

CREDIT AGREEMENT

between

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES

and

PNC BANK, NATIONAL ASSOCIATION

Dated as of \_\_\_\_\_, 2019

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## CREDIT AGREEMENT

THIS CREDIT AGREEMENT dated as of \_\_\_\_\_, 2019 (this “*Agreement*”), is entered into between the Harbor Department of the City of Los Angeles (the “*Department*”), a department of the City of Los Angeles, a public entity duly established and existing under the laws of the State of California (the “*City*”) and PNC Bank, National Association, a national banking association organized and existing under the laws of the United States of America, 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. 19-[\_\_\_\_\_] of the Board of Harbor Commissioners of the City of Los Angeles, adopted [\_\_\_\_\_] 2019 (the “*Resolution*”), the Department is authorized to obtain a revolving line of credit up to \$150,000,000 aggregate principal amount at any one time outstanding, pursuant to one or more credit agreements;

WHEREAS, the Department wishes to obtain a revolving line of credit (the “*Line of Credit*”) from the Bank hereunder and the Bank is willing, upon the terms and subject to the conditions set forth below, to provide the Line of Credit to the Department to finance or refinance, subject to the terms hereof, the costs of any Project (as defined herein), to pay Costs of Issuance (as defined herein) or for any other purpose permitted under the Indenture (as defined herein), the Resolution and hereunder;

WHEREAS, all obligations of the Department to repay the Bank for extensions of credit made by the Bank under the Line of Credit and to pay all other amounts payable to the Bank arising under or pursuant to this Agreement or the promissory notes to be issued to the Bank hereunder are created under and will be evidenced by this Agreement and such payment obligations and promissory notes and will be secured by a pledge of and lien on Revenues (as defined herein), all in accordance with the terms and conditions hereof.

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:

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

“*Advance*” means a Revolving Loan requested by the Department and made by the Bank under the Tax-Exempt Loan Commitment or the Taxable Loan Commitment, as applicable, and the terms hereof to finance or refinance, subject to the terms hereof, the costs of any Project, to pay Costs of Issuance or for any other purpose permitted under the Indenture, the Resolution and hereunder.

“*Advance Date*” means the date on which the Bank honors a Request for Advance and makes the funds requested available to the Department.

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

“*Agreement*” means this Credit Agreement, as the same may be amended, modified, supplemented or restated from time to time.

“*Alternate Source*” means another source selected by the Bank and commonly used by the Bank for transactions with other borrowers as an authorized information vendor for the purpose of displaying rates at which US dollar deposits are offered by leading banks in the London interbank deposit market.

“*Anti-Terrorism Laws*” has the meaning set forth in Section 4.22 hereof.

“*Approving Opinion*” means, with respect to any action relating to any or all Tax-Exempt Loans or any or all Tax-Exempt Term Loans, an opinion delivered by Bond Counsel to the effect that such action (i) is permitted by this Agreement and the other Related Documents and (ii) will not adversely affect the exclusion of interest on such Tax-Exempt Loans or Tax-Exempt Term Loans from gross income of the Bank for purposes of federal income taxation.

“*Assignee*” and “*Assignees*” each has the meaning set forth in Section 8.02 hereof.

“*Available Commitment*” means an initial amount equal to \$150,000,000 and thereafter such initial amount adjusted from time to time as follows: (a) downward in an amount equal to any Advance or any Revolving Loan in respect of such Advance made to the Department under the Tax-Exempt Loan Commitment and/or the Taxable Loan Commitment, as applicable; (b) upward in an amount equal to the principal amount of any Advance or Revolving Loan under the Tax-Exempt Loan Commitment and/or the Taxable Loan Commitment, as applicable, that is repaid or prepaid in the manner provided herein; (c) downward in an amount equal to any reduction thereof effected pursuant to Section 2.09 or 7.02(a)(i) hereof; and (d) downward to zero upon the expiration or termination of the Available Commitment in accordance with the terms hereof.

“*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 Notes*” means the Tax-Exempt Note, the Taxable Note and each Term Loan Note, each evidencing the Revolving Loans and Term Loans, respectively.

“*Bank Transferee*” has the meaning set forth in Section 8.02(e) hereof.

“*Bankruptcy Code*” means the United States 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 fluctuating per annum rate of interest equal to the greatest of (i) the Prime Rate, (ii) the Overnight Bank Funding Rate plus 0.50% and (iii) the Daily LIBOR Rate plus 1.00% so long as a Daily LIBOR Rate is offered, ascertainable and not unlawful. The Base Rate shall change at the time of any change in any component thereof effective on the date of such change.

“*Bond Counsel*” means Kutak Rock LLP or such other counsel of recognized national standing in the field of law relating to municipal bonds and the exemption from federal income taxation of interest thereon, appointed and paid by the Department and reasonably satisfactory to the Bank.

“*Bond Enabling Laws*” means (i) the Resolution, (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 adoption of the Resolution, and which are added to the definition of “*Bond Enabling Laws*” in the Resolution by resolutions supplemental to the Resolution.

“*Business Day*” means (i) for all purposes other than as set forth in clause (ii) below, any day except a Saturday, Sunday or any other day on which commercial banks in Los Angeles, California, Pittsburgh, Pennsylvania or New York, New York are authorized or required by law to close, and (ii) with respect to all notices and determinations in connection with the LIBOR Period Rate and/or LIBOR Periods, any day that is a Business Day described in clause (i) above and that is also a day for trading by and between banks in U.S. Dollar deposits in the London interbank deposit market.

“*Calculation Agent*” means the Bank or its permitted successors and assigns.

“*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 Act 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.

“*Commitment*” means the agreement of the Bank pursuant to Section 2.01 hereof to make Advances under the terms hereof for the account of the Department for the purpose of providing funds to finance or refinance, subject to the terms hereof, the costs of any Project, to pay Costs of Issuance or for any other purpose permitted under the Indenture, the Resolution and hereunder.

“*Commitment Expiration Date*” means \_\_\_\_\_, 2022, unless extended as provided herein.

“*Commitment Fee*” has the meaning set forth in Section 2.08(a) hereof.

“*Conversion Date*” means the date on which a Revolving Loan is converted to a Term Loan pursuant to Article III hereof.

“*Costs of Issuance*” has the meaning set forth in the Indenture.

“*Credit Event of Default*” means any of those Events of Default set forth in Section 7.01(a), (b), (c), (d), (g), (j)(i)(A) or (k) hereof.

“*Daily LIBOR Rate*” means, for any day, the rate per annum determined by the Bank by dividing (x) the Published Rate by (y) a number equal to 1.00 minus the LIBOR Reserve Percentage on such day. Notwithstanding the foregoing, if the Daily LIBOR Rate as determined above would be less than zero (0.00), such rate shall be deemed to be zero (0.00) for purposes of this Agreement.



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

“*Default Rate*” means a 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.

“*Designated Representative*” means those individuals appointed as Designated Representatives under the Resolution and any other resolution of the Board of Harbor Commissioners of the City of Los Angeles and who has been identified in the Department’s incumbency certificate delivered to the Bank pursuant to Section 5.01(b)(iii) hereof or whose signature has otherwise been certified to the Bank.

“*Determination of Taxability*” means and shall be deemed to have occurred on the first to occur of the following:

(i) on the date when the Department files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

(ii) on the date when the Bank has received written notification from the Department, supported by a written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax-exempt municipal finance, to the effect that an Event of Taxability has occurred;

(iii) on the date when the Department shall be advised in writing by the Commissioner of the Internal Revenue Service or any District Director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that a statutory notice of deficiency, or a document of substantially similar import, based upon filings of the Department, or upon any review or audit of the Department or upon any other ground whatsoever, has been issued due to an Event of Taxability; or

(iv) on the date when the Department shall receive notice from the Bank that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of the Bank the interest on any Tax-Exempt Loan or a Tax-Exempt Term Loan due to the occurrence of an Event of Taxability;

*provided, however,* no Determination of Taxability shall occur under subparagraph (iii) or (iv) above unless the Department has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if

made, has been finally determined after taking into account any permitted appeals; *provided further, however*, that upon demand from the Bank, the Department shall promptly reimburse the Bank for any payments, including any taxes, interest, penalties or other charges, the Bank shall be obligated to make as a result of the Determination of Taxability.

“*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 requests, statutes, rules, guidelines or directives enacted, adopted, issued or promulgated thereunder or in connection therewith.

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

“*Effective Date*” means \_\_\_\_\_, 2019, subject to the satisfaction or waiver by the Bank of all of the conditions precedent set forth in Section 5.01 hereof.

“*EMMA*” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system and any successor thereto.

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

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

“*Event of Default*” means any event or circumstance specified in Section 7.01 hereof.

“*Event of Taxability*” means a change in law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Department, or the failure to take any action by the Department, or the making by the Department of any misrepresentation herein or in any certificate required to be given in connection with this Agreement), which has the effect of causing interest paid or

payable on any Tax-Exempt Loan or any Tax-Exempt Term Loan, as applicable, to become includable, in whole or in part, in the gross income of the Bank for federal income tax purposes, other than for a period during which the Bank is or was a “*substantial user*” of the Projects financed or refinanced from proceeds of a Private Activity Loan or a “*related person*” for purposes of Section 147(a) of the Code, or which causes the withdrawal of the opinion of Bond Counsel as to the exclusion of interest paid on any Tax-Exempt Loan or Tax-Exempt Term Loan, as applicable, from the gross income of the Bank, without a replacement opinion being delivered which is in the form and substance satisfactory to the Bank. An Event of Taxability does not include any event, condition or circumstance which results in interest on any Private Activity Loan or Tax-Exempt (Private Activity) Term Loan being an item of tax preference subject to the federal alternative minimum tax, or any other tax consequences which depend upon the Bank’s particular tax status.

“*Excess Interest*” has the meaning set forth in Section 2.12(b) hereof.

“*Executive Order*” has the meaning set forth in Section 4.22 hereof.

“*Fitch*” means Fitch Ratings, Inc., or if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized statistical rating organization 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.

“*Governmental Loan*” means a Tax-Exempt Loan, the interest on which is not included in the gross income of the holder of such Revolving Obligation for federal income tax purposes, and the proceeds of which are used to finance or refinance a Governmental Project.

“*Governmental Project*” has the meaning set forth in the Indenture.

“*Gross Commitment*” means \$150,000,000 less any permanent reduction of such amount pursuant to Section 2.09 or Section 7.02(a)(i) hereof.

“*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.

“*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, any Bank Note, any Advance, any Revolving Loan or any Term Loan 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, any Bank Note, any Advance, any Revolving Loan or any Term Loan 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*” means, 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.

“*Indenture*” means the Indenture of Trust, dated as of \_\_\_\_\_, 2019, by and between the Department and the Trustee, as amended, supplemented, modified or restated from time to time in accordance with the terms hereof and thereof.

“*Interest Payment Date*” means (a) with respect to any Revolving Loan, the first Business Day of every calendar month and on the Revolving Loan Maturity Date, and (b) as to any Term Loan, the first Business Day of every calendar month, and on the Term Loan Maturity Date.

“*Invalidity Event*” means (a) any 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 non-appealable 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 any Advances, any Revolving Loans, any Term Loans, any Bank Note or any Payment and Collateral Obligation 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 any Advances, any Revolving Loans, any Term Loans, any 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 Trustee, or (2) the pledge of and lien on Revenues securing the payment of the principal of or interest on the Bank Notes, the Advances, the Revolving Loans or the Term Loans, is null and void.

