date, there has been no material adverse change in the business, operations or affairs of the Department or of the Revenues since the date the last such report was so furnished to the Bank.

*Section 4.07. Compliance with Rules and Regulations.* Except as disclosed in the Offering Memorandum, the Department is in compliance with all laws, ordinances, orders, writs, injunctions, decrees rules and regulations applicable to it (including, without limitation, and all applicable federal, state or local environmental, health and safety statutes and regulations, and

the Department's investment policy guidelines), except to the extent noncompliance could not reasonably be expected to have a Material Adverse Effect.

*Section 4.08. Related Documents.* Each of the Related Documents is in full force and effect. Except as previously disclosed in writing to the Bank, no Event of Termination and no Potential Event of Termination or default or event of default or 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 Bank, neither the Department nor any other party thereto has waived or deferred performance of any material obligation under any Related Document.

*Section 4.09. Incorporation of Representations and Warranties.* The Department hereby makes to the Bank the same representations and warranties as are set forth by the Department in each Related Document (other than this Agreement), which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference for the benefit of the Bank with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety. No amendment to such representations and warranties or defined terms made pursuant to any Related Document shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the prior written consent of the Bank.

*Section 4.10. Margin Regulations.* The Department is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U or X of the Board of Governors of the Federal Reserve System), and no part of any Liquidity Advance will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

*Section 4.11. Security.* The Bank Note, the Liquidity Advances evidenced thereby and all other obligations of the Department to the Bank hereunder and under the Fee Letter are secured by a lien on and pledge of Revenues. The pledge of the Revenues securing the Bank Note and Liquidity Advances is a valid and binding obligation of the Department, on a *pari passu* basis with the holders of all Commercial Paper Notes and other Parity 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 California. No filing, registration, recording or publication of this Agreement or any other instrument nor any prior separation or physical delivery of the Revenues is required to establish the pledge provided for under this Agreement or to perfect, protect or maintain the lien created thereby on the Revenues to secure the Bank Note, the Liquidity Advances evidenced thereby and all other obligations of the Department to the Bank hereunder and under the Fee Letter. As of the date of this Agreement, the Department has not incurred, created or assumed any Indebtedness that is senior in right of payment to the Bank Note, the Liquidity Advances evidenced thereby and all other obligations of the Department to the Bank hereunder. As of the date of this Agreement, except for the Parity Obligations the Department has not incurred, created or assumed Indebtedness that is on parity with the Bank Note and the Liquidity Advances. The provisions of this Agreement constitute a contract between the Department and the Bank, and the Bank, may at

law or in equity, by suit, action, mandamus or other proceedings, enforce and compel the performance of all duties required to be performed by the Department as a result of issuing the Bank Note. This Agreement constitutes a “Liquidity Facility” under the Issuing and Paying Agent Agreement.

*Section 4.12. Sovereign Immunity.* The Department is subject to claims and to suit for damages in connection with its obligations under this Agreement and the Fee Letter pursuant to and in accordance with the laws of the State of California applicable to public entities such as the Department; *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 suits, actions or proceedings brought against the Department.

*Section 4.13. Accurate Information.* All information, reports and other papers and data with respect to the Department furnished to the Bank, at the time the same were so furnished, were accurate in all material respects. Any financial, budget and other projections furnished to the Bank were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections.

*Section 4.14. No Maximum Rate.* Except as provided in the Bond Enabling Laws and the Related Documents, there is no limitation under California law on the rate of interest payable by the Department with respect to the Liquidity Advances, the Bank Note or any other obligations payable to the Bank hereunder, under the Fee Letter or under any Related Document.

*Section 4.15. No Proposed Legal Changes.* To the best knowledge of the Department, there is no proposed amendment to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State law, or any proposition or referendum (or proposed proposition or referendum) or other ballot initiative or any legislation that has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have a Material Adverse Effect.

*Section 4.16. ERISA; Plans; Employee Benefit Plans.* The Department is not subject to ERISA and maintains no Plans. The Department has no funding deficiency with respect to any employee benefit plan which could reasonably be expected to materially and adversely affect the ability of the Department to perform its obligations hereunder or under any other Related Documents to which it is a party, and the Department is otherwise in compliance with terms of any such plan in which the Department or any of its employees participate to the extent any such failure to comply could reasonably be expected to materially and adversely affect the ability of the Department to perform its obligations hereunder or under any other Related Documents to which it is a party.

*Section 4.17. Solvency.* After giving effect to the issuance of the Commercial Paper Notes, the Bank Note and the other obligations contemplated by this Agreement, the Department is solvent, having assets of a fair value which exceeds the amount required to pay its debts (including contingent, subordinated, unmaturing and unliquidated liabilities) as they become

absolute and matured, and the Department is able to and anticipates that it will be able to meet its debts as they mature and has adequate capital to conduct its business in which it is engaged.

*Section 4.18. Ratings.* As of the date of this Agreement, the Department's Ratings are **["AA" by S&P, "AA" by Fitch and "Aa2" by Moody's]**.

*Section 4.19. Environmental Laws.* The Department and its properties and operations (a) have not become subject to any Environmental Liability nor does it know of any basis for any Environmental Liability, (b) have not received notice to the effect that any of the Department's properties 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 (c) to the best of the knowledge of the Department, 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 (a), (b) and (c) above, except with respect to any matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

*Section 4.20. No Existing Right to Accelerate.* As of the date of this Agreement, other than as provided in the Parity Revenue Bond Indentures, the Issuing and Paying Agent Agreement and this Agreement, no Person, including, without limitation, any credit facility provider or any liquidity provider or direct bond purchaser has a right under any resolution, indenture or other agreement to declare the principal of and interest on any Indebtedness of the Department secured by Revenues to be immediately due and payable.

*Section 4.21. Swap Termination Payments.* The Department is not a party to any Swap Contract that provides that any termination payment thereunder is payable from or secured by Revenues on a basis that is senior to or on a parity with the lien securing the Commercial Paper Notes, the Bank Note and the Liquidity Advances.

## ARTICLE V

### CONDITIONS PRECEDENT; POST CLOSING AGREEMENTS

*Section 5.01. Conditions Precedent to Effectiveness.* This Agreement shall become effective on the first date on which each of the following conditions has been fulfilled to the reasonable satisfaction of the Bank or waived by the Bank in writing. The Bank's execution and delivery of this Agreement shall evidence its agreement that such conditions have been met to its reasonable satisfaction or have been waived and that the Effective Date has occurred.

(a) *Representations.* On the Effective Date, (i) there shall exist no Event of Termination or Potential Event of Termination and (ii) all representations and warranties made by the Department herein or in any of the Related Documents to which it is a party shall be true and correct with the same effect as though such representations and warranties had been made at and as of such time.

(b) *Other Documents.* On the Effective Date, the Bank shall have received executed copies of each of the following documents, together with a certificate of the Department that all such documents are in full force and effect on the Effective Date:

- (i) The Related Documents (including the duly executed Bank Note);
- (ii) The Bond Enabling Laws;
- (iii) An incumbency certificate with respect to the officers of the Department who are authorized to execute the Related Documents to which the Department is a party;
- (iv) A certificate from the Department to the following effect:

(A) The audited financial statements of the Department as of June 30, 2010 and June 30, 2011, including the statement of net assets as of such dates, statement of revenues, expenses and changes in net assets for the twelve month periods ending on such dates and statement of cash flows for the twelve month periods ending on such dates, all examined and reported on by [**Macias Gini & O'Connell LLP**], as heretofore delivered to the Bank correctly and fairly present the financial condition of the Department as of said dates and the results of the operations of the Department for such periods, have been prepared in accordance with Generally Accepted Accounting Principles consistently applied except as stated in the notes thereto; and there has been no material adverse change in the condition, financial or otherwise, of the Department since June 30, 2011, from that set forth in the Department Financial Statements as of, and for the period ended on, that date except as otherwise disclosed to the Bank in the Offering Memorandum or in some other writing.

(B) The Department hereby makes to the Bank the same representations and warranties as are set forth by the Department in each Related Document, which representations and warranties are true and correct with the same effect as though such representations and warranties had been made at and as of the date hereof.

(C) All representations and warranties made by the Department in this Agreement are true and correct.

(D) No Event of Termination or Potential Event of Termination hereunder or default or event of default under any Related Document has occurred and is continuing as of the Effective Date.

(c) *Legal Opinions.* The Bank shall have received (i) an opinion of bond counsel to the Department to the effect that this Agreement and the Fee Letter are the legal, valid and binding obligations of the Department, all in form and substance satisfactory to the Bank, addressed to the Bank and dated the Effective Date and (ii) an opinion of counsel to the Department in form and substance satisfactory to the Bank, addressed to the Bank and dated the Effective Date.

(d) *Certain Payments.* The Department shall have paid or cause to be paid upon delivery of invoice all the fees and expenses then due required by this Agreement or the Fee Letter.

(e) *Rating.* The Bank shall have received satisfactory evidence that (i) the Commercial Paper Notes shall have been assigned short-term ratings of “P-1” by Moody’s, “A-1” by S&P and “F1” by Fitch, in each case, after taking into consideration this Agreement and (ii) the unenhanced long-term ratings of the Department have been rated “Aa2” (or its equivalent) by Moody’s and “AA” (or its equivalent) by S&P and Fitch (referred to herein as the “*Rating Documentation*”).

(f) *Ratings of Bank Note.* The Bank shall have received satisfactory evidence that the Bank Note (and its related CUSIP number) shall have been assigned a long-term rating of at least investment grade by at least one Rating Agency.

(g) *Excess Amount and Notice of Termination Acknowledgments.* The Bank shall have received executed copies of (A) a letter, dated the Effective Date, from the Department to the Issuing and Paying Agent, substantially in the form of *Exhibit H* hereto, and (B) a letter, dated the Effective Date, from the Issuing and Paying Agent to the Bank, substantially in the form of *Exhibit I* hereto.

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

(i) *Legality; Material Adverse Change.* The Bank shall have determined (in its sole discretion) that (i) none of the making of any Liquidity Advances or the consummation of any of the transactions contemplated by the Resolutions, the Issuing and Paying Agreement, the Commercial Paper Notes, the Bank Note, this Agreement or the Fee Letter will violate any law, rule, guideline or regulation applicable to the Department, the Bank, this Agreement or any other Related Document and (ii) there has been no material adverse change in the laws, rules or regulations (or their interpretation or administration) that, in any case, may adversely affect the consummation of the transactions contemplated hereby or by any Related Document.

*Section 5.02. Conditions Precedent to Making of Liquidity Advances.* The obligation of the Bank to make Liquidity Advances hereunder on any date is subject to the satisfaction of the following conditions, unless waived in writing by the Bank:

(a) No Immediate Termination Event shall have occurred and no Suspension Event shall have occurred and be continuing; and

(b) The Bank shall have timely received the applicable Notice of Borrowing as provided in Section 2.02(a) hereof; *provided* that, if a Notice of Borrowing is not received in a timely manner, the Bank will be obligated to make the Liquidity Advance requested therein on the Business Day following receipt thereof.

In addition, the Bank shall have no obligation to make a Liquidity Advance to the Department to pay the principal amount of any Commercial Paper Note that was issued by the Department after receipt by the Issuing and Paying Agent and the Department of a Non-Issuance Instruction. The making of each Liquidity Advance hereunder shall be deemed to be a representation and warranty by the Department on the date of such borrowing that no Immediate Termination Event or Suspension Event shall have occurred and be continuing.

*Section 5.03. Post Closing Agreements.* Prior to the initial issuance of Commercial Paper Notes, the Department shall prepare, or shall cause to be prepared, an Offering Memorandum. In connection therewith, upon not less than three (3) Business Day's written request of the Department the Bank shall deliver to the Department or the Dealers for inclusion in the Offering Memorandum a summary description of the Bank and a summary of this Agreement. Upon the initial issuance of Commercial Paper Notes, the Department shall cause Nixon Peabody, LLP to deliver to the Bank a reliance letter addressed to the Bank and dated the date of the initial issuance of the Commercial Paper Notes which reliance letter shall permit the Bank to rely on the final opinion of Nixon Peabody, LLP delivered to the Department in connection with the initial issuance of the Commercial Paper Notes. Upon the initial issuance of Commercial Paper Notes, the Bank shall cause Chapman and Cutler LLP to deliver to the Department and the Dealers a letter addressed to the Department and the Dealers and dated the date of the initial issuance of the Commercial Paper Notes to the effect that the summary description of this Agreement included in the Offering Memorandum is accurate in all material respects as of the date of such opinion. Upon the initial issuance of Commercial Paper Notes, the Bank shall deliver to the Department (i) a certificate of the Bank dated the date of the initial issuance of the Commercial Paper Notes to the effect that the summary description of the Bank included in the Offering Memorandum is accurate in all material respects as of such date and (ii) a certificate of the Bank dated the date of the initial issuance of the Commercial Paper Notes addressing certain customary factual matters in order to assist the Department in concluding that this Agreement is a "qualified guarantee," as defined in Treas. Reg. Sec. 1.148-4(f). Upon the initial issuance of Commercial Paper Notes, the Department shall deliver to the Bank a certificate of the Department dated the date of the initial issuance of the Commercial Paper Notes to the effect that the information contained in the Offering Memorandum was as of the date thereof, and is as of the date of the initial issuance of the Commercial Paper Notes, correct in all material respects and did not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements made in the Offering Memorandum, as of its date and as of the date of the initial issuance of the Commercial Paper Notes and in light of the circumstances under which they were made, not misleading; *provided, however*, the Department may exclude from such certificate information in the Offering Memorandum describing this Agreement, the Bank and the book-entry only system.

## ARTICLE VI

### COVENANTS

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

(a) *Notice of Default.* As promptly as practical after the date the Department shall have obtained knowledge of the occurrence of either an Event of Termination or a Potential Event of Termination or breach of this Agreement or any breach, default or event of default of or under any other Related Document, provide notice of the same to the Bank and, in each case, provide to the Bank the written statement of the Department setting forth the details of each such event and the action which the Department proposes to take with respect thereto.

(b) *Annual Reports; Semi-Annual Reports; Monthly Statements; Budgets.*

(i) *Annual Reports.* Within two hundred and forty (240) days after the end of each fiscal year of the Department, provide to the Bank audited financial statements consisting of a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows of the Department, including the 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 Generally Accepted Accounting Principles consistently applied and accompanied by a certification from the Chief Financial Officer or the Director of the Debt Management Division in the form of Exhibit G hereto. Within one hundred and eighty (180) days after the end of each fiscal year of the Department, provide to the Bank unaudited financial statements consisting of a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows of the Department, including the Revenues for such fiscal year, setting forth in comparative form the corresponding figures (if any) for the preceding fiscal year, all in reasonable detail, and accompanied by a certification from the Chief Financial Officer or the Director of the Debt Management Division of the Department in the form of Exhibit G hereto.

(ii) *Quarterly Financial Statements.* As soon as available, and in any event within sixty (60) days after each September 30, December 31 and March 31, provide to the Bank the unaudited financial statements of the Department including a statement of net assets and a statement of revenues, expenses and changes in net assets of the Department, all in reasonable detail and accompanied by a certification from the Chief Financial Officer or the Director of the Debt Management Division of the Department addressed to the Bank stating that



neither an Event of Termination nor a Potential Event of Termination has occurred which was continuing at the end of such three-month period or on the date of the certification, or, if such an event has occurred and was continuing at the end of such three-month period or on the date of the certification, indicating the nature of such event and the action which the Department proposes to take with respect thereto.

(iii) *Budget.* Upon the Bank's request, provide to the Bank, as soon as available and in any event within thirty days after approval, a copy of the annual budget of the Department containing an estimate of expenditures and anticipated revenues for such fiscal year; *provided that*, in the event the annual budget of the Department will not be posted on the Department's website within thirty days after approval, provide to the Bank, as soon as available and in any event within thirty days after approval, a copy of the annual budget of the Department containing an estimate of expenditures and anticipated revenues for such fiscal year.

(c) *Offering Circulars and Material Event Notices.* (A) Within ten (10) days after the issuance of any securities by the Department with respect to which a final official statement or other offering circular has been prepared by the Department, (1) provide the Bank with a copy of such official statement or offering circular or (2) provide the Bank with notice that such information has been filed with EMMA and is publicly available; and (B) during any period of time the Department is subject to continuing disclosure requirements under Rule 15c2-12 promulgated pursuant to the Securities Exchange Act of 1934, as amended (17 C.F.R. Sec. 240-15c2-12), or any successor or similar legal requirement, immediately following any dissemination, distribution or provision thereof to any Person, (1) provide the Bank with a copy of any reportable event notice disseminated, distributed or provided in satisfaction of or as may be required pursuant to such requirements or (2) provide the Bank with notice that such information has been filed with EMMA and is publicly available.

(d) *Notice of Adverse Change.* Notify the Bank as soon as possible after the Chief Financial Officer or the Director of the Debt Management Division of the Department acquires knowledge of the occurrence of (i) the filing of a complaint against the Department 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 Revenues, (ii) 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 or (iii) any other event which, in the reasonable judgment of the Department, is likely to have a Material Adverse Effect. Notify the Bank as soon as possible of any amendments or modifications to the Bond Enabling Laws or any other legislation of which the Department has actual knowledge which may materially adversely impact upon the Revenues or the Department's ability to perform its obligations under the Commercial Paper Notes or the other Related Documents. Notify the Bank of any resignation of any dealer immediately upon receiving notice of such resignation.