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

“*LIBOR Period*” means a period commencing on a Business Day and continuing for 1, 3, or 6 months, as designated by the Department, during which all or a portion of the outstanding principal balance of the related Revolving Loan bears interest determined in relation to the LIBOR Period Rate; *provided however*, that (i) if the day after the end of any LIBOR Period is not a Business Day (so that a new LIBOR Period could not be selected by the Department to start

on such day), then unless otherwise expressly indicated by the Department to the Bank at the time such LIBOR Period is selected by the Department, such LIBOR Period shall continue up to, but shall not include, the next Business Day after the end of such LIBOR Period, unless the result of such extension would be to cause any immediately following LIBOR Period to begin in the next calendar month in which event the LIBOR Period shall continue up to, but shall not include, the Business Day immediately preceding the last day of such LIBOR Period, and (ii) no LIBOR Period shall extend beyond the Revolving Loan Maturity Date.

*“LIBOR Period Rate”* means the interest rate per annum determined by the Bank by dividing (i) the rate which appears on the Bloomberg Page BBAM1 (or on such other substitute Bloomberg page that displays rates at which US dollar deposits are offered by leading banks in the London interbank deposit market), or the rate which is quoted by an Alternate Source, at approximately 11:00 a.m., London time, on the second Business Day preceding the the first day of each LIBOR Period for a period approximately equal to such LIBOR Period (or if there shall at any time, for any reason, no longer exist a Bloomberg Page BBAM1 (or any substitute page) or any Alternate Source, a comparable replacement rate designed to measure interest rates in a similar manner, as reasonably determined by the Bank with prior written notice to the Department), by (ii) a number equal to 1.00 minus the LIBOR Reserve Percentage; *provided, however,* if the LIBOR Period Rate, determined as provided above, would be less than zero, then the LIBOR Period Rate shall be deemed to be zero.

*“LIBOR Reserve Percentage”* means the maximum effective percentage in effect on such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including, without limitation, supplemental, marginal and emergency reserve requirements) with respect to Eurocurrency funding.

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

*“Material Adverse 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 Bank Notes, the Advances, the Revolving Loans or the Term Loans, (c) the status of the Department as a department of a public entity created and validly existing under the laws of the State 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 Federal Corporate Tax Rate”* means, for any day, the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, as in effect as of such day (or, if as a result of a change in the Code, the rate of income taxation imposed on

corporations generally shall not be applicable to the Bank, the maximum statutory rate of federal income taxation which could apply to the Bank as of such day).

“*Maximum Rate*” means the lesser of (a) the highest rate permitted by applicable law and (b) 12% per annum.

“*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 statistical rating organization 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 other than the obligation of the Department to make payments of principal and interest on the Bank Notes, the Advances, the Revolving Loans and the Term Loans.

“*Non-Bank Transferee*” has the meaning set forth in Section 8.02(f) hereof.

“*Noteholder*” or “*Owner*” means the holder or owner of a Bank Note.

“*Obligations*” means all obligations of the Department to repay the Bank for extensions of credit made by the Bank under the Line of Credit and to pay all other amounts payable to the Bank arising under or pursuant to this Agreement (including, without limitation, the Commitment Fees) or the Bank Notes or the pledge of and lien on the Revenues to evidence and secure the payment of principal and interest on the Advances, the Revolving Loans, the Term Loans and the Bank Notes.

“*OFAC*” means the U.S. Department of the Treasury’s Office of Foreign Assets Control, and any successor thereto.

“*Operation and Maintenance*” has the meaning set forth in the Indenture.

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

“*Overnight Bank Funding Rate*” means, for any day, the rate comprised of both overnight federal funds and overnight Eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the Federal Reserve Bank of New York (the “*NYFRB*”), as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the NYFRB (or by such other recognized electronic source (such as Bloomberg) selected by the Bank for the purpose of displaying such rate); *provided* that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; *provided, further*, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Bank at such time (which determination shall be conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero. The rate of interest

charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to the Department.

*“Parity Obligations”* means all bonds, debentures, notes, certificates, reimbursement obligations and other similar evidences of indebtedness for borrowed money currently outstanding or hereafter issued or incurred by the Department in accordance with the additional debt limitations set forth in the Parity Revenue Bond Indentures and the Indenture, the security for which includes a pledge or assignment of or a lien on the Revenues on a parity with that of the Bank 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 Bank Notes. On the Effective Date, *“Parity Obligations”* consist of the Department’s (i) \$100,000,000 original aggregate principal amount of Revenue Bonds, 2009 Series A; (ii) \$230,160,000 original aggregate principal amount of Refunding Revenue Bonds, 2009 Series C; (iii) \$58,930,000 original aggregate principal amount of Refunding Revenue Bonds, 2011 Series A (AMT); (iv) \$32,820,000 original aggregate principal amount of Refunding Revenue Bonds, 2011 Series B (Non-AMT); (v) \$203,280,000 original aggregate principal amount of Revenue Bonds and Refunding Revenue Bonds, 2014 Series A (AMT); (vi) \$89,105,000 original aggregate principal amount of Refunding Revenue Bonds, 2014 Series B (Exempt Facility Non-AMT); (vii) \$44,890,000 original aggregate principal amount of Revenue Bonds, 2014 Series C (Governmental Non-AMT); (viii) \$37,050,000 original aggregate principal amount of Refunding Revenue Bonds, 2015 Series A (Non-AMT); (ix) \$97,970,000 original aggregate principal amount of Refunding Revenue Bonds, 2016 Series A (AMT); (x) \$68,385,000 original aggregate principal amount of Refunding Revenue Bonds, 2016 Series B (Non-AMT); and (xi) \$35,205,000 original aggregate principal amount of Refunding Revenue Bonds, 2016 Series C (Non-AMT) (Green Bonds).

*“Parity Revenue Bond Indentures”* means (i) the Indenture of Trust dated as of July 1, 2009, by and between the Department and U.S. Bank National Association, as trustee, (ii) the Indenture of Trust dated as of July 1, 2011 by and between the Department and U.S. Bank National Association, as trustee (iii) the Indenture of Trust dated as of September 1, 2014, by and between the Department and U.S. Bank National Association, as trustee, (iv) the Indenture of Trust dated as of October 1, 2015 by and between the Department and U.S. Bank National Association, as trustee; and (v) the Indenture of Trust dated as of October 1, 2016 by and between the Department and U.S. Bank National Association, as trustee.

*“Participant”* and *“Participants”* each has the meaning set forth in Section 8.02 hereof.

*“Patriot Act”* has the meaning set forth in Section 8.15 hereof.

*“Payment and Collateral Obligation”* means any provision of the Related Documents relating to the Department’s ability or obligation to make payments of the principal of or interest on the Advances, the Revolving Loans, the Term Loans and/or the Bank Notes or the pledge of



and lien on the Revenues to secure the payment of the principal of and interest on the Advances, the Revolving Loans, the Term Loans and/or the Bank Notes.

“*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.

“*Prime Rate*” means the interest rate per annum announced from time to time by the Bank at its principal office as its then prime rate, which rate may not be the lowest or most favorable rate then being charged commercial borrowers or others by the Bank. Any change in the Prime Rate shall take effect at the opening of business on the day such change is announced. 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.

“*Private Activity Loan*” means a Tax-Exempt Loan the interest on which is not included in the gross income of the holder of such Tax-Exempt Loan for federal income tax purposes, and is an “exempt facility bond” within the meaning of Section 142(a)(2) of the Code.

“*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.

“*Project*” has the meaning set forth in the Indenture.

“*Published Rate*” means the rate of interest published each Business Day in *The Wall Street Journal* “*Money Rates*” listing under the caption “London Interbank Offered Rates” for a one month period (or, if no such rate is published therein for any reason, then the Published Rate shall be the rate at which U.S. dollar deposits are offered by leading banks in the London interbank deposit market for a one month period as published in another publication selected by the Bank).

“*Rating(s)*” means the lowest long-term unenhanced debt ratings assigned by any of Fitch, S&P or Moody’s to the Parity Obligations.

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

“*Related Documents*” means this Agreement, each Bank Note, the Bond Enabling Laws, the Indenture, the Tax Certificate, the Resolution and all amendments and modifications thereto.

“*Request for Advance*” means any request for an Advance made by the Department to the Bank, in the form of Exhibit B hereto, executed and delivered on behalf of the Department by the manual, facsimile or electronic signatures of any Designated Representative.

“*Resolution*” has the meaning set forth in the first recital hereof.

“*Revenues*” has the meaning set forth in the Indenture.

“*Revolving Loan*” has the meaning set forth in Section 3.01 hereof, including Tax-Exempt Loans and Taxable Loans.

“*Revolving Loan Maturity Date*” means, with respect to any Revolving Loan, the Termination Date.

“*S&P*” means S&P Global Ratings, or if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized statistical rating organization as may be designated in writing by the Department and reasonably acceptable to the Bank.

“*State*” means the State of California.

“*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.

“*Taxable Applicable Spread*” means, initially, 37 basis points (0.37%) which Taxable Applicable Spread is subject to the maintenance of the current long-term unenhanced debt ratings assigned by Moody’s, Fitch and S&P to the Parity Obligations. In the event of a change in the long-term unenhanced debt ratings assigned by Moody’s, S&P or Fitch to the Parity Obligations, the Taxable Applicable Spread shall be the number of basis points associated with such new rating as set forth in the following schedule:

<b>Credit Rating</b>			<b>Taxable Applicable Spread (basis points/%)</b>
<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>	
Aa2 or above	AA or above	AA or above	37 (0.37%)
Aa3	AA-	AA-	39 (0.39%)
A1	A+	A+	42 (0.42%)
A2	A	A	47 (0.47%)
A3	A-	A-	52 (0.52%)
Baa1	BBB+	BBB+	57 (0.57%)
Baa2	BBB	BBB	62 (0.62%)
Baa3	BBB-	BBB-	67 (0.67%)

In the event there is a split between such ratings, the lowest rating will prevail for purposes of determining the Taxable Applicable Spread. References to ratings above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system, the ratings from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system that most closely approximates the applicable rating category as currently in effect.

“*Taxable Bank Rate*” means, for each day of determination, a fluctuating rate per annum, with respect to any Taxable Term Loan, equal to (i) from and including the Conversion Date for such Taxable Term Loan through and including the date which is ninety (90) days immediately succeeding the Conversion Date, the Base Rate from time to time in effect, (ii) from and after the ninety first (91st) day immediately succeeding the Conversion Date through and including the date which is one hundred eighty (180) days immediately succeeding the Conversion 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 Conversion Date for such Term Loan until the day such Term Loan 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 any Credit Event of Default, the “*Taxable Bank Rate*” shall equal the Default Rate; *provided, further*, subject to Section 2.12(b) hereof, that at no time shall the Taxable Bank Rate exceed the Maximum Rate.

“*Taxable Date*” means the date of occurrence of a Tax Event.

“*Taxable Factor*” means, for each day that the Taxable Rate is determined, the quotient of (i) one *divided by* (ii) one minus the Maximum Federal Corporate Tax Rate in effect as of such day, rounded upward to the second decimal place.

“*Taxable Loan*” means any Revolving Loan bearing interest at the Taxable Rate.

*“Taxable Loan Commitment”* means, on any date, an initial amount equal to \$150,000,000 and thereafter such initial amount adjusted from time to time as follows: (a) downward in an amount equal to any Advance or any Revolving Loan in respect of such Advance made to the Department under the Tax-Exempt Loan Commitment and/or the Taxable Loan Commitment, as applicable; (b) upward in an amount equal to the principal amount of any Advance or Revolving Loan under the Tax-Exempt Loan Commitment and/or the Taxable Loan Commitment, as applicable, that is repaid or prepaid in the manner provided herein; (c) downward in an amount equal to any reduction thereof effected pursuant to Section 2.09 or 7.02a) hereof; and (d) downward to zero upon the expiration or termination of the Available Commitment in accordance with the terms hereof.