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

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

(g) *Further Assurances.* Take any and all actions necessary or reasonably requested by the Bank to (i) perfect and protect, any lien, pledge or security interest or other right or interest given, or purported to be given to the Bank or any other Person under or in connection with the Related Documents, (ii) enable the Bank to exercise or enforce its rights under or in connection with this Agreement and the Fee Letter or (iii) enable the Bank to assign or pledge the Bank Note to any Federal Reserve Bank. At any time, and from time to time, upon request by the Bank, the Department will, at the Department's expense, correct any defect, error or omission which may be discovered in the form or content of any of the Related Documents or protect the Bank's rights with respect to the Revenues or its security under the Related Documents or hereunder. At all times, the Department will defend, preserve and protect the pledge of certain funds pursuant to Section 4.11 hereof and the Related Documents and all the rights of the Bank hereunder and under the Indenture against all claims and demands of all Persons whatsoever.

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

(i) *Dealer.* The Department will not, without the prior written consent (not to be unreasonably withheld) of the Bank, appoint or permit the appointment of a successor Dealer for Commercial Paper Notes secured by this Agreement. The Department shall at all times maintain a Dealer or Dealers for Commercial Paper Notes secured by this Agreement. The Department agrees to cause each Dealer to use its best efforts to sell Commercial Paper Notes up to the maximum rate applicable to Commercial Paper Notes in order to repay maturing Commercial Paper Notes. If any Liquidity Advance remains outstanding for a period of thirty (30)

consecutive Business Days or if any Dealer for Commercial Paper Notes secured by this Agreement fails to perform its obligations under its Dealer Agreement, then the Department agrees, at the written request of the Bank, to cause such Dealer to be replaced with a Dealer reasonably satisfactory to the Bank. Any Dealer Agreement with a successor Dealer for Commercial Paper Notes secured by this Agreement shall provide that (a) such Dealer may resign upon at least sixty (60) days prior written notice to the Department, the Issuing and Paying Agent and the Bank, and (b) such Dealer shall use its best efforts to sell the Commercial Paper Notes without regard to the Liquidity Advance Rate up to the maximum rate as required under the Related Documents.

(j) *Substitute Liquidity Facility; Refinance or Refund.* (1) The Department agrees to use its commercially reasonable efforts to obtain a Substitute Liquidity Facility to replace this Agreement or to refinance or refund the Commercial Paper Notes with Parity Obligations in the event (i) the Bank shall determine not to extend the Stated Expiration Date, (ii) the Bank shall reduce the Commitment Amount in accordance with Section 7.02(c) hereof, (iii) the long-term unenhanced ratings assigned to any Parity Obligations shall fall in the case of S&P and Fitch, below “A-” (or its equivalent) and in the case of Moody’s, below “A3” (or its equivalent) or (iv) the Termination Date occurs, in each case such substitution, refinancing or refunding shall occur as soon as practicable after the occurrence of the event giving rise to the obligation to substitute, refinance or refund.

(2) The Department agrees that, as a condition to the effectiveness of any Substitute Liquidity Facility for this Agreement, the issuer of the Substitute Liquidity Facility or the Department will provide funds, to the extent necessary, in addition to other funds available, on the date the Substitute Liquidity Facility becomes effective for the satisfaction of the principal of, and interest on, all Liquidity Advances. On such date, the Department shall pay in full all other fees and amounts due under this Agreement, under the Fee Letter and under the Bank Note due to the Bank (including the Excess Interest to the extent permitted by law and unpaid interest thereon). The Department shall not permit a Substitute Liquidity Facility to become effective with respect to less than all of the Commercial Paper Notes without the prior written consent of the Bank.

(k) *Issuing and Paying Agent.* The Department, without the prior written consent of the Bank, which consent shall not be unreasonably withheld, conditioned or delayed, shall not take any action or refrain from taking any action that results in a change of the Issuing and Paying Agent.

(l) *Incorporation of Covenants.* The covenants of the Department set forth in each of the Related Documents to which the Department is a party are hereby incorporated by reference in this Agreement for the benefit of the Bank. To the extent that any such incorporated provision permits any Person to waive compliance with or consent to such provision or requires that a document, opinion, report or other instrument or any event or condition be acceptable or satisfactory to any Person, for purposes of this Agreement, such compliance shall be waived, or such provision shall be consented to, only if it is waived or consented to, as the case may be, by the Bank and such document, opinion, report or other instrument shall be acceptable or satisfactory to the Bank. No amendment to such covenants (or the defined terms relating thereto)

made pursuant to the 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 Bank.

(m) *Waiver of Sovereign Immunity.* The Department hereby agrees not to assert the defense of any future right of sovereign immunity in any legal proceeding to enforce or collect upon the obligations of the Department under Related Documents or the transactions contemplated hereby and thereby.

(n) *Credit Facilities.* (i) In the event that the Department shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement, which Bank Agreement provides such Person with additional or more restrictive covenants and/or additional or more restrictive events of default (excluding any additional or more restrictive event of default under any Bank Agreement the remedy for which is in an immediate termination or suspension of the obligations of the related liquidity provider) (collectively, the “*Additional Rights*”) than are provided to the Bank in this Agreement, then, upon the occurrence 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 Bank 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 Bank shall have the benefits of such Additional Rights only from and after the occurrence of an event of default under the related Bank Agreement caused by the Additional Rights or a failure by the Department to comply with such Additional Rights. The Department shall promptly, upon the occurrence of an event of default (without regard to a waiver of such event of default) under the related Bank Agreement caused by such Additional Rights or a failure by the Department to comply with such Additional Rights, enter into an amendment to this Agreement to include such Additional Rights, *provided* that the Bank shall maintain the benefit of such Additional Rights even if the Department fails to provide such amendment. If no other Provider shall have the benefit of such Additional Rights, this Agreement shall automatically no longer contain the Additional Rights and the Bank shall no longer have the benefits of any of the Additional Rights. Notwithstanding anything to the contrary set forth in this Agreement, the obligations of the Bank hereunder may not be immediately terminated or suspended other than as a result of an Immediate Termination Event or a Suspension Event (in each case, as such terms are defined as of the Effective Date or as amended pursuant to any amendment hereto and, in connection with such amendment, the then-current ratings on the Commercial Paper Notes have been confirmed by each Rating Agency then rating the Commercial Paper Notes).

(ii) In the event that the Department shall enter into or otherwise consent to any Bank Agreement, which such Bank Agreement provides for any term or provision which permits any outstanding advance, loan or drawing to be amortized over a period shorter than the Term-Out Period (such shorter amortization period, the “*Shorter Amortization Period*”), this Agreement shall automatically be deemed to be amended such that the Term-Out Period shall be the Shorter Amortization Period. Upon the occurrence of the conditions set forth in the immediately preceding sentence, the Department shall promptly enter into an amendment to this Agreement such that the Term-Out Period equals the Shorter Amortization Period, *provided* that the Term-Out Period shall equal the Shorter Amortization Period regardless of whether this

Agreement is amended. If the Department shall amend the Bank Agreement such that no other Provider shall have the benefit of a Shorter Amortization Period less than the Term-Out Period, then, without the consent of the Bank, the Term-Out Period shall once again equal the period provided in Section 3.02(c) hereof.

(o) *Revenues; Budget and Appropriation.* The Department covenants and agrees that it shall take any and all action necessary such that Revenues in each fiscal year shall equal an amount at least sufficient to satisfy the respective provisions of the Related Documents. To the extent required by California law or any Related Document, the Department shall cause the appropriate Department official to take any and all actions that may be necessary to facilitate the payment of all obligations under this Agreement and to include such obligations in the Department's budget and included in an appropriations request.

(p) *Maintenance of Ratings.* (1) The Department covenants and agrees that it shall at all times use reasonable efforts to maintain (i) at least two short-term ratings on the Commercial Paper Notes by any Rating Agency, and (ii) at least two unenhanced long-term ratings on any one or more series of the Parity Obligations by any Rating Agency.

(2) The Department covenants and agrees that it shall at all times maintain (i) at least one short-term rating on the Commercial Paper Notes by any Rating Agency, and (ii) at least one unenhanced long-term rating on any one or more series of the Parity Obligations by any Rating Agency.

(q) *Use of Proceeds.* The Department shall (i) cause the proceeds from any Liquidity Advance made hereunder to be used solely to pay the principal of maturing Commercial Paper Notes as more fully described in Article III hereof and (ii) use the proceeds of the Commercial Paper Notes solely for the purposes set forth in the Issuing and Paying Agent Agreement.

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

(s) *Maintenance of Existence.* The Department shall preserve and maintain (i) its existence as a department of the City and a public entity duly established and existing under the laws of the State of California, and (ii) its rights, franchises and privileges material to the conduct of its business as from time to time being conducted.

(t) *Bank Note CUSIP and Rating.* Upon the request of the Bank, the Department will (i) promptly obtain a CUSIP number from Standard and Poor's CUSIP Services for the Bank Note and (ii) at its own expense, use its best efforts to obtain within thirty (30) days of such request, a long term rating of at least Investment Grade for the Bank Note (and its related CUSIP number) from any Rating Agency.

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

(a) *Compliance With Laws, Etc.* Violate any laws, rules, regulations, or governmental orders to which it is subject and of which it is aware after diligent inquiry, which violation involves a reasonable likelihood of causing a Material Adverse Effect.

(b) *Amendments.* Without the prior written consent of the Bank, (i) consent or agree to or permit any rescission of or amendment to any Related Document which would reduce or impair the amount or collection of the Revenues or which would in any manner materially impair or materially adversely affect the security of the Related Documents; or (ii) agree to the amendment of any Related Document such that payments to holders of Commercial Paper Notes are impaired or reduced or the priority of the obligations of the Department under any Related Document or to the Bank hereunder or under the Fee Letter is adversely affected in any way; or (iii) agree to any amendment of any Related Document whatsoever which could reasonably be expected to materially and adversely affect the rights, interests, security or remedies of the Bank or result in a Material Adverse Effect; *provided* no consent shall be required or impairment deemed or adverse affect assumed from the issuance of additional Commercial Paper Notes or Parity Obligations in accordance with the any Related Document.

(c) *Swap Termination Payments.* In no event will the Department permit any Lien on any portion of the Revenues securing any termination payment pursuant to any Swap Contract to be pari passu with or senior to the lien on Revenues securing the Bank Note, the Liquidity Advances and the other obligations of Department hereunder or under the Fee Letter. The Department shall not enter into any Swap Contract relating to Indebtedness secured by Revenues which requires the Department to post collateral to secure its obligations thereunder.

(d) *Certain Information.* The Department shall not include in an offering document for the Commercial Paper Notes any information concerning the Bank that is not supplied in writing, or otherwise consented to in writing, by the Bank expressly for inclusion therein.

(e) *Additional Parity Obligations.* Promptly, but in no event later than five days after the issuance and delivery of any additional debt which would constitute a “Parity Obligation” as defined in the Issuing and Paying Agent Agreement, deliver to the Bank a certificate of the Chief Financial Officer of the Department to the effect that the issuance of such additional debt is permitted by the terms of Section 5.09 of the Issuing and Paying Agent Agreement, which certificate shall attach copies of the calculations demonstrating compliance with such provisions as well as the reports of the independent certified public accountant and/or independent financial consultant described in Section 5.09 of the Issuing and Paying Agent Agreement.

(f) *Liens.* The Department shall not create or suffer to be created any pledge of or lien on the Revenues, other than the pledge provided for in the Related Documents for Parity Obligations and in Section 4.11 of this Agreement [**and in the Other Credit Agreement**], and as expressly provided for in or permitted by the Related Documents.

(g) *No Different or More Restrictive Immediate Termination or Suspension Events.* The Department shall not, directly or indirectly, enter into or otherwise consent to any Bank Agreement, which Bank Agreement provides the counterparty thereto with additional or more restrictive events of default the remedy for which is in an immediate termination or suspension of the obligations of the related liquidity provider than are provided to the Bank in this Agreement without the prior written consent of the Bank.

(h) *Tax Exemption.* The Department shall not take any action or omit to take any action which, if taken or omitted, would adversely affect the tax-exempt status of the Commercial Paper Notes that purport to be so exempt.

(i) *No Senior Obligations.* The Department shall not issue Indebtedness payable from or secured by a lien on Revenues senior to the lien on such Revenues securing the Parity Obligations (including, without limitation, the obligation of the Department to repay any Liquidity Advance or the Bank Note).

## ARTICLE VII

### EVENTS OF TERMINATION; REMEDIES

*Section 7.01. Events of Termination.* Each of the following shall constitute an “Event of Termination” under this Agreement:

(a) Any failure to pay principal of or interest on any Liquidity Advance (other than payments of principal of and/or interest on the Bank Note or any Liquidity Advances due solely as a result of acceleration caused by the Bank hereunder) when due; or

(b) (i) The City or the Department shall commence a voluntary case or other proceeding seeking liquidation, reorganization, arrangement, adjustment, winding-up, dissolution, composition or other similar relief with respect to the Department or the indebtedness of the Department 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 the Department or a substantial part of the property and assets that generate or that are used to generate Revenues, (ii) the City or the Department shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, (iii) the City or the Department shall make a general assignment of the property and assets that generate or that are used to generate Revenues for the benefit of creditors, (iv) the City or the Department shall admit, in writing, the inability of the Department to pay its indebtedness as it becomes due, (v) the Department becomes insolvent within the meaning of Section 101(32) of the Bankruptcy Code, or (vi) the City or the Department take any official action to authorize any of the foregoing; or

(c) Any of the following shall occur with respect to the City or the Department: (i) an involuntary case or other proceeding shall be commenced against the

City or the Department, as the case may be, seeking liquidation, reorganization or other relief with respect to the Department or the debts of the Department 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 the property and assets that generate or that are used to generate Revenues and such case shall not be dismissed within ninety (90) days, (ii) an order for relief shall be entered against the City 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 that encompasses or negatively impacts the property and assets that generate or that are used to generate Revenues, (iii) an order for relief shall be entered against the Department 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 (iv) 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 Department shall be declared or imposed pursuant to a finding or ruling by the Department, the City, the United States of America, the State, any instrumentality thereof or any other Governmental Authority of competent jurisdiction over the Department; or

(d) The occurrence of (i) an Incipient Invalidity Event, or (ii) an Invalidity Event; or

(e) Each of Moody's, S&P and Fitch either (i) withdraw or suspend a Rating for credit related reasons or (ii) reduce a Rating, in the case of S&P and Fitch, below "BBB-" (or its equivalent) and in the case of Moody's, below "Baa3" (or its equivalent); or

(f) The existence of one or more final, nonappealable judgments against the Department for the payment of money payable out of Revenues ranking senior to or on a parity with the Liquidity Advances and not covered by insurance, the operation or result of which, individually or in the aggregate, equals or exceed \$15,000,000, and such judgment, attachment or levy shall not have been vacated or discharged or remains unpaid (or, if such judgment, attachment or levy is to be paid over time, any scheduled payment is not made when due) or unbonded (by property other than any of the Revenues) for a period of sixty (60) days unless the Department is in compliance with the terms of such judgment, attachment or levy;

(g) Any Parity Obligation shall not be paid when and as the same shall become due and payable (whether by scheduled maturity, required redemption or acceleration (other than due solely as a result of acceleration caused by the Bank hereunder)); any default in payment of principal or interest shall occur under any Parity Obligation (other than due solely as a result of acceleration caused by the Bank hereunder) or under any indenture, agreement or other instrument pursuant to which any such Parity Obligation was issued (other than due solely as a result of acceleration caused by the Bank hereunder) and such default in payment shall continue for a period of time sufficient to permit the acceleration of the maturity of any such Parity Obligation (whether or not any such Parity Obligation is in fact accelerated); or



(h) Any material representation or warranty made by the Department under or in connection with this Agreement (including without limitation representations and warranties incorporated herein by reference) shall prove to be untrue in any material respect on the date as of which it was made or deemed made; or

(i) Non-payment of any amounts payable under the Fee Letter (together with interest thereon at the Default Rate) within five (5) days after the Issuing and Paying Agent and the Department have received written notice from the Bank that the same were not paid when due; or

(j) Non-payment of any other fees or amounts payable under this Agreement (together with interest thereon at the Default Rate) within five (5) days after written notice thereof to the Department and the Issuing and Paying Agent by the Bank; or

(k) The breach by the Department of any of the terms or provisions of Section 6.01(a), (i), (j)(2), (m), (o), (p)(2), (q), (s) or (t) or Section 6.02(b), (c), (d), (f), (g) or (i) hereof; or

(i) The breach by the Department of any material terms or provisions of this Agreement (other than breaches addressed in Section 7.01(a), (h), (i), (j) or (k) hereof) which are not remedied within thirty (30) days after written notice thereof shall have been received by the Department and the Issuing and Paying Agent from the Bank; or

(ii) The occurrence of any event of default under the Issuing and Paying Agent Agreement (which is not waived pursuant to the terms thereof); or (ii) the occurrence of any event of default or termination under any of the Related Documents (which is not waived pursuant to the terms thereof) which is not otherwise described in this Section 7.01, other than the failure of the Bank to make Liquidity Advances when required by the terms and conditions of this Agreement; or

(l) Any lien created by this Agreement or the Issuing and Paying Agent Agreement in favor of the Issuing and Paying Agent or the Bank shall at any time for any reason (except as expressly permitted to be released by the terms of such governing document) not constitute a valid lien; or

(m) At any time, (i) the Commercial Paper Notes shall not have been assigned a short-term rating from at least one of Moody's, S&P or Fitch or (ii) the Bank Note shall not have been assigned at least one rating of at least investment grade from any Rating Agency; or

(n) Any provision of the Charter relating to the Department is repealed, reenacted, amended or otherwise modified (including, without limitation, by legislative or judicial action but excluding any such action pursuant to Charter amendments approved by the voters prior to the date of this Agreement) or any other legislation is

enacted, repealed, reenacted, amended or otherwise modified that could reasonably be expected to result in a Material Adverse Effect; or the Department's existence as a department of the City under the Charter shall terminate.