*“Taxable Note”* has the meaning set forth in Section 3.02(b) hereof.

*“Taxable Rate”* means, with respect to each Revolving Loan, the interest on which is not excluded from gross income for federal income tax purposes, a fluctuating rate per annum, determined as of on the second Business Day preceding the first day of each LIBOR Period for such Revolving Loan, equal to the sum of (i) the LIBOR Period Rate, as in effect on the date of the related Tax Event and, thereafter, on the second Business Day preceding the first day of each LIBOR Period for such Revolving Loan plus (ii) the Taxable Applicable Spread.

*“Taxable Term Loan”* means a Taxable Loan that is converted to a Term Loan pursuant to the terms of Article III hereof.

*“Tax Certificate”* means that certain Tax Compliance Certificate dated \_\_\_\_\_, 2019, by the Department, relating to the Tax-Exempt Loans and a Tax-Exempt Term Loan, as the same may be amended, supplemented, modified or restated from time to time in accordance with the terms hereof and thereof.

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

*“Tax Event”* means a Determination of Taxability.

*“Tax-Exempt Applicable Spread”* means, initially, 34 basis points (0.34%), which Tax-Exempt Applicable Spread is subject to the maintenance of the current long-term unenhanced debt ratings assigned by Moody’s, Fitch and S&P to the Parity Obligations. In the event of a change in the unenhanced long-term unenhanced debt ratings assigned by Moody’s, S&P or Fitch to the Parity Obligations, the Tax-Exempt Applicable Spread shall be the number of basis points associated with such new rating as set forth in the following schedule:

<b>Credit Rating</b>			<b>Tax-Exempt Applicable Spread</b>
<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>	<b>(basis points/%)</b>
Aa2 or above	AA or above	AA or above	34 (0.34%)
Aa3	AA-	AA-	36 (0.36%)
A1	A+	A+	39 (0.39%)
A2	A	A	44 (0.44%)
A3	A-	A-	49 (0.49%)
Baa1	BBB+	BBB+	54 (0.54%)
Baa2	BBB	BBB	59 (0.59%)
Baa3	BBB-	BBB-	64 (0.64%)

In the event there is a split between such ratings, the lowest rating will prevail for purposes of determining the Tax-Exempt Applicable Spread. References to ratings above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system, the ratings from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system that most closely approximates the applicable rating category as currently in effect.

“*Tax-Exempt Bank Rate*” means, for each day of determination, a fluctuating rate per annum, with respect to any Tax-Exempt Term Loan, equal to (i) from and including the Conversion Date for such Tax-Exempt Term Loan through and including the date which is ninety (90) days immediately succeeding the Conversion Date, the Base Rate from time to time in effect, (ii) from and after the ninety-first (91st) day immediately succeeding the Conversion Date through and including the date which is one hundred eighty (180) days immediately succeeding the Conversion 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 Conversion Date for such Term Loan until the day such Term Loan 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 any Credit Event of Default, the “*Tax-Exempt Bank Rate*” shall equal the Default Rate; *provided further*, subject to Section 2.12(b) hereof, that at no time shall the Tax Exempt Bank Rate exceed the Maximum Rate.

“*Tax-Exempt (Governmental) Term Loan*” means a Governmental Loan that is converted to a Term Loan pursuant to the terms of Article III hereof.

“*Tax-Exempt Loan Commitment*” means, on any date, an initial amount equal to \$150,000,000 and thereafter such initial amount adjusted from time to time as follows: (a) downward in an amount equal to any Advance or any Revolving Loan in respect of such Advance made to the Department under the Tax-Exempt Loan Commitment and/or the Taxable

Loan Commitment, as applicable; (b) upward in an amount equal to the principal amount of any Advance or Revolving Loan under the Tax-Exempt Loan Commitment and/or the Taxable Loan Commitment, as applicable, that is repaid or prepaid in the manner provided herein; (c) downward in an amount equal to any reduction thereof effected pursuant to Section 2.09 or 7.02(a) hereof; and (d) downward to zero upon the expiration or termination of the Available Commitment in accordance with the terms hereof.

“*Tax-Exempt Loan*” means any Revolving Loan bearing interest at the Tax-Exempt Rate.

“*Tax-Exempt Note*” has the meaning set forth in Section 3.02(a) hereof.

“*Tax-Exempt (Private Activity) Term Loan*” means a Private Activity Loan that is converted to a Term Loan pursuant to the terms of Article III hereof.

“*Tax-Exempt Rate*” means, with respect to each Revolving Loan, the interest on which is excluded from gross income for federal income tax purposes, a fluctuating rate per annum, determined as of the second Business Day preceding the first day of the LIBOR Period for such Revolving Loan, equal to the sum of (i) the product of (A) 79% and (B) the LIBOR Period Rate, as in effect on the second Business Day preceding the first day of the LIBOR Period for such Revolving Loan plus (ii) the Tax-Exempt Applicable Spread.

“*Tax-Exempt Term Loan*” means both a Tax-Exempt (Governmental) Term Loan and a Tax-Exempt (Private Activity) Term Loan.

“*Term Loan*” means both a Tax-Exempt Term Loan and a Taxable Term Loan.

“*Term Loan Maturity Date*” means the earlier of (i) date that is the fourth (4th) anniversary of the Conversion Date and (ii) the date on which the Bank Notes, the Term Loans and all other Obligations are declared to be or become due pursuant to Section 7.02 hereof.

“*Term Loan Note*” means each promissory note of the Department executed and delivered to the Bank in substantially the form set forth in Exhibit A-3 hereto.

“*Term Loan Period*” means the period from the Conversion Date to the Term Loan Maturity Date, as further described in Article III hereof.

“*Termination Date*” means the earliest of (i) the Commitment Expiration Date, as such date may be extended pursuant to Section 2.10 hereof, (ii) the date the Commitment terminates by its terms in accordance with Section 7.02 hereof and (iii) the date on which the Bank Notes, the Advances and the other Obligations are declared to be or become due pursuant to Section 7.02 hereof.

“*Trustee*” means U.S. Bank National Association and any successor thereto.

“*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 Requests for Advance to the Bank and it may not be used to satisfy the Department's obligations under Sections 6.01(a), (c) and (d) hereof.

*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 Indenture.

*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 as a whole and not to any particular provision of this Agreement. 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.

## ARTICLE II

### FACILITIES; APPLICATION AND ISSUANCE OF THE LOANS; PAYMENTS

*Section 2.01. Revolving Credit Commitments.* Subject to the terms and conditions hereof, the Bank, by its acceptance hereof, agrees to make a loan or loans in U.S. Dollars to the Department from time to time on a revolving basis up to the amount of the Available Commitment, subject to any reductions thereof pursuant to the terms hereof, before the Termination Date. The sum of the aggregate principal amount of Revolving Loans at any time outstanding shall not exceed the Gross Commitment in effect at such time. As provided in Sections 2.03(c) and 5.02 hereof, the Department may elect that any such Revolving Loan be either a Tax-Exempt Loan pursuant to the Tax-Exempt Loan Commitment or a Taxable Loan pursuant to the Taxable Loan Commitment. Revolving Loans may be repaid and the principal amount thereof reborrowed before the Termination Date, subject to the terms and conditions hereof.

*Section 2.02. Application.* The Department hereby applies to the Bank for and authorizes and instructs the Bank to issue for its account, the Commitment in an initial amount equal to \$150,000,000.

*Section 2.03. Making of Advances; Use of Proceeds.* (a) Subject to the terms and conditions of this Agreement, the Bank agrees to make Advances from time to time on any Business Day, commencing on the Effective Date and ending on the Termination Date, in amounts not to exceed at any time outstanding the Available Commitment; *provided*, that the Bank shall not be required to make more than two (2) Advances per calendar week under each of the Taxable Loan Commitment and the Tax-Exempt Loan Commitment. Each Advance requested shall be in an amount not less than \$100,000. Each Advance shall be made solely for the purpose of providing funds to finance or refinance, subject to the terms hereof, the costs of any Project, to pay Costs of Issuance or for any other purpose permitted under the Indenture, the Resolution and hereunder; *provided* that in no event shall any of the proceeds of a Governmental Loan be used to pay or prepay a Private Activity Loan or Taxable Loan nor shall the proceeds of a Private Activity Loan be used to pay or prepay a Taxable Loan, unless the Department receives an Approving Opinion of Bond Counsel. The aggregate amount of all Advances made on any Advance Date shall not exceed the applicable Available Commitment (calculated without giving effect to any Advances made on such date) at 9:00 a.m. (New York time) on such date.

(b) *Reborrowing.* Within the limits of this Section 2.03, the Department may borrow, repay pursuant to Section 3.04 hereof and reborrow under this Section 2.03. Upon any prepayment of any Revolving Loan, the related Available Commitment shall be reinstated as set forth in the definition thereof.

(c) *Method of Borrowing.*

(i) Upon receipt of a Request for Advance by the Bank not later than 12:00 noon on the Business Day which is at least three (3) Business Days immediately prior to the day of the proposed borrowing set forth in the related Request for Advance, the Bank, subject to the terms and conditions of this Agreement, shall be required to make an Advance by 2:00 p.m. on the day of the proposed borrowing for the account of the Department in an amount equal to the amount of the requested borrowing. Notwithstanding the foregoing, in the event such Request for Advance is received by the Bank after 12:00 noon on the Business Day which is three (3) Business Days immediately prior to the day of the proposed borrowing set forth in the related Request for Advance, the Bank shall be required to make the related Advance by 2:00 p.m. on the fourth (4th) Business Day after receipt of the related Request for Advance. Each Request for Advance shall be signed by a Designated Representative and shall specify: (A) whether the requested Advance shall be a Tax-Exempt Loan or a Taxable Loan and (B) the LIBOR Period applicable to such Revolving Loan; *provided, further* that with respect to a Tax-Exempt Loan, the Department shall also specify whether such loan will be a Governmental Loan or Private Activity Loan. Each Advance shall be made by the Bank by wire transfer of immediately available funds to the Department in accordance with written instructions provided by the Department. If, after examination, the Bank shall have determined that a Request for Advance does not conform to the terms and



conditions hereof, then the Bank shall use its best efforts to give notice to the Department to the effect that the documentation was not in accordance with the terms and conditions hereof and stating the reasons therefor. The Department may attempt to correct any such nonconforming Request for Advance, if, and to the extent that, the Department is entitled (without regard to the provisions of this sentence) and able to do so.

(ii) The Department may continue or convert (but only at the end of a LIBOR Period) the LIBOR Period on a Revolving Loan, only upon three (3) Business Days prior notice, in each case by giving appropriate notice to the Bank prior to 12:00 noon on such required Business Day. If the Department fails to give the required notice of continuation of a LIBOR Period by such time prior to the end of a LIBOR Period, such Revolving Loan shall automatically **[be converted into a Revolving Loan with a LIBOR Period of one (1) month] [continue in the same LIBOR period in effect]** at the end of such LIBOR Period.

*Section 2.04. Conditions Precedent.* (a) *Conditions Precedent to Effective Date.* The obligation of the Bank to make the Commitment available hereunder shall be subject to the fulfillment of each of the conditions precedent set forth in Section 5.01 hereof on or before the Effective Date in a manner satisfactory to the Bank.

(b) *Conditions Precedent to Each Advance.* The obligation of the Bank to make an Advance on any date is subject to the fulfillment of each of the conditions precedent set forth in Section 5.02 hereof on or before the Advance Date in a manner satisfactory to the Bank.