*Section 7.02. Remedies.* If any Event of Termination (without regard to any specified grace period) shall have occurred and be continuing:

(a) *Immediate Termination.* In the case of an Event of Termination specified in Section 7.01(a), (b), (c), (d)(ii), (e), (f) or (g) hereof (each, an "*Immediate Termination Event*"), the Commitment shall automatically and immediately terminate without notice or demand, and thereafter the Bank shall be under no obligation to make Liquidity Advances. Promptly upon the Bank obtaining knowledge of any Immediate Termination Event, the Bank shall give written notice of the same to the Issuing and Paying Agent and the Department; *provided* that, the Bank shall incur no liability or responsibility whatsoever by reason of its failure to give such notice, and such failure shall in no manner affect the termination of the Commitment and of its obligation to make Liquidity Advances. The Issuing and Paying Agent shall provide immediate notice of any Immediate Termination Event to the holders of the Commercial Paper Notes.

(b) *Suspension.* During the pendency of an Event of Termination specified in Section 7.01(c)(i) hereof (prior to the expiration of the ninety (90) day grace period specified in Section 7.01(c)(i) hereof) or Section 7.01(d)(i) hereof (each a "*Suspension Event*"), the Bank's Commitment to make Liquidity Advances shall be automatically and immediately suspended without notice or demand and thereafter the Bank shall be under no obligation to make Liquidity Advances. Promptly upon the Bank obtaining knowledge of any Suspension Event, the Bank shall give written notice of the same to the Issuing and Paying Agent and the Department; *provided* that, the Bank shall incur no liability or responsibility whatsoever by reason of its failure to give such notice, and such failure shall in no manner affect the suspension of the Commitment and of its obligation to make Liquidity Advances. The Issuing and Paying Agent shall provide immediate notice of any Suspension Event to the holders of the Commercial Paper Notes. If (A) a final, non-appealable judgment of a court having jurisdiction in the premises shall be entered declaring that (i) all contested provisions of all Bond Enabling Laws that impact the Department's ability or obligation to collect Revenues or the validity or enforceability of any Payment and Collateral Obligation, Commercial Paper Note, the Bank Note or any Liquidity Advance, (ii) all contested provisions of any Payment and Collateral Obligation, Commercial Paper Note, the Bank Note or any Liquidity Advance or any provision of any Bond Enabling Law that impacts the Department's ability or obligation to collect Revenues, and/or (iii) the pledge of and lien on the Revenues to secure the payment of principal and interest on the Commercial Paper Notes, the Bank Note or the Liquidity Advances, as applicable, are upheld in their entirety and/or (B) the case or other proceeding described in Section 7.01(c)(i) hereof is dismissed within ninety (90) days, the Commitment shall be automatically reinstated and the terms of this Agreement will continue in full force and effect (unless this Agreement shall otherwise have terminated or been suspended by its terms). If a Suspension Event becomes an Immediate

Termination Event (through expiration of the ninety (90) day grace period specified above or otherwise) the provisions of Section 7.02(a) hereof shall apply.

(c) *Ramp Down.* In the case of any Event of Termination, the Bank may (i) deliver a non-issuance instruction to the Issuing and Paying Agent in the form attached hereto as Exhibit F (each, a “*Non-Issuance Instruction*”); and/or (ii) reduce the Commitment Amount to an amount equal to the sum of the principal amount of Commercial Paper Notes then outstanding and the amount of interest that will be due and payable upon such outstanding Commercial Paper Notes at maturity.

(d) *Acceleration.* Except as provided in this Section 7.02(d), the Bank shall not, upon the occurrence and continuance of an Event of Termination, have the right or remedy to accelerate or declare any principal and interest under the Bank Note or any Liquidity Advance to be immediately due and payable. In the case of any Event of Termination that is also an “event of default” under any Parity Revenue Bond Indenture, the Bank may by notice to the Department declare all amounts payable hereunder and under the Fee Letter (including but not limited to principal of and interest on all Liquidity Advances) immediately due and payable, whereupon the same shall become immediately due and payable without demand, notice of demand, presentment, protest, notice of protest, notice of dishonor, notice of non-payment or further notice of any kind, all of which are hereby expressly waived by the Department; *provided, however*, that upon the occurrence of any Event of Termination specified in Section 7.01(b) or (c) above that is also an “event of default” under any Parity Revenue Bond Indenture, all amounts payable hereunder and under the Fee Letter (including but not limited to principal of and interest on all Liquidity Advances) shall automatically and immediately become and be due and payable without demand, notice of demand, presentment, protest, notice of protest, notice of dishonor, notice of non-payment or further notice of any kind, all of which are hereby expressly waived by the Department.

(e) *Other Remedies.* In addition to, and not by way of limitation of, the rights and remedies set forth in Section 7.02(a), (b), (c) and (d) hereof, in the case of any Event of Termination the Bank shall have all the rights and remedies available to it at law or equity. This subsection shall not limit the exercise of the Bank’s remedies expressly provided for under any other subsection of this Section 7.02.

## ARTICLE VIII

### MISCELLANEOUS

*Section 8.01. Other Matters.* No failure or delay on the part of the Bank in exercising any right, power or privilege hereunder or under the Fee Letter and no course of dealing shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which the Bank would otherwise have. No notice to or demand on the Department or any other party hereto in any case shall entitle the Department or

such other party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Bank to any other or further action in any circumstances without notice or demand. No provision of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the parties hereto. The Department shall give notice to the Rating Agencies of amendments to this Agreement to the extent required by the Issuing and Paying Agent Agreement. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; *provided, however*, that the Department may not assign or transfer any of its rights or obligations hereunder without the prior written consent of the Bank, and any assignment in contravention hereof shall be void. The Bank may assign to one or more banks or other entities (each an “*Assignee*” and collectively, “*Assignees*”) all or any part of any of its rights or obligations hereunder, including, without limitation, the Bank Note and the Liquidity Advances, and to the extent of any such assignment the Bank shall be relieved of its obligations hereunder and each Assignee shall have the same rights and benefits hereunder and under the Fee Letter and under the Bank Note, as it would have if it were the Bank hereunder; *provided, however*, that any such assignment by the Bank which would relieve the Bank of any of its duties or obligations hereunder shall not result in the withdrawal or reduction of the ratings assigned by S&P, Moody’s or Fitch to the Commercial Paper Notes and, unless the intended assignee is an Affiliate of the Bank and the then-current ratings on the Commercial Paper Notes have been confirmed by S&P, Moody’s and Fitch, such assignment shall not be effected without the written consent of the Department (such consent not to be unreasonably withheld or delayed) and written notice to the Issuing and Paying Agent. Additionally, the Bank shall have the right at any time to sell, assign, grant or transfer participations (each a “*Participant*” and collectively, “*Participants*”) in all or part of its obligations hereunder and the obligations of the Department hereunder to any Participant without the consent of or notice to the Department, the Issuing and Paying Agent or any other party; *provided* that any participation shall not relieve the Bank from any of its obligations hereunder, and the Department and the Issuing and Paying Agent may deal exclusively with the Bank for all purposes of this Agreement, including the making of payment on Liquidity Advances, notwithstanding such participation. The Bank may disclose to any Participants or Assignees or prospective Participants or Assignees any information or other data or material in the Bank’s possession relating to any Related Documents and the Department without the consent of or notice to the Department.