*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 any time:

(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 (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 Advance or Term Loan, 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 sixty (60) days after the Department's confirmed receipt (including, without limitation, confirmed by automatic answer back, read receipt or equivalent evidence of 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.

(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 sixty (60) days after the Department's confirmed receipt (including, without limitation, confirmed by automatic answer back, read receipt or equivalent evidence of 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 Base 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 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 PNC Bank, National Association, Account No. \_\_\_\_\_, ABA No. \_\_\_\_\_, Account Name: \_\_\_\_\_, Ref: \_\_\_\_\_ (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 and any applicable interest or fee shall continue to accrue. Any amount owed to the Bank hereunder which is not paid when due shall bear interest from the date such payment was due at the Base Rate, such interest to be payable on demand except as otherwise provided herein. Except as otherwise specified herein, (i) all computations of interest with respect to Term Loans bearing interest at a Tax-Exempt Bank Rate or a Taxable Bank Rate shall be made on the basis of a year of 365 or 366 days, as applicable, based upon the actual number of days elapsed, (ii) all computations of interest with respect to Advances and Revolving Loans shall be made on the basis of a year of 360 days based upon the actual number of days elapsed and (iii) all computations of fees and other amounts due and owing hereunder 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 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 payments due by or on behalf of the Department under this Agreement and under the Bank Notes 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 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 Bank Notes 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 Bank Notes 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 due by the Department under this Agreement and the Bank Notes; second, to past due interest; third, to interest then due and payable; and fourth, to principal.

*Section 2.07. Designation of Tax-Exempt Loans or Taxable Loans.* In connection with any Advance, the Department shall designate whether such Advance so requested is (a)(i) under the Tax-Exempt Loan Commitment as a Tax-Exempt Loan, or (ii) under the Taxable Loan Commitment as a Taxable Loan. With respect to each Tax-Exempt Loan, the Department shall further designate in the Request for Advance whether such Tax-Exempt Loan is a Governmental Loan or a Private Activity Loan.

*Section 2.08. Fees.*

(a) *Commitment Fees.* The Department agrees to pay to the Bank a nonrefundable annual fee (the "*Commitment Fee*") for each day during the calendar year in an amount equal to (i) 15 basis points (0.150%) per annum on the Available Commitment for each day that the Available Commitment is \$75,000,000 or more or (ii) 7.5 basis points (0.075%) per annum on the Available Commitment for each day the Available Commitment is less than \$75,000,000. With respect to each fee period, on or about January 15 of each year immediately following the end of a fee period, the Bank shall provide a written invoice to the Department (such invoice being sent to the Department via electronic mail and via U.S. Mail) as to its calculation of the Commitment Fee for the most recently completed calendar year, and the Commitment Fee included in such invoice shall be due and payable by the Department on March 1 of each year. Any accrued and unpaid Commitment Fees shall also be payable by the Department on the Commitment Expiration Date, or such earlier date on which the Commitment may be terminated

in accordance with the terms of this Agreement. The Commitment Fee shall be calculated on the basis of 360-day year and actual days elapsed.

(b) *Amendment, Consent or Waiver Fee.* Upon each amendment hereof, consent or waiver hereunder or under any Related Document (if originated by the Department), the Department shall pay or cause to be paid to counsel of the Bank a fee related to such amendment, consent or waiver, the reasonable attorneys' fees and expenses, if any, incurred by the Bank in processing such amendment, consent or waiver.

(c) If the Department shall fail to pay any amount payable under this Section 2.08 as and when due, each such unpaid amount shall bear interest for each day from and including the date it was due until paid in full at the applicable Base Rate.

*Section 2.09. Reduction and Termination.* (a) The Available Commitment shall be reduced from time to time as requested by the Department within three (3) days of the Department's written notice to the Bank requesting such reduction in the form of Exhibit E hereto; *provided*, that (i) each such reduction amount shall be in an amount equal to \$1,000,000 or an integral multiple thereof, and (ii) any reduction in the Available Commitment shall not be effective until the Bank delivers to the Department a notice in the form attached hereto as Exhibit F reflecting such reduction.

(b) The Department may at any time and at its sole option terminate the Commitment upon three (3) days' prior written notice to the Bank. As a condition to any such termination, the Department shall pay or cause to be paid all Obligations, excluding Advances and Revolving Loans, owed to the Bank.

*Section 2.10. Extension of Commitment Expiration Date.* The Department may request an extension of the Commitment Expiration Date in writing in the form of Exhibit C hereto not less than 90 days prior to the then current Commitment Expiration Date. The Bank will make reasonable efforts to respond to such request within 45 days after receipt of all information necessary, in the Bank's judgment, to permit the Bank to make an informed credit decision. If the Bank fails to definitively respond to such request within such 45-day period, the Bank shall be deemed to have refused to grant the extension requested. The Bank may, in its sole and absolute discretion, decide to accept or reject any such proposed extension and no extension shall become effective unless the Bank shall have consented thereto in writing in the form of Exhibit G hereto or otherwise. The Bank's consent, if granted, shall be conditioned upon the preparation, execution and delivery of documentation in form and substance satisfactory to the Bank.

*Section 2.11. Pledge of Revenues.* (a) The Bank Notes, the Advances, the Revolving Loans and the Term Loans are revenue obligations and shall be payable as to both principal and interest from and the Department hereby grants a pledge of and lien on, the Revenues to secure the Bank Notes, the Advances, the Revolving Loans and the Term Loans 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 Bank Notes, the Advances, the Revolving Loans and the Term Loans and all obligations of the Department relating to the Bank Notes, the Advances, the

Revolving Loans and the Term Loans hereunder and all Parity Obligations in accordance with the terms of the Indenture and the Parity Revenue Bond Indentures. The pledge of Revenues herein made is irrevocable until all of the Bank Notes, the Advances, the Revolving Loans and the Term Loans have been paid and retired and all obligations of the Department under this Agreement and the Bank Notes have been satisfied in full. The Department shall allocate the Revenues to the payment of costs of Operation and Maintenance and to the payment of the Parity Obligations, including the Bank Notes, the Advances, the Revolving Loans and the Term Loans, as set forth in Section 4.02 of the Indenture and 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 Notes, Advances, the Revolving Loans, the Term Loans and the other Parity Obligations.

(c) No filing, registering or recording is required to perfect the security interest in the Revenues to secure the Bank Notes, the Advances, the Revolving Loans and the Term Loans. If California law is amended at any time while any Bank Note, Advance, Revolving Loan and/or Term Loan is outstanding and unpaid such that the pledge made by the Department hereunder is to be subject to the filing requirements of California law then in order to preserve to the Bank the perfection of the security interest in said pledge, the Department agrees to take such measures as it determines are reasonable and necessary under California law to comply with the applicable provisions of California law and enable a filing to perfect the security interest in said pledge to occur.

(d) The Department's obligations to repay each Advance, Revolving Loan and Term Loan and to pay interest thereon as provided herein shall be evidenced and secured by the related Bank Note, and the Department shall, without duplication (i) make a principal payment on the related Bank Note on each date on which the Department is required to make a principal payment on a related Advance, Revolving Loan or Term Loan, as applicable, in an amount equal to the principal payment due on such date and (ii) pay interest on the related Bank Note on each date on which the Department is required to make an interest payment with respect to a related Advance, Revolving Loan or Term Loan, as applicable, in an amount equal to the interest payment due on such date. The payment of the principal of and interest on the related Bank Note shall constitute payment of the principal of and interest on the related Advances, Revolving Loans and Term Loans, as applicable, and the payment of the principal of and interest on the related Advances, Revolving Loans and Term Loans shall constitute the payment of and principal and interest on the related Bank Note and the failure to make any payment on any related Advance, Revolving Loan or Term Loan when due shall be a failure to make a payment on the related Bank Note and the failure to make any payment on the related Bank Note when due shall be a failure to make a payment on the related Advance, Revolving Loan or Term Loan.

*Section 2.12. Maximum Interest Rate; Default Rate.* (a) Any and all amounts remaining unpaid when due under this Agreement shall bear interest at the Default Rate until repaid and shall be payable upon demand. Any such amounts which constitute interest remaining unpaid when due shall be added to principal, and such interest shall, in turn, bear interest at the Default

Rate until repaid and shall be payable upon demand. Additionally, upon the occurrence or during the continuance of any Credit Event of Default hereunder, all sums payable by the Department (including, without limitation, each Revolving Loan and Term Loan) to the Bank hereunder shall bear interest at the Default Rate.

(b) In the event that the rate of interest payable hereunder shall exceed the Maximum Rate for any period for which interest is payable, then (i) interest shall accrue at the Maximum Rate 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 Term Loan Maturity Date, 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 unpaid amount of all unpaid deferred Excess Interest. To the extent permitted by law, interest shall accrue on the Excess Interest at a rate per annum equal to the Taxable Bank Rate or Tax-Exempt Bank Rate.

*Section 2.13. Unavailability or Illegality of LIBOR Rate.* If the Bank determines in its sole discretion at any time (and only during such period) that it can no longer make, fund or maintain Revolving Loans because of illegality (the “*Illegality Determination Date*”), or the LIBOR Period Rate cannot be ascertained or does not accurately reflect the Bank’s cost of funds (the “*Post of Funds Determination Date*”), then the Bank will notify the Department and thereafter will have no obligation to make or fund new Revolving Loans. (i) On and after the Cost of Funds Determination Date (but only for the period such determination continues) (a) Revolving Loans already in effect will continue to bear interest at the applicable Tax-Exempt Rate or Taxable Rate until the end of the LIBOR Period then in effect and after such LIBOR Period shall bear interest at the Base Rate and (ii) Term Loans will continue to bear interest at the applicable Tax-Exempt Bank Rate or the Taxable Bank Rate and (b) after the Illegality Determination Date (but only for the period such determination continues) (i) Revolving Loans already in effect will bear interest at the Base Rate and (ii) Term Loans will continue to bear interest at the applicable Tax-Exempt Bank Rate or the Taxable Bank Rate

*Section 2.14. Event of Taxability.* (a) In the event a Taxable Date occurs, the Department hereby agrees to pay to the Bank on demand therefor (1) an amount equal to the difference between (A) the amount of interest that would have been paid to the Bank on any Tax-Exempt Loans or Tax-Exempt Term Loans during the period for which interest on such Tax-Exempt Loans or Tax-Exempt Term Loan is includable in the gross income of the Bank if such Tax-Exempt Loans or Tax-Exempt Term Loans had borne interest at the product of (a) the Tax-Exempt Rate or the Tax-Exempt Bank Rate, as applicable, and (b) the Taxable Factor beginning on the Taxable Date (the “*Taxable Period*”), and (B) the amount of interest actually paid to the Bank during the Taxable Period, and (2) *provided* the Bank properly reports the income from all such events within thirty (30) days of receipt of notification of a Determination of Taxability, an

amount equal to any interest, penalties or charges owed by the Bank as a result of interest on the Tax-Exempt Loans or Tax-Exempt Term Loans becoming includable in the gross income of the Bank, together with any and all reasonable attorneys' fees, court costs, or other out-of-pocket costs incurred by the Bank in connection therewith.

(b) Subject to the provisions of clauses (c) and (d) below, the Bank shall afford the Department the opportunity, at the Department's sole cost and expense, to contest (1) the validity of any amendment to the Code which causes the interest on such Tax-Exempt Loans or Tax-Exempt Term Loans to be includable in the gross income of the Bank or (2) any challenge to the validity of the tax exemption with respect to the interest on the Tax-Exempt Loans or Tax-Exempt Term Loans, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals).