*Section 8.02. Governing Law; Waiver of Jury Trial.* (a) This agreement shall be governed by, and construed in accordance with, the laws of the State of **[New York; *provided, however, the obligations of the Department hereunder shall be governed by the laws of the State of*** California.

(b) Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Agreement or any other Related Document or the transactions contemplated hereby or thereby (whether based on contract, tort or any other theory). If and to the extent the foregoing waiver of the right to a jury trial is unenforceable for any reason, the parties hereto hereby consent to the adjudication of any and all claims pursuant to judicial reference as provided in California Code of Civil Procedure Section 638, and the judicial referee shall be empowered to determine any and all issues in such reference whether fact or law.

Each party hereto acknowledges and represents that it and the other parties hereto have been induced to enter into this Agreement and the other Related Documents by, among other things, the mutual waivers and certifications in this Section, and that it has reviewed this waiver and consent, and knowingly and intentionally waives its jury trial rights and consents to judicial references following the opportunity to consult with legal counsel of its choice on such matters. In the event of litigation, a copy of this Agreement may be filed as a written consent to a trial by the court or to judicial reference under California Code of Civil Procedures Section 638 as provided herein.

(c) The waivers made pursuant to this Section 8.02 shall be irrevocable and unmodifiable, whether in writing or orally, and shall be applicable to any subsequent amendments, renewals, supplements or modifications of this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

*Section 8.03. Indemnification.* (a) To the extent permitted by applicable law, the Department agrees to indemnify and hold harmless the Bank from and against any and all claims, damages, losses, liabilities and reasonable costs or expenses (including, without limitation, reasonable attorneys' fees and expenses) whatsoever which the Bank may incur (or which may be claimed against the Bank by any person or entity whatsoever) by reason of or in connection with (i) the offering, issuance or sale of the Commercial Paper Notes (including, without limitation, by reason of any untrue statement or alleged untrue statement of any material fact contained in the Offering Memorandum (other than in connection with the description of the Bank or this Agreement therein) or in any supplement or amendment thereof, or the omission or alleged omission to state therein a material fact necessary to make such statements, in the light of the circumstances in which they are or were made, not misleading); (ii) the validity, sufficiency or genuineness of the Related Documents, the Offering Memorandum (other than in connection with the description of the Bank under the heading "The Bank" and this Agreement under the heading "The Credit Agreement") or any supplement or amendment thereof; or (iii) the execution and delivery of this Agreement and the Fee Letter, or the making of or the failure to make Liquidity Advances under this Agreement; *provided* that the Department shall not be required to indemnify the Bank for any losses, claims, damages, liabilities, costs and expenses to the extent that such losses, claims, damages, liabilities, costs and expenses were caused solely and directly by the willful misconduct or gross negligence of the Bank.

(b) To the extent permitted by law, the Department agrees to indemnify and hold the Bank harmless (on a net after-tax basis) from any present or future claim or liability for stamp, transfer, documentary, excise or other similar tax and any penalties or interest with respect thereto, which may be assessed, levied or collected by any Government Department in connection with the execution, delivery and performance of, or any payment made under, the Related Documents or any amendment thereto.

*Section 8.04. Obligations Absolute.* The payment obligations of the Department arising under this Agreement and the Fee Letter shall be paid and performed strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including, without limitation, the following circumstances:

- (a) any lack of validity or enforceability of all or any of the Related Documents;
- (b) any amendment or waiver of or any consent to or departure from all or any of the Related Documents;
- (c) any exchange, release or non-perfection of any collateral;
- (d) the existence of any claim, setoff, defense, or other right which the Department may have at any time against the Issuing and Paying Agent, any Dealer, the Bank (other than the defense of the payment to the Bank in accordance with the terms of this Agreement) or any other person or entity, whether in connection with the Related Documents or any unrelated transactions;
- (e) any certificate, notice or any other document presented under this Agreement proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any material respect whatsoever; or
- (f) any other circumstances or happening whatsoever, whether or not similar to any of the foregoing.

*Section 8.05. Liability of the Bank.* The Department and the Issuing and Paying Agent agree that the Bank shall have no liability or responsibility for the acts or omissions of any Dealer or the Issuing and Paying Agent in respect of the use of this Agreement or any amounts made available by the Bank hereunder. The Bank shall have no responsibility for, nor incur any liability in respect of, any act, or any failure to act, by the Issuing and Paying Agent which results in the failure of the Issuing and Paying Agent to pay the principal of, and interest on, maturing Commercial Paper Notes with funds provided by the Bank pursuant to Section 2.01(a) hereof or to comply with the applicable provisions of the Issuing and Paying Agent Agreement. Neither the Bank nor any of its officers or directors shall be liable or responsible for: (a) the use which may be made of this Agreement or any amounts made available by the Bank hereunder or for any acts or omissions of the Issuing and Paying Agent in connection therewith; (b) other than this Agreement and the Bank's execution and delivery thereof, the validity, sufficiency or genuineness of documents, or of any endorsement(s) thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged; or (c) any other circumstances whatsoever in making or failing to make payment under this Agreement, except only that the Department shall have a claim against the Bank and the Bank shall be liable to the Department to the extent of any direct, as distinguished from consequential, damages suffered by the Department when the Department proves in a final, nonappealable judgment that such direct damages were caused solely and directly by the Bank's willful failure to make Liquidity Advances when required under the terms and conditions of this Agreement or were caused by the gross negligence of the Bank.

*Section 8.06. Notice.* Any notice, demand, direction, request or other instrument authorized or required by this Agreement to be given to or filed with the Department, the Issuing and Paying Agent or the Bank shall be deemed to have been sufficiently given or filed, for all

purposes, when delivered by hand or when sent by registered mail, return receipt requested, postage prepaid; or, if given by facsimile transmission, when receipt is acknowledged by the individual or an authorized representative of the entity specified below; *provided* that any such notice, demand, direction, request or other instrument to the Bank shall be effective only when actually received by the Bank; *provided further*, that any notice by the Department required to be given hereunder or on which is conditioned any right or remedy shall be valid only if executed by a duly authorized representative of the Department:

If to the Department:      Port of Los Angeles  
   P.O. Box 151  
   San Pedro, CA 90733  
   Tax ID Number: [ ]  
   Attention:      Chief Financial Officer  
   Telephone:    [   ]  
   Facsimile:    [   ]

If to the Issuing and  
Paying Agent:     **[U.S. Bank National Association]**

\_\_\_\_\_  
\_\_\_\_\_  
Attention:    \_\_\_\_\_  
Telephone:    \_\_\_\_\_  
Facsimile:    \_\_\_\_\_

If to the Bank:     **[Bank]**

\_\_\_\_\_  
\_\_\_\_\_  
Attention:    \_\_\_\_\_  
Telephone:    \_\_\_\_\_  
Facsimile:    \_\_\_\_\_

With a copy to:     **[Bank]**

\_\_\_\_\_  
\_\_\_\_\_  
Attention:    \_\_\_\_\_  
Telephone:    \_\_\_\_\_  
Facsimile:    \_\_\_\_\_

*Section 8.07. Term of the Agreement.* The Bank's obligation to make Liquidity Advances under this Agreement shall be until the Termination Date; *provided* that the Department shall

still be responsible for the payment in full of the principal of and interest on all Liquidity Advances made by the Bank hereunder together with all other amounts due and owing to the Bank pursuant to this Agreement and the Fee Letter.

*Section 8.08. Survival.* All representations, warranties, covenants and agreements of the Department contained in this Agreement as amended or supplemented from time to time or made in writing in connection herewith shall survive the execution and delivery hereof and the making of Liquidity Advances by the Bank hereunder and shall continue in full force and effect until payment in full of all the obligations of the Department hereunder and under the Fee Letter, it being understood that the agreements of the Department found in Sections 2.04, 2.05 and 8.03 shall survive the termination of this Agreement and payment in full of such obligations.

*Section 8.09. Beneficiaries.* This Agreement is not intended and shall not be construed to confer upon any Person other than the parties hereto and their successors and permitted assigns and participants any rights or remedies hereunder.

*Section 8.10. Severability.* If any provision of this Agreement shall be held or deemed to be or shall in fact be illegal, inoperative or unenforceable, the same shall not affect any other provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

*Section 8.11. Counterparts.* This Agreement may be simultaneously executed in several counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

*Section 8.12. Complete and Controlling Agreement.* The Related Documents completely set forth the agreements between the Bank and the Department and fully supersede all prior agreements, both written and oral, between the Bank and the Department relating to the matters set forth in the Related Documents.

*Section 8.13. Contractual Interpretation.* The parties acknowledge that they have read and fully understand the terms of this Agreement, have consulted with such attorneys, accountants, advisors, or other professionals as they have deemed appropriate prior to executing this Agreement with adequate opportunity and time for review thereof, and are fully aware of its contents and of its legal effect. Accordingly, this Agreement shall not be construed against any party on the grounds that such party drafted this Agreement, rather, this Agreement shall be interpreted as though drafted equally by all parties.

*Section 8.14. USA Patriot Act.* (a) The Bank hereby notifies the Department that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 10756 (signed into law October 26, 2001)) (the "*Patriot Act*"), it is required to obtain, verify and record information that identifies the Department, which information includes the name and address of the Department and other information that will allow the Bank to identify the Department in accordance with the Patriot Act, and the Department hereby agrees to take any action necessary to enable the Bank to comply with the requirements of the Patriot Act. The Department shall, promptly following a request by the Bank, provide all documentation and other information that the Bank reasonably



requests in order to comply with its ongoing obligations under applicable law or regulation, including, without limitation, “know your customer” and anti-money laundering rules and regulations, including the Patriot Act, and shall comply, and cause any of its subsidiaries to comply, with all applicable Bank Secrecy Act (“BSA”) laws and regulations, as amended.

(b) The Department shall (i) ensure that no person who owns a controlling interest in or otherwise controls the Department is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control (“OFAC”), the Department of the Treasury or included in any Executive Orders, that prohibits or limits the Bank from making any advance or extension of credit to the Department or from otherwise conducting business with the Department and (ii) ensure that Liquidity Advances shall not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto.

*Section 8.15. Assignment to Federal Reserve Bank.* The Bank may assign and pledge all or any portion of the Bank Note and the obligations owing to it hereunder to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, *provided* that any payment in respect of such assigned obligations made by the Department to the Bank in accordance with the terms of this Agreement shall satisfy the Department’s obligations hereunder in respect of such assigned obligation to the extent of such payment. No such assignment shall release the Bank from its obligations hereunder.

*Section 8.16. Limited Obligations.* Notwithstanding anything herein to the contrary, the Department’s payment obligations hereunder are payable solely from Revenues and other sources available under the Issuing and Paying Agent Agreement in accordance with its terms.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed and delivered this Agreement, effective as of the day and year first above written.

**[BANK]**

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

HARBOR DEPARTMENT OF THE CITY OF LOS  
ANGELES

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

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

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

**EXHIBIT A**

**NOTICE OF BORROWING**

**[\$125,000,000]**

**HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES  
COMMERCIAL PAPER NOTES**

**[Bank]**

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

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

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

The undersigned, a duly authorized officer of **[U.S. Bank National Association]**, as issuing and paying agent (the “*Issuing and Paying Agent*”), hereby certifies to **[Bank]** (the “*Bank*”), in accordance with the Line of Credit Agreement, dated as of [\_\_\_\_\_], 2012 (the “*Agreement*”), among the Harbor Department of the City of Los Angeles, the Issuing and Paying Agent and the Bank (all capitalized terms herein having the meanings ascribed thereto in the Agreement), that:

1. Eligible Notes in an aggregate principal amount of \$\_\_\_\_\_ (the “*Maturing Notes*”) will mature on \_\_\_\_\_, \_\_\_\_ (the “*Maturity Date*”). The Maturity Date is a Business Day.

2. The interest due and payable on the Maturity Date on the Maturing Notes is \$\_\_\_\_\_.

3. [Rollover Notes will not be issued on or before the Maturity Date.] [Rollover Notes will be issued in an aggregate principal amount of \$\_\_\_\_\_ on or before the Maturity Date.] [*Insert only one of the preceding sentences.*]

4. A Liquidity Advance in the aggregate principal amount of \$\_\_\_\_\_ [*insert an amount equal to the sum of the amounts set forth in paragraphs 1 and 2 less the amount, if any, of the Rollover Note Proceeds set forth in paragraph 3*] is hereby requested. The proceeds of the Liquidity Advance should be made available to the Issuing and Paying Agent by no later than 2:30 p.m., New York City time, on the Maturity Date.

5. The amount in paragraph 4 does not exceed the Available Amount.
6. The Liquidity Advance is to be paid to the Issuing and Paying Agent as follows: *[insert payment instructions.]*
7. To the Issuing and Paying Agent's knowledge, no Immediate Termination Event has occurred and no Suspension Event has occurred and is uncured.

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this certificate as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

**[U.S. Bank National Association]**, as Issuing  
and Paying Agent

By \_\_\_\_\_

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

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

**EXHIBIT B**

**BANK NOTE**

Registered \_\_\_\_\_  
No. 1

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES  
BANK NOTE

Date of Original Issue: \_\_\_\_\_, 2012

Registered Owner: **[Bank]**

Principal Amount: \_\_\_\_\_

The Harbor Department of the City of Los Angeles (the "*Department*") acknowledges itself indebted to, and for value received, hereby promises to pay from Revenues or from the proceeds of Commercial Paper Notes to the Registered Owner specified above, or to such Registered Owner's registered assigns or personal representatives, at the Payment Account described in the Line of Credit Agreement, dated as of [\_\_\_\_], 2012 (the "*Credit Agreement*"), among the Department, **[U.S. Bank National Association]**, in its capacity as issuing and paying agent (together with any successor issuing and paying agent, the "*Issuing and Paying Agent*"), and **[Bank]**, the aggregate unpaid principal amount of all Liquidity Advances made to the Issuing and Paying Agent pursuant to the Credit Agreement together with interest on such amounts at the times and in the manner specified in the Credit Agreement. This Bank Note is prepayable at the times and in the manner specified in the Credit Agreement.

This Bank Note is one of a duly authorized issue of notes of the Department issued pursuant to Series 609 of the Los Angeles City Charter, the Charter implementation ordinance related to the procedures for issuance and sale of revenue bonds and other obligations by the Department and amending Sections 11.28.1 through 11.28.9 of Division 11, Chapter 1, Article 6.5 of the Los Angeles Administrative Code and Resolution No. 6021 of the Board of Harbor Commissioners of the City of Los Angeles, adopted August 22, 2001 and Resolution No. 09-6753 of the Board of Harbor Commissioners of the City of Los Angeles, adopted June 4, 2009 and an Issuing and Paying Agent Agreement dated as of July 1, 2009 as supplemented and amended (the "*Agreement*") between the Department and the Issuing and Paying Agent.

This Bank Note is payable from Revenues of the Department which have been pledged to the payment of this Bank Note and other Parity Obligations, as defined in the Credit Agreement, and from proceeds of Commercial Paper Notes and from no other source. This Bank Note does not constitute an obligation of the Department other than to pay from Revenues and does not constitute an obligation of the City of Los Angeles or any other public agency.

By acceptance of this Bank Note the Registered Owner consents to all the terms and conditions hereof, and of the Agreement, a copy of which is on file with the Department.

This Bank Note is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the office of the Issuing and Paying Agent in New York, New York but only in the manner, subject to the limitations and upon payment of the charges provided in the Agreement, and upon surrender and cancellation of this Bank Note. Upon such transfer a new Bank Note or Notes of authorized denominations and for the same aggregate principal amount will be issued to the transferees in exchange herefor.

The Department and the Issuing and Paying Agent may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal and interest due hereon and for all other purposes and neither the Department nor the Issuing and Paying Agent shall be affected by any notice to the contrary.

This Bank Note shall not be valid or become obligatory for any purpose until the certificate of registration hereon shall have been signed by the Issuing and Paying Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required by the Charter of the City of Los Angeles and the Agreement to exist, to have happened and to have been performed precedent to and in the issuance of this Bank Note, exist, have happened and have been performed in due time, form and manner as required by law, and that this Bank Note, together with all other indebtedness and obligations of the Department, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

IN WITNESS WHEREOF, the Harbor Department of the City of Los Angeles has caused this Bank Note, to be executed in its name by the facsimile signature of an authorized signatory.

HARBOR DEPARTMENT OF THE CITY OF LOS  
ANGELES

By: \_\_\_\_\_  
Authorized Signatory

**CERTIFICATE OF REGISTRATION**

This is the Bank Note described in the within-mentioned Agreement, which Bank Note has been registered on the date set forth below and is one of the Harbor Department of the City of Los Angeles Commercial Paper Notes.

Date of Registration:

**[U.S. BANK NATIONAL ASSOCIATION]**, Issuing  
and Paying Agent

By: \_\_\_\_\_  
Authorized Signatory



**EXHIBIT C**

**REQUEST FOR EXTENSION**

[\$[125,000,000]

Harbor Department of the City of Los Angeles  
Commercial Paper Notes  
[Subseries A-\_\_ (Exempt Facility AMT)]  
[Subseries B-\_\_ (Exempt Facility Non-AMT)]  
[Subseries C-\_\_ (Governmental Non-AMT)]  
[Subseries D-\_\_ (Taxable)]

[Date]

**[Bank]**

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

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

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

Ladies and Gentlemen:

Reference is made to the Line of Credit Agreement, dated as of [\_\_\_\_], 2012 (the “*Agreement*”), among the Harbor Department of the City of Los Angeles, **[U.S. Bank National Association]**, as issuing and paying agent (the “*Issuing and Paying Agent*”), and **[Bank]** (the “*Bank*”) (all capitalized terms herein having the meanings ascribed thereto in the Agreement).