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

(d) The obligations of the Department under this Section 2.14 shall survive the termination of the Commitment.

### ARTICLE III

#### THE LOANS

*Section 3.01. Making of Revolving Loans.* Each Advance shall constitute a loan made by the Bank to the Department on the date of such Advance (individually, a "*Revolving Loan*" and collectively, the "*Revolving Loans*"). Each Revolving Loan shall constitute a Parity Obligation under the Parity Revenue Bond Indentures.

*Section 3.02. Revolving Loans Evidenced by Note.* (a) The Tax-Exempt Loans shall be evidenced by a promissory note of the Department to the Bank in substantially the form set forth in Exhibit A-1 hereto (as amended or supplemented from time to time, the "*Tax-Exempt Note*") to be issued on the Effective Date, payable to the Bank in a principal amount up to the Available Commitment on the Effective Date and otherwise duly completed. All Tax-Exempt Loans made by the Bank and all payments and prepayments made on account of principal thereof shall be recorded by the Bank, in accordance with its usual practices, pursuant to entries in an account or accounts evidencing the indebtedness resulting from each Tax-Exempt Loan made from time to time hereunder and the amounts of principal and interest payable and paid from time to time hereunder. In any legal action or proceeding in respect of this Agreement, the entries made in such account or accounts shall be conclusive evidence (absent manifest error) of the existence and amounts of the obligations therein recorded.



(b) The Taxable Loans shall be evidenced by a promissory note of the Department to the Bank in substantially the form set forth in Exhibit A-2 hereto (as amended or supplemented from time to time, the “*Taxable Note*”) to be issued on the Effective Date, payable to the Bank in a principal amount up to the Available Commitment on the Effective Date and otherwise duly completed. All Taxable Loans made by the Bank and all payments and prepayments made on account of principal thereof shall be recorded by the Bank, in accordance with its usual practices, pursuant to entries in an account or accounts evidencing the indebtedness resulting from each Taxable Loan made from time to time hereunder and the amounts of principal and interest payable and paid from time to time hereunder. In any legal action or proceeding in respect of this Agreement, the entries made in such account or accounts shall be conclusive evidence (absent manifest error) of the existence and amounts of the obligations therein recorded.

*Section 3.03. Interest on Revolving Loans.* Each Tax-Exempt Loan and Taxable Loan made or maintained by the Bank shall bear interest while it is outstanding (computed on the basis of a year of 360 days and actual days elapsed) on the unpaid principal amount thereof at a rate per annum equal to the Tax-Exempt Rate or the Taxable Rate, as applicable, payable by the Department on each Interest Payment Date and on the Revolving Loan Maturity Date. The Tax-Exempt Rate and the Taxable Rate shall be rounded upward to the fourth decimal place. The Calculation Agent shall determine the Tax-Exempt Rate or the Taxable Rate, as applicable, on the second Business Day preceding the first day of each LIBOR Period for such Revolving Loan and such rate shall become effective on the first day of such LIBOR Period.

*Section 3.04. Repayment of Revolving Loans.* The principal of each Revolving Loan shall be repaid in full on the Revolving Loan Maturity Date; *provided*, that if the conditions to the making of a Term Loan set forth in Section 3.07 hereof are satisfied on the Revolving Loan Maturity Date, the principal of each applicable Revolving Loan shall be paid from the proceeds of the related Term Loan.

*Section 3.05. Prepayment of Revolving Loans.* The Department may prepay any Revolving Loan, in whole or in part, on an Interest Payment Date, provided at least three (3) days’ written notice is provided by the Department to the Bank; *provided, however*, that in the event the Bank shall incur any loss, cost, or expense (including, without limitation, any loss, cost, or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired or contracted to be acquired by the Bank to make the Revolving Loan or the relending or reinvesting of such deposits or other funds or amounts paid or prepaid to the Bank) as a result of any prepayment of Revolving Loans (or prepayment or repayment for any other reason, including by maturity or acceleration) on a date other than the last day of the related LIBOR Period for Revolving Loans for any reason, whether before or after default, and whether or not such payment is required by any provision of this Agreement or the Indenture, then upon the demand of the Bank, the Department shall pay to the Bank such amount as will reimburse the Bank for such loss, cost, or expense. If the Bank requests such an amount it shall provide to the Department a certificate setting forth the computation of the loss, cost, or expense giving rise to the request for such an amount in reasonable detail and such certificate shall be conclusive if reasonably determined. Each such notice of optional prepayment shall be irrevocable and shall bind the Department to make such prepayment in accordance with such notice. All prepayments

of principal shall include accrued interest to the date of prepayment and all other amounts due pursuant to this Agreement.

*Section 3.06. Term Loan.* The Department shall have the option to convert (a) the unpaid principal amount of any Taxable Loan to a Taxable Term Loan, (b) the unpaid principal amount of any Governmental Loan to a Tax-Exempt (Governmental) Term Loan, and (c) the unpaid principal amount of any Private Activity Loan to a Tax-Exempt (Private Activity) Term Loan, in each case on the Revolving Loan Maturity Date, if the conditions set forth in Section 3.07 hereof are satisfied on the Revolving Loan Maturity Date. Each Term Loan shall constitute a Parity Obligation under the Parity Revenue Bond Indentures.

*Section 3.07. Condition Precedent to Term Loan.* The obligation of the Bank to convert the principal amount owed for all Revolving Loans of a type to a related Term Loan shall be subject to the fulfillment of the following condition precedent on or before the Revolving Loan Maturity Date in a manner satisfactory to the Bank:

(a) The following statements shall be true and correct on the Conversion Date, and the Bank shall have received a certificate incorporating by reference the definitions of the capitalized terms defined in this Agreement, signed by a Designated Representative and dated the Conversion Date, stating that:

(i) the representations and warranties of the Department contained herein and in each of the other Related Documents and each certificate, letter, other writing or instrument delivered by the Department to the Bank pursuant hereto or thereto are true and correct on and as of the Conversion Date as though made on and as of such date; and

(ii) no Default or Event of Default has occurred and is continuing or would result from converting the Revolving Loans to a Term Loan as requested.

*Section 3.08. Term Loan Evidenced by Note.* (a) The Tax-Exempt Term Loans shall be evidenced by a promissory note to be executed and delivered by the Department to the Bank in substantially the form set forth in Exhibit A-3 hereto to be issued on the Effective Date, payable to the Bank in a principal amount up to the Available Commitment on the Effective Date and otherwise duly completed. Each Tax-Exempt Term Loan made by the Bank and all payments and prepayments on the account of the principal and interest of each Tax-Exempt Term Loan shall be recorded by the Bank, in accordance with its usual practices, pursuant to entries in an account or accounts evidencing the indebtedness resulting from each Tax-Exempt Term Loan made from time to time hereunder and the amounts of principal and interest payable and paid from time to time hereunder. In any legal action or proceeding in respect of this Agreement, the entries made in such account or accounts shall be conclusive evidence (absent manifest error) of the existence and amounts of the obligations therein recorded.

(b) The Taxable Term Loan shall be evidenced by a promissory note to be executed and delivered by the Department to the Bank in substantially the form set forth in Exhibit A-3 hereto to be issued on the Effective Date, payable to the Bank in a principal amount up to the Available

Commitment on the Effective Date and otherwise duly completed. Each Taxable Term Loan made by the Bank and all payments and prepayments on the account of the principal and interest of each Taxable Term Loan shall be recorded by the Bank, in accordance with its usual practices, pursuant to entries in an account or accounts evidencing the indebtedness resulting from the Taxable Term Loan made from time to time hereunder and the amounts of principal and interest payable and paid from time to time hereunder. In any legal action or proceeding in respect of this Agreement, the entries made in such account or accounts shall be conclusive evidence (absent manifest error) of the existence and amounts of the obligations therein recorded.

*Section 3.09. Interest on Term Loan.* A Taxable Term Loan shall bear interest from the Conversion Date to the date such Taxable Term Loan is paid in full therefor at a rate per annum equal to the Taxable Bank Rate. A Tax-Exempt Term Loan shall bear interest from the Conversion Date to the date such Tax-Exempt Term Loan is paid in full at a rate per annum equal to the Tax-Exempt Bank Rate. Interest on each Term Loan shall be paid to the Bank monthly in arrears on each Interest Payment Date. Interest on a Term Loan shall be calculated on the basis of a year of 365 or 366 days, as applicable, based on the actual number of days elapsed.

*Section 3.10. Repayment of Term Loan.* The principal of each Term Loan shall be paid in sixteen equal quarterly installments following the Conversion Date, commencing on the first Business Day to occur three months after the Conversion Date and the first Business Day to occur every third month thereafter; *provided*, that any unpaid principal shall be paid on the Term Loan Maturity Date. The Department acknowledges that the foregoing payment schedule may result in a final payment substantially higher than the preceding payments.

*Section 3.11. Prepayment of Term Loan.* The Department may prepay each Term Loan, in whole or in part, on any Business Day, without cost, penalty or premium, provided at least three (3) days' written notice is provided by the Department to the Bank. Each such notice of optional prepayment shall be irrevocable and shall bind the Department to make such prepayment in accordance with such notice. All prepayments of principal shall include accrued interest to the date of prepayment and all other amounts due pursuant to this Agreement.

## 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, a public entity established pursuant to the laws of the State validly organized and existing under and by virtue of the laws of the State 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 Bank 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 Indenture 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 each Tax-Exempt Loan or (e) the collection of Revenues. To the knowledge of the Department, except as set forth in Exhibit H attached hereto, 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 writing to the Bank prior to the Effective Date, 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 Default and no Event of Default or Default or Event of Default which, with the giving of notice, the passage of time or both, would constitute a Default or 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 Bank Note, Advance, Revolving Loan or Term Loan 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 Notes, the Advances, the Revolving Loans and the Term Loans evidenced thereby and all other obligations of the Department to the Bank hereunder are secured by a lien on and pledge of Revenues. The pledge of the Revenues hereunder securing the Bank Notes, the Advances, the Revolving Loans and Term Loans is a valid and binding obligation of the Department, on a *pari passu* basis with the holders of all 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 the Indenture, 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 Notes, the Advances, the Revolving Loans and the Term Loans evidenced thereby. 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 Notes, the Advances, the Revolving Loans and the Term Loans evidenced thereby. 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 Notes, the Advances, the Revolving Loans and the Term Loans. The provisions of this Agreement constitute a contract between the Department and the Bank.

*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 Bank Notes pursuant to and in accordance with the laws of the State 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 Advances, the Revolving Loans, the Term Loans, the Bank Notes or any other obligations payable to the Bank hereunder 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 Bank Notes 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, unmatured 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 long-term unenhanced debt ratings assigned to the Department's Parity Obligations 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 Indenture 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 Bank Notes, the Advances, the Revolving Loans and the Term Loans.

*Section 4.22. Anti-Terrorism Laws.* The Department is not in violation of any laws relating to terrorism or money laundering ("*Anti-Terrorism Laws*"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "*Executive Order*"), and the Patriot Act;

- (a) The Department is not any of the following:
  - (i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;
  - (ii) a Person controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

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

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

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

(b) To the best knowledge of the Department, the Department does not (i) conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (a)(ii) above, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (iii) engage in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

## ARTICLE 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 Default or Default and (ii) all representations and warranties made by the Department herein or in any of the Related Documents 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 (if applicable) 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 Notes);

(ii) (A) the Resolution, (B) Section 609 of the Los Angeles City Charter, and (C) the Procedural Ordinance;

(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, 2017, and June 30, 2018, 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, 2018, 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 writing to the Bank prior to the Effective Date.