The Department hereby requests, pursuant to Section 2.01(c) of the Agreement, that the Stated Expiration Date be extended to \_\_\_\_\_, 20\_\_. In connection therewith, we have enclosed with this request the following information:

1. The maximum authorized amount of Commercial Paper Notes that may be issued pursuant to the Issuing and Paying Agent Agreement;
2. A reasonably detailed description of any and all Events of Termination and/or Potential Events of Termination that have occurred and are continuing;
3. Confirmation that all representations and warranties of the Department as set forth in Article IV of the Agreement are true and correct as though made on the date hereof and that no Event of Termination or Potential Events of Termination has occurred and is continuing on the date hereof except as referenced in paragraph 2 above; and
4. Any other pertinent information previously requested by the Bank.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

The Bank is required to notify the Department of its decision with respect to this request within 60 days of the date of receipt hereof and related information. If the Bank fails to notify the Department of its decision within such 60-day period, the Bank shall be deemed to have rejected such request.

Very truly yours,

HARBOR DEPARTMENT OF THE CITY OF LOS  
ANGELES

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

**EXHIBIT D**

**NOTICE OF EXTENSION**

[\$125,000,000]

Harbor Department of the City of Los Angeles  
Commercial Paper Notes  
[Subseries A-\_\_ (Exempt Facility AMT)]  
[Subseries B-\_\_ (Exempt Facility Non-AMT)]  
[Subseries C-\_\_ (Governmental Non-AMT)]  
[Subseries D-\_\_ (Taxable)]

[Date]

Harbor Department of the City of Los Angeles  
P.O. Box 151  
San Pedro, CA 90733  
Attention: Chief Financial Officer

**[U.S. Bank National Association]**,  
as Issuing and Paying Agent

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

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

Re: Line of Credit Agreement, dated as of [\_\_\_\_\_], 2012 (the “*Agreement*”),  
among the Harbor Department of the City of Los Angeles, **[U.S. Bank National  
Association]**, as issuing and paying agent, and **[Bank]**

Dear Sir or Madam:

Pursuant to Section 2.01(c) of the aforementioned Agreement, we are pleased to inform you that approval has been received to extend the Stated Expiration Date. The new Stated Expiration Date shall be \_\_\_\_\_ and will become effective on \_\_\_\_\_. No further documentation is required to evidence the extension.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Please acknowledge receipt of this notice by signing and faxing such to me at \_\_\_\_\_.

Sincerely,

**[BANK]**

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

Received and Acknowledged:

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

Date \_\_\_\_\_

**EXHIBIT E**  
**LITIGATION**

**EXHIBIT F**

**NON-ISSUANCE INSTRUCTION**

[\$125,000,000]

Harbor Department of the City of Los Angeles  
Commercial Paper Notes  
[Subseries A-\_\_ (Exempt Facility AMT)]  
[Subseries B-\_\_ (Exempt Facility Non-AMT)]  
[Subseries C-\_\_ (Governmental Non-AMT)]  
[Subseries D-\_\_ (Taxable)]

[Date]

**[U.S. Bank National Association],**  
as Issuing and Paying Agent

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

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

Dear Sir or Madam:

Reference is made to (i) the Line of Credit Agreement, dated as of [\_\_\_\_\_], 2012 (the “*Agreement*”), among the Harbor Department of the City of Los Angeles (the “*Department*”), you in your capacity as issuing and paying agent (the “*Issuing and Paying Agent*”) and **[Bank]** (the “*Bank*”); and (ii) the Issuing and Paying Agent Agreement, dated as of July 1, 2009, as supplemented and amended (the “*Issuing and Paying Agent Agreement*”), between the Department and the Issuing and Paying Agent. All capitalized terms herein having the meanings ascribed thereto in the Agreement.

An Event of Termination has occurred under the Agreement. This notice is the Non-Issuance Instruction described in the Agreement. You are hereby instructed to cease issuing Commercial Paper Notes under Issuing and Paying Agent Agreement until such time, if any, as we have notified you in writing that (i) no Event of Termination is continuing; and (ii) you may resume issuing Commercial Paper Notes.

IN WITNESS WHEREOF, the Bank has executed and delivered this Non-Issuance Instruction as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

Sincerely,

**[Bank]**

By \_\_\_\_\_

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

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

**EXHIBIT G**

**FORM OF COMPLIANCE CERTIFICATE**

I, \_\_\_\_\_, do hereby certify that I am the \_\_\_\_\_ of the HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, a Department of the City of Los Angeles (the “*Department*”), and that, as such, I am duly authorized to execute and deliver this Compliance Certificate on the Department’s behalf pursuant to Section 6.1(b) of the Line of Credit Agreement, dated as of [\_\_\_\_\_], 2012, between the Department, [**U.S. Bank National Association**], in its capacity as Issuing and Paying Agent, and [**BANK**] (as the same may be amended, supplemented or otherwise modified from time to time, the “*Credit Agreement*”). Capitalized terms used herein which are not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

I hereby certify that, to the best of my knowledge:

1. All financial statements delivered herewith have been prepared in accordance with Generally Accepted Accounting Principles consistently applied (subject to year-end adjustments).

2. No Event of Termination or a Potential Event of Termination has occurred which was continuing as of \_\_\_\_\_, except as follows:

IN WITNESS WHEREOF, I have executed this Compliance Certificate on this \_\_\_ day of \_\_\_\_\_, 20\_\_.

Very truly yours,

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES

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



**EXHIBIT H**

**FORM OF LETTER FROM DEPARTMENT RE EXCESS FUNDS**

[Effective Date]

**[U.S. Bank National Association]**, as Issuing and Paying Agent

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

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

Ladies and Gentlemen:

We refer to the Issuing and Paying Agent Agreement, dated as of July 1, 2009, as supplemented and amended, between **[U.S. Bank National Association]**, as Issuing and Paying Agent, and the Harbor Department of the City of Los Angeles (the “Department”). The Department hereby instructs you to pay to **[Bank]**, as Bank (the “Bank”) under the Line of Credit Agreement, dated as of [\_\_\_\_], 2012, between the Bank and the Department (as amended and supplemented from time to time, the “Credit Agreement”), upon receipt by you of the proceeds from the sale of Commercial Paper Notes (as defined in the Credit Agreement) the Excess Amount (as defined in the Credit Agreement) in payment (or prepayment) of all or a portion of the principal of, and accrued interest on, outstanding Liquidity Advances made pursuant to the Credit Agreement, as set forth in Section 3.02(e) of the Credit Agreement.

This instruction may not be changed or revoked by the undersigned and shall be observed by you unless and until the Bank gives its written consent to any change or revocation hereof.

Very truly yours,

HARBOR DEPARTMENT OF THE CITY OF LOS  
ANGELES

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

**EXHIBIT I**

**FORM OF LETTER FROM ISSUING AND PAYING AGENT RE EXCESS FUNDS**

[Effective Date]

**[Bank]**

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

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

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

Ladies and Gentlemen:

As Issuing and Paying Agent under the Issuing and Paying Agent Agreement, dated as of July 1, 2009, as supplemented and amended, between **[U.S. Bank National Association]** as Issuing and Paying Agent (the "Paying Agent") and the Harbor Department of the City of Los Angeles (the "Department") (as supplemented and amended, the "Agency Agreement"), we hereby agree as follows:

1. In accordance with the Agency Agreement, and the instructions of the Department to us set forth in the letter of the Department to the undersigned dated the date hereof, a copy of which is attached hereto, we shall pay to you upon receipt by us of the proceeds from the sale of the Commercial Paper Notes (as defined in the Line of Credit Agreement, dated as of [\_\_\_\_], 2012, between **[Bank]** (the "Bank") and the Department (as amended and supplemented from time to time, the "Credit Agreement")) the Excess Amount (as defined in the Credit Agreement) in payment (or prepayment) of all or a portion of the principal of, and interest on, outstanding Liquidity Advances made pursuant to the Credit Agreement, as set forth in Section 3.02(e) of the Credit Agreement.

2. As provided in the Credit Agreement, we shall not issue any Commercial Paper Notes if we receive a Non-Issuance Instruction from the Bank.

Very truly yours,

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

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