(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 Default or Default hereunder or default or event of default under any Related Document has occurred and is continuing as of the Effective Date.

(E) All necessary action on the part of the Department shall have been taken as required for the assignment and pledge of a lien on the Revenues for the benefit of the Bank as described in Section 2.11 hereof.

(c) *Legal Opinions.* The Bank shall have received (i) an opinion of Bond Counsel as to the due adoption, validity and enforceability with respect to the Department of the Resolution and the due authorization, execution and delivery, validity and enforceability with respect to the Department of this Agreement and the Bank Notes, and the exclusion of interest on the Tax-Exempt Loans from gross income for federal income tax purposes of the Bank (subject to the inclusion of any exceptions required to be contained in such opinion by Bond Counsel, including, but not limited to, an exception with respect to interest payable to the Bank on a Private Activity Loan in the event the Bank is a "substantial user" or "related party" within the meaning of Section 147(a) of the Code) and such other matters as the Bank may reasonably request, in form and substance satisfactory to the Bank, addressed to the Bank and dated the Effective Date and (ii) an opinion of general 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 30 days in advance for all the fees and expenses then due required by this Agreement.

(e) *Rating.* The Bank shall have received satisfactory evidence that the long-term unenhanced debt ratings assigned to the Parity Obligations 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) *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.

(g) *Legality; Material Adverse Change.* The Bank shall have determined (in its sole discretion) that (i) none of the making of any Advances or the consummation of any of the transactions contemplated by the Resolution, the Bank Note, or this Agreement 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 Advances.* The obligation of the Bank to make an Advance on any date is subject to the conditions precedent that on the date of such Advance (i) the Bank shall have received a Request for Advance as provided in Section 2.03(c) hereof specifying whether such Advance will be a Tax-Exempt Loan or a Taxable Loan and the initial LIBOR Period applicable thereto; *provided*, that with respect to a Tax-Exempt Loan, the Department shall also specify whether such Tax-Exempt Loan will be a Governmental Loan or a Private Activity Loan, (ii) all representations and warranties of the Department as set forth in Article IV hereof are true and correct as though made on the date of such Request for Advance and on the date of the proposed Advance and no Default or Event of Default shall have occurred and be continuing, (iii) any representations or certifications the Bank deems necessary to maintain the tax-exempt status of the interest on Tax-Exempt Loan, (iv) the Bank shall be satisfied that the opinion of Bond Counsel delivered pursuant to Section 5.01(c) hereof remains in full force and effect, and (v) the Commitment and the obligation of the Bank to make an Advance hereunder shall not have terminated pursuant to Section 7.02 hereof. Unless the Department shall have otherwise previously advised the Bank in writing, delivery to the Bank of a Request for Advance shall be deemed to constitute a representation and warranty by the Department that on the date of such Request for Advance and on the date of the proposed Advance each of the foregoing conditions has been satisfied.

## 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 Bank Notes, 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 Default or an Event of Default 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; Budgets.*

(i) *Annual Reports.* Within eight months after the end of each fiscal year of the Department, provide to the Bank (by electronic means) 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, Debt & Treasury Division of the Department, in the form of Exhibit I hereto. Within six months 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, Debt & Treasury Division of the Department in the form of Exhibit I hereto.

(ii) *Budget.* Upon the Bank's request, provide to the Bank, as soon as available and in any event within sixty (60) 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 sixty (60) days after approval, provide to the Bank, as soon as available and in any event within sixty (60) 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 [**thirty (30)**] 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, Debt & Treasury 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 Fifty Million Dollars (\$50,000,000) 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, the Resolution 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 this Agreement or the other Related Documents.

(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, the Bank Notes or any other Related Document or (iii) enable the Bank to assign or pledge the Bank Notes 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 2.11 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 whosoever.

(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) *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.

(j) *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.

(k) *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.

(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 Loan Period (such shorter amortization period, the “*Shorter Amortization Period*”), this Agreement shall automatically be deemed to be amended such that the Term Loan 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 Loan Period equals the Shorter Amortization Period, *provided* that the Term Loan 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 Loan Period, then, without the consent of the Bank, the Term Loan Period shall once again equal the period provided in the definition of “Term Loan Period” in Section 1.01 hereof.

(l) *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.

(m) *Maintenance of Ratings; Notice of Ratings Change.* (1) The Department covenants and agrees that it shall at all times use reasonable efforts to maintain at least two long-term unenhanced debt 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 at least one long-term unenhanced debt rating on any one or more series of the Parity Obligations by any Rating Agency.

(3) The Department shall promptly, and in any event not later than **[ten (10)]** Business Days thereafter, provide the Bank with notice of any change in the long-term unenhanced debt ratings assigned to the Parity Obligations.

(n) *Use of Proceeds.* The Department shall cause the proceeds from any Advance made hereunder to be used to finance or refinance, subject to the terms of this paragraph (n), the costs of any Project, to pay Costs of Issuance or for any other purpose permitted under the Indenture, the Resolution and hereunder. Notwithstanding anything herein to the contrary, in no event shall the Department take or omit to take any action, which action or omission will in any way result in the proceeds of any Advance or Revolving Loan being used to purchase or otherwise refinance any Indebtedness of the Department which constitutes variable rate demand bonds, commercial paper or similar floating rate indebtedness which, with respect to variable rate demand bonds, has been tendered and not remarketed or, with respect to commercial paper, has matured and the Department has been unable to issue rollover notes.

(o) *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.

(p) *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, and (ii) its rights, franchises and privileges material to the conduct of its business as from time to time being conducted.

*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, 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 the priority of the obligations of the Department under any Related Document or to the Bank hereunder 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 effect assumed from the issuance of additional 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 Notes, the Advances, the Revolving Loans, the Terms Loans and the other obligations of Department hereunder. The Department shall not, without the written consent of the Bank, 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.* Except as may be required by law (including, but limited to, federal and state securities laws and public record and open meeting requirements), the Department shall not use any financial information of the Bank, ratings of the Bank or any pricing information related to this Agreement or the transaction contemplated hereby in any offering document or any other published materials (other than the Department's staff reports, annual statements, audited financial statements, rating agency presentations) without the prior written consent of the Bank.

(e) *Additional Parity Obligations.* Promptly, but in no event later than five (5) days after the issuance and delivery of any additional debt which would constitute a Parity Obligation, deliver to the Bank a certificate of the Chief Financial Officer or the Director, Debt & Treasury Division of the Department to the effect that the issuance of such additional debt is permitted by the terms of the Indenture and the Parity Revenue Bond Indentures, 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 therein. Promptly, but in no event later than five (5) days after the execution and delivery of any Parity Revenue Bond Indenture (or any amendment or modification thereof), deliver to the Bank notice thereof.

(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 and the Parity Revenue Bond Indentures for Parity Obligations and in Section 2.11 of this Agreement, and as expressly provided for in or permitted by the Related Documents.

(g) *No Different or More Restrictive Event of Default.* 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 than are provided to the Bank in this Agreement without the prior written consent of the Bank.

(h) *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 the Bank Notes, the Advances, the Revolving Loans and the Term Loans).

(i) *Federal Reserve Board Regulations.* The Department will not engage in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System), and no part of any of the proceeds of any Revolving Loans will be used to purchase or carry any such margin stock or extend credit to others for the purpose of purchasing or carrying any such margin stock.

(j) *Tax Exemption.* The Department shall not take any action or omit to take any action that, if taken or omitted, would adversely affect the exclusion of interest on the Tax-Exempt Loans from the gross income of the holders thereof for purposes of federal income taxation under the Code. The Department shall not take any action or omit to take any action with respect to the use of proceeds of any Governmental Loan or Private Activity Loan, or the projects financed or refinanced with such proceeds, upon the advice or approval of Bond Counsel other than Kutak Rock LLP, unless the Department delivers to the Bank a new opinion of Bond Counsel in form and substance satisfactory to the Bank in its sole discretion.

## ARTICLE VII

### EVENTS OF DEFAULT; REMEDIES

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

(a) Any failure to pay the Bank any principal of and/or interest on any Advance, Revolving Loan or Term Loan (including any principal of or interest on any Bank Note) when due and payable; 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 City or the Department or the indebtedness of the City or 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 City or 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 City or 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 City or the Department or the debts of the City or 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 City or 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 City or the Department; or

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

(e) Any of Moody's, S&P or Fitch either (i) withdraw or suspend their long-term unenhanced debt rating of the Parity Obligations for credit related reasons or (ii) reduce their long-term unenhanced debt rating of the Parity Obligations, 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, non-appealable judgments against the Department for the payment of money payable out of Revenues ranking senior to or on a parity with the Advances, the Revolving Loans, the Term Loans or the Bank Notes and not covered by insurance, the operation or result of which, individually or in the aggregate, equals or exceed \$20,000,000, 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) (i) 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); (ii) any default in payment of principal or interest shall occur under any

Parity Obligation or under any indenture, agreement or other instrument pursuant to which any such Parity Obligation was issued 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 (iii) any default (other than those referred to Section 7.01(g)(i) and Section 7.01(g)(ii) hereof) shall occur under any Parity Obligation or under any indenture, agreement or other instrument pursuant to which any such Parity Obligation was issued and such default 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 hereunder (together with interest thereon at the Base Rate or the Default Rate, as applicable) within ten (10) Business Days after the Department has received written notice from the Bank that the same were not paid when due; or

(j) (i) The breach by the Department of any of the terms or provisions of (A) Section 6.01(l) hereof or (B) Section 6.01(a), (j), (m)(2) or (p) or Section 6.02(b), (c), (d), (f), (g), (h) or (i) hereof; or

(ii) The breach by the Department of any material terms or provisions of this Agreement (other than breaches addressed in Section 7.01(a), (h), (j)(i) or (k) hereof) which are not remedied within sixty (60) days after written notice thereof shall have been received by the Department from the Bank; or

(iii) 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 Advances when required by the terms and conditions of this Agreement; or

(k) Any lien created by this Agreement or the Indenture in favor of the Bank or the Trustee 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

(l) 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.* (a) Upon the occurrence of an Event of Default hereunder, the Bank, shall take any or all of the following actions:

(i) by notice to the Department, reduce the Available Commitment to zero and thereafter the Bank will have no further obligation to make Advances hereunder and/or terminate the Commitment; and/or

(ii) petition a court of competent jurisdiction to issue a mandamus order to the Department to compel specific performance of the covenants of the Department contained in any of the Related Documents; and/or

(iii) give written notice of the occurrence of an Event of Default to the Department and exercise any rights and remedies available at law or in equity or under any Related Document.

(b) *Acceleration.* (i) Except as provided in this Section 7.02(b), the Bank shall not, upon the occurrence and continuance of an Event of Default, have the right or remedy to accelerate or declare any principal and interest under any Bank Note or any Revolving Loan or any Advance or any Term Loan to be immediately due and payable. In the case of any Event of Default 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 (including but not limited to principal of and interest on all Bank Notes, Advances, Revolving Loans and Term Loans) 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 Default 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 (including but not limited to principal of and interest on all Bank Notes, Advances, Revolving Loans and Term Loans) 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.

## 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 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. 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.

*Section 8.02. Participations by the Bank.*

(a) The Bank may grant participations herein or in any of its rights and security hereunder, provided that any such participation shall grant to the Department the right to continue dealing solely with the Bank. Any such participant is referred to in this agreement as a “*Participant*.” In connection with any proposed participation, the Bank may disclose to the proposed Participant any information that the Department is required to deliver to the Bank pursuant to this Agreement. No participation in this Agreement sold by the Bank shall increase the Department’s obligations under this Agreement beyond those that exist in favor of the Bank.

(b) Anything herein to the contrary notwithstanding, including without limitation Section 2.05 hereof, if any Participant shall incur increased costs or capital adequacy requirements as contemplated by Section 2.05 hereof, and such increased costs or capital adequacy requirements are greater than those that the Bank would have incurred had it not granted a participation interest as provided for in this Section 8.02, then the Department shall not be obligated to pay to such Participant any portion of the cost greater than that which the Department would have paid under the provisions of Section 2.05 hereof had the Bank not granted such participation interest.

(c) *Notice to the Department.* The Bank will use its best efforts to notify the Department of any such participation but the failure to provide such notice will have no impact on the effectiveness of such participation.

(d) *Successors and Assigns Generally.* This Agreement is a continuing obligation and shall be binding upon the Department, its successors, transferees and assigns and shall inure to the benefit of the holders of the Bank Notes and their respective permitted successors, transferees and assigns. The Department may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Bank. Notwithstanding anything to the contrary set forth herein, so long as no Event of Default shall have occurred and be continuing hereunder, PNC Bank, National Association may not assign its obligations to fund Advances and Revolving Loans pursuant to the terms of this Agreement without the prior written consent of the Department (such consent not to be unreasonably withheld). Each Noteholder may, in its sole discretion and in accordance with applicable law, from time to time assign, sell or transfer in whole or in part, its interest in a Bank Note in accordance with the provisions of paragraph (e) or (f) of this Section. Each Noteholder may at any time and from time to time enter into participation agreements in accordance with the provisions of paragraph (a) of this

Section. Each Noteholder may at any time pledge or assign a security interest subject to the restrictions of paragraph (g) of this Section.

(e) *Sales and Transfers by Noteholder to a Bank Transferee.* Without limitation of the foregoing generality, the Bank may at any time sell or otherwise transfer to one or more transferees all or a portion of a Bank Note to a Person that is (i) an Affiliate of the Bank or (ii) a trust or other custodial arrangement established by the Bank or an Affiliate of the Bank, the owners of any beneficial interest in which are limited to “qualified institutional buyers” as defined in Rule 144A promulgated under the 1933 Act (each, a “*Bank Transferee*”). From and after the date of such sale or transfer, PNC Bank, National Association (and its successors) shall continue to have all of the rights of the Bank hereunder and under the other Related Documents as if no such transfer or sale had occurred; provided, however, that (A) no such sale or transfer referred to in clause (e)(i) or (e)(ii) hereof shall in any way affect the obligations of the Bank hereunder, (B) any such sale or transfer referred to in clause (e)(i) or (e)(ii) hereof shall be in a minimum amount of \$250,000, (C) the Department and the Trustee shall be required to deal only with the Bank with respect to any matters under this Agreement and (D) in the case of a sale or transfer referred to in clause (e)(i) or (e)(ii) hereof, only the Bank shall be entitled to enforce the provisions of this Agreement against the Department. Additionally, each Bank Transferee of all or a portion of a Bank Note shall be deemed to have acknowledged, represented, warranted and agreed with the Department to all of the provisions set forth in the “*Noteholder Representations*” attached to such Note. The Bank shall endeavor to provide written notice of such sale or transfer to the Department and the Trustee for purposes of Sections 2.02 and 2.03 of the Indenture; *provided, however*, that the failure to provide such notice shall not invalidate such transfer in any respect. Upon the request of the Department, the Bank shall provide the addresses and related information with respect to the Bank Transferee to the Department.

Anything herein to the contrary notwithstanding, if any Bank Transferee shall incur increased costs or capital adequacy requirements as contemplated by Section 2.05 hereof, and such increased costs or capital adequacy requirements are greater than those that the Bank would have incurred had it not sold or otherwise transferred all or a portion of a Bank Note to such Bank Transferee provided for in this Section 8.02(e), then the Department shall not be obligated to pay to such Bank Transferee any portion of the cost greater than that which the Department would have paid under the provisions of Section 2.05 hereof had the Bank not sold or otherwise transferred all or a portion of such Bank Note to a Bank Transferee.

(f) *Sales and Transfers by Noteholder to a Non-Bank Transferee.* Without limitation of the foregoing generality, a Noteholder may at any time sell or otherwise transfer all or a portion of a Bank Note to one or more transferees which are not Bank Transferees but each of which constitutes a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act (each a “*Non-Bank Transferee*”), if written notice of such sale or transfer, including that such sale or transfer is to a Non-Bank Transferee, together with addresses and related information with respect to the Non-Bank Transferee, shall have been given to the Department, the Trustee and the Bank (if different than the Noteholder) by such selling Noteholder and Non-Bank Transferee; *provided, however*, that any such sale or transfer shall be in a minimum amount of \$250,000. Additionally, each Non-Bank Transferee of all or a portion of a Bank Note shall be deemed to have acknowledged, represented, warranted and agreed with the Department

to all of the provisions set forth in the “Noteholder Representations” attached to a Bank Note. The Bank shall endeavor to provide written notice of such sale or transfer to the Department and the Trustee for purposes of Sections 2.02 and 2.03 of the Indenture; *provided, however*, that the failure to provide such notice shall not invalidate such transfer in any respect.

From and after the date the Department and the Trustee have received written notice, (A) the Non-Bank Transferee thereunder shall be a party hereto and shall have the rights and obligations of a Noteholder (other than its obligation to fund Advances and Revolving Loans, as more fully set forth in paragraph (d) of this Section 8.02) hereunder and under the other Related Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the Non-Bank Transferee, and any reference to the assigning Noteholder hereunder and under the other Related Documents shall thereafter refer to such transferring Noteholder and to the Non-Bank Transferee to the extent of their respective interests, and (B) if the transferring Noteholder no longer owns any portion of the Bank Note, then it shall relinquish its rights and be released from its obligations hereunder and under the Related Documents (other than its obligation to fund Advances and Revolving Loans, as more fully set forth in paragraph (d) of this Section 8.02).

Anything herein to the contrary notwithstanding, if any Non-Bank Transferee shall incur increased costs or capital adequacy requirements as contemplated by Section 2.05 hereof, and such increased costs or capital adequacy requirements are greater than those that the Bank would have incurred had all or a portion of the Bank Note not been sold or otherwise transferred to such Non-Bank Transferee provided for in this Section 8.02(f), then the Department shall not be obligated to pay to such Non-Bank Transferee any portion of the cost greater than that which the Department would have paid under the provisions of Section 2.05 hereof had all or a portion of the Bank Note(s) not been sold or otherwise transferred to such Bank Transferee.

*Section 8.03. Governing Law; Waiver of Jury Trial.* (a) This Agreement shall be governed by, and construed in accordance with, the laws of the State.

(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 8.03 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 8.04. 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 validity, sufficiency or genuineness of the Related Documents or any supplement or amendment thereof; or (ii) the execution and delivery of this Agreement, or the making of or the failure to make Advances, Revolving Loans or Term Loans 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 8.05. Obligations Absolute.* The obligations of the Department arising under this Agreement and the Bank Notes shall be paid and performed strictly in accordance with the terms of this Agreement and the Bank Notes, 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 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 8.06. Liability of the Bank.* 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; (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, non-appealable judgment that such direct damages were caused solely and directly by the Bank's willful failure to make Advances or Term Loans when required under the terms and conditions of this Agreement or were caused by the gross negligence of the Bank.

*Section 8.07. Notice.* Any notice, demand, direction, request or other instrument authorized or required by this Agreement to be given to or filed with the Department 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 electronic mail, 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*

Harbor Department of the City of Los Angeles  
425 South Palos Verdes Street  
San Pedro, California 90731  
Attention: Chief Financial Officer  
Telephone:  
Email Address; [●]

Harbor Department of the City of Los Angeles  
425 South Palos Verdes Street  
San Pedro, California 90731

Director, Debt & Treasury Division  
Telephone: (310) 732-3756  
Email Address: ssajadian@portla.org

If to the Bank: PNC Bank, National Association  
[Address]  
[City, State, Zip]  
Attention:  
Telephone:  
Telecopy:  
Email:

With a copy to: [To come, if applicable]

*Section 8.08. Term of the Agreement.* The Bank's obligation to make 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 Advances, Revolving Loans and Term Loans made by the Bank hereunder together with all other amounts due and owing to the Bank pursuant to this Agreement.

*Section 8.09. 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 Advances, Revolving Loans and Term Loans by the Bank hereunder and shall continue in full force and effect until payment in full of all the obligations of the Department hereunder, it being understood that the agreements of the Department found in Sections 2.05, 2.06, 2.08, 2.12 and 8.04 hereof shall survive the termination of this Agreement and payment in full of such obligations.

*Section 8.10. 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 8.11. 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 8.12. 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. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of

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

*Section 8.13. 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 8.14. 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 8.15. 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 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 8.16. Assignment to Federal Reserve Bank.* The Bank may assign and pledge all or any portion of a 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 8.17. Arm's Length Transaction.* In connection with all aspects of the transactions contemplated by this Agreement and the Related Documents (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the Department acknowledges and agrees its understanding, that: (i) the transaction described in this Agreement is an arm's length, commercial transaction between the Department and the Bank in which: (a) the Bank is acting solely as a principal (i.e., as a lender) and for its own interest; (b) the Bank is not acting as an advisor (as a municipal advisor (as defined in Section 15B of the Securities and Exchange Act of 1934, as amended) or otherwise), agent or fiduciary to or for the Department; (c) the Bank has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934, as amended, to the Department with respect to this transaction and the discussions, undertakings and procedures leading thereto (irrespective of whether the Bank or any of its affiliates has provided other services or is currently providing other services to the Department on other matters); (d) the only obligations the Bank has to the Department with respect to this transaction are set forth in this Agreement; and (e) the Bank is not recommending that the Department take an action with respect to the transaction described in this Agreement and the other Related Documents; (ii) the Department has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, (iii) the Department is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Related Documents and (iv) the Bank and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Department and neither the Bank nor any of its Affiliates has any obligation to disclose any of such interests to the Department.

*Section 8.18. Redaction Rights of Bank.* Subject to any applicable law (including, but not limited to, federal and state securities laws and public record and open meeting requirements), the Department agrees to provide the Bank with an opportunity to redact this Agreement prior to posting on EMMA or any other public location or website.

*Section 8.19. City Provisions.* The Bank agrees to comply with the City of Los Angeles requirements set forth in Exhibit J hereto.

[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.

PNC BANK, NATIONAL ASSOCIATION

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

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES

By \_\_\_\_\_  
Marla Bleavins  
Deputy Executive Director and Chief  
Financial Officer

Attest:

By \_\_\_\_\_  
Secretary of the Board of Harbor  
Commissioners of the City of  
Los Angeles

APPROVED AS TO FORM AND LEGALITY

[•], 2019  
MICHAEL N. FEUER, City Attorney  
Janna B. Sidley, General Counsel

By \_\_\_\_\_  
Heather M. McCloskey, Deputy

[Signature Page to Credit Agreement]

**EXHIBIT A-1**

**[FORM OF TAX-EXEMPT NOTE]**

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION. THIS NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS PROVIDED IN SECTION 8.02 OF THE HEREIN DEFINED AGREEMENT AND IN THE "NOTEHOLDER REPRESENTATIONS" ATTACHED HERETO.

Dated: \_\_\_\_\_, 2019

For value received, the Harbor Department of the City of Los Angeles (the "*Department*") promises to pay to the order of PNC Bank, National Association, and its successors and assigns (the "*Bank*"), the aggregate unpaid principal amount of all Advances and Tax-Exempt Revolving Loans made by the Bank from time to time pursuant to the Credit Agreement dated as of \_\_\_\_\_, 2019 (together with any amendments or supplements thereto, the "*Agreement*"), by and between the Department and PNC Bank, National Association, a national banking association, on the dates and in the amounts provided for in the Agreement.

The Department promises to pay interest on the unpaid principal amount of all Advances, and Tax-Exempt Revolving Loans on the dates and at the rates provided for in the Agreement. All payments of principal and interest shall be made to the Bank in lawful money of the United States of America in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Agreement.

This Note is the Tax-Exempt Bank Note referred to in the Agreement and is entitled to the benefits thereof and of the other Related Documents referred to therein. This Note is subject to prepayment, in whole or in part in accordance with the terms of the Agreement.

The Bank agrees, by acceptance of this Note, that before disposing of this Note it will make a notation on the schedule attached hereto of all Advances and Tax-Exempt Revolving Loans evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid; *provided, however*, that the failure to make any such notation shall not limit or otherwise affect the obligation of the Department hereunder with respect to payments of principal of and interest on this Note.

This Note is issued pursuant to, entitled to the benefits of, and is subject to, the provisions of the Agreement and the Indenture. This Note constitutes a Parity Obligation within the meaning of the Parity Revenue Bond Indentures.

The payment of the principal of and the interest on this Note are payable from, and are secured by an irrevocable pledge on all of the Revenues and any other amounts held in any fund and account established pursuant to the Indenture (excluding amounts held in the Rebate Fund established and maintained under the Indenture), subject only to the provisions of the Indenture

permitting the application thereof for the purposes and on the terms and conditions set forth therein. Such pledge of payment of the principal of and the interest on this Note shall constitute a lien on and security interest in such amounts and shall attach, be perfected and be valid and binding from and after the date of this Note, without any physical delivery thereof or further act and shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Department, irrespective of whether such parties have notice thereof.

This Note does not constitute or evidence an indebtedness of the City, the State of California, or any subdivision thereof other than the Department, or a lien or charge on any property or the general revenues of the City, the State of California, or any subdivision thereof other than the Department, but shall constitute and evidence an obligation of the Department payable only from Revenues (as such term is defined in the Indenture) deposited into the Harbor Revenue Fund and other amounts pledged therefor under the Indenture. This Note does not constitute an indebtedness of the Department in contravention of any charter, statutory or constitutional debt or other limitation or restriction.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Note do exist, have happened or have been performed in due and regular time, form and manner as required by the laws of the State of California and the Charter of the City of Los Angeles and that the amount of this Note, together with all other indebtedness of the Department, does not exceed any limit under any laws of the State of California or the Charter of the City of Los Angeles, and is not in excess of the amount of Notes permitted to be issued under the Indenture.

This Note shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been signed by the Trustee.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

IN WITNESS WHEREOF, the HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES has caused this Note to be executed in its name and on its behalf with the manual signature of its Chief Financial Officer and attested to by the manual signature of its Secretary, all as of this \_\_\_\_ day of \_\_\_\_\_, 2019.

HARBOR DEPARTMENT OF THE CITY OF  
LOS ANGELES

By \_\_\_\_\_  
Chief Financial Officer

Attest:

By \_\_\_\_\_  
Secretary of Board of Harbor  
Commissioners of the City of  
Los Angeles



TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes described in the within-mentioned Indenture.

Dated: \_\_\_\_\_, 2019

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By \_\_\_\_\_  
Authorized Officer

## NOTEHOLDER REPRESENTATIONS

Each Noteholder by its acceptance of or interest in this Note, hereby acknowledges, represents, warrants and agrees with the Department as follows:

1. We understand that this Note has not been registered pursuant to the Securities Act of 1933, as amended (the “1933 Act”), the securities laws of any state nor has the Indenture been qualified pursuant to the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions set forth therein. We acknowledge that this Note (i) is not being registered or otherwise qualified for sale under the “blue sky” laws and regulations of any state, (ii) will not be listed on any securities exchange, and (iii) will not carry a rating from any rating service.

2. We have not offered, offered to sell, offered for sale or sold any portion of this Note by means of any form of general solicitation or general advertising, and we are not an underwriter of this Note within the meaning of Section 2(11) of the 1933 Act.

3. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of this Note.

4. We are a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act and are able to bear the economic risks of such investment.

5. We understand that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to this Note. We have made our own inquiry and analysis with respect to the Department, this Note and the security therefor, and other material factors affecting the security for and payment of this Note.

6. We have either been supplied with or been given access to information, including financial statements and other financial information, regarding the Department, to which a reasonable investor would attach significance in making investment decisions, and have had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Department, this Note and the security therefor, so that as a reasonable investor, we have been able to make our decision to purchase and/or accept this Note.

7. This Note is being acquired by us for investment for our own account and not with a present view toward resale or distribution; *provided, however*, we reserve the right to sell, transfer or redistribute this Note, but agree that any such sale, transfer or distribution by us shall be to a Person:

(a) that is an Affiliate of us;

(b) that is a trust or other custodial arrangement established by us or one of our Affiliates, the owners of any beneficial interest in which are limited to qualified institutional buyers; or

(c) that we reasonably believe to be a qualified institutional buyer.

**TRANSACTIONS  
ON  
NOTE**

DATE	TAX-EXEMPT LOAN COMMITMENT	INTEREST RATE	GOVERNMENTAL/ PRIVATE	AMOUNT OF PRINCIPAL PAID	DATE TO WHICH INTEREST PAID	NOTATION MADE BY
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(FORM OF ASSIGNMENT)

For value received the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_

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(Name, Address and Tax Identification or  
Social Security Number of Assignee)

the within-registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_

\_\_\_\_\_ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated:

---

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

---

Note: Signature guarantee must be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee

**EXHIBIT A-2**

**[FORM OF TAXABLE NOTE]**

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION. THIS NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS PROVIDED IN SECTION 8.02 OF THE HEREIN DEFINED AGREEMENT AND IN THE "NOTEHOLDER REPRESENTATIONS" ATTACHED HERETO.

Dated: \_\_\_\_\_, 2019

For value received, the Harbor Department of the City of Los Angeles (the "*Department*") promises to pay to the order of PNC Bank, National Association, and its successors and assigns (the "*Bank*"), the aggregate unpaid principal amount of all Advances and Taxable Revolving Loans made by the Bank from time to time pursuant to the Credit Agreement dated as of \_\_\_\_\_, 2019 (together with any amendments or supplements thereto, the "*Agreement*"), by and between the Department and PNC Bank, National Association, a national banking association, on the dates and in the amounts provided for in the Agreement.

The Department promises to pay interest on the unpaid principal amount of all Advances and Taxable Revolving Loans on the dates and at the rates provided for in the Agreement. All payments of principal and interest shall be made to the Bank in lawful money of the United States of America in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Agreement.

This Note is the Taxable Bank Note referred to in the Agreement and is entitled to the benefits thereof and of the other Related Documents referred to therein. This Note is subject to prepayment, in whole or in part in accordance with the terms of the Agreement.

The Bank agrees, by acceptance of this Note, that before disposing of this Note it will make a notation on the schedule attached hereto of all Advances and Taxable Revolving Loans evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid; *provided, however*, that the failure to make any such notation shall not limit or otherwise affect the obligation of the Department hereunder with respect to payments of principal of and interest on this Note.

This Note is issued pursuant to, entitled to the benefits of, and is subject to, the provisions of the Agreement and the Indenture. This Note constitutes a Parity Obligation within the meaning of the Parity Revenue Bond Indentures.

The payment of the principal of and the interest on this Note are payable from, and are secured by an irrevocable pledge on all of the Revenues and any other amounts held in any fund and account established pursuant to the Indenture (excluding amounts held in the Rebate Fund established and maintained under the Indenture), subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth

therein. Such pledge of payment of the principal of and the interest on this Note shall constitute a lien on and security interest in such amounts and shall attach, be perfected and be valid and binding from and after the date of this Note, without any physical delivery thereof or further act and shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Department, irrespective of whether such parties have notice thereof.

This Note does not constitute or evidence an indebtedness of the City, the State of California, or any subdivision thereof other than the Department, or a lien or charge on any property or the general revenues of the City, the State of California, or any subdivision thereof other than the Department, but shall constitute and evidence an obligation of the Department payable only from Revenues (as such term is defined in the Indenture) deposited into the Harbor Revenue Fund and other amounts pledged therefor under the Indenture. This Note does not constitute an indebtedness of the Department in contravention of any charter, statutory or constitutional debt or other limitation or restriction.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Note do exist, have happened or have been performed in due and regular time, form and manner as required by the laws of the State of California and the Charter of the City of Los Angeles and that the amount of this Note, together with all other indebtedness of the Department, does not exceed any limit under any laws of the State of California or the Charter of the City of Los Angeles, and is not in excess of the amount of Notes permitted to be issued under the Indenture.

This Note shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been signed by the Trustee.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

IN WITNESS WHEREOF, the HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES has caused this Note to be executed in its name and on its behalf with the manual signature of its Chief Financial Officer and attested to by the manual signature of its Secretary, all as of this \_\_\_\_ day of \_\_\_\_\_, 2019.

HARBOR DEPARTMENT OF THE CITY OF  
LOS ANGELES

By \_\_\_\_\_  
Chief Financial Officer

Attest:

By \_\_\_\_\_  
Secretary of Board of Harbor  
Commissioners of the City of  
Los Angeles



TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes described in the within-mentioned Indenture.

Dated: \_\_\_\_\_, 2019

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By \_\_\_\_\_  
Authorized Officer

## NOTEHOLDER REPRESENTATIONS

Each Noteholder by its acceptance of or interest in this Note, hereby acknowledges, represents, warrants and agrees with the Department as follows:

1. We understand that this Note has not been registered pursuant to the Securities Act of 1933, as amended (the “1933 Act”), the securities laws of any state nor has the Indenture been qualified pursuant to the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions set forth therein. We acknowledge that this Note (i) is not being registered or otherwise qualified for sale under the “blue sky” laws and regulations of any state, (ii) will not be listed on any securities exchange, and (iii) will not carry a rating from any rating service.

2. We have not offered, offered to sell, offered for sale or sold any portion of this Note by means of any form of general solicitation or general advertising, and we are not an underwriter of this Note within the meaning of Section 2(11) of the 1933 Act.

3. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of this Note.

4. We are a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act and are able to bear the economic risks of such investment.

5. We understand that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to this Note. We have made our own inquiry and analysis with respect to the Department, this Note and the security therefor, and other material factors affecting the security for and payment of this Note.

6. We have either been supplied with or been given access to information, including financial statements and other financial information, regarding the Department, to which a reasonable investor would attach significance in making investment decisions, and have had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Department, this Note and the security therefor, so that as a reasonable investor, we have been able to make our decision to purchase and/or accept this Note.

7. This Note is being acquired by us for investment for our own account and not with a present view toward resale or distribution; *provided, however*, we reserve the right to sell, transfer or redistribute this Note, but agree that any such sale, transfer or distribution by us shall be to a Person:

- (a) that is an Affiliate of us;

(b) that is a trust or other custodial arrangement established by us or one of our Affiliates, the owners of any beneficial interest in which are limited to qualified institutional buyers; or

(c) that we reasonably believe to be a qualified institutional buyer.

**TRANSACTIONS  
ON  
NOTE**

DATE	TAXABLE LOAN COMMITMENT	INTEREST RATE	AMOUNT OF PRINCIPAL PAID	DATE TO WHICH INTEREST PAID	NOTATION MADE BY
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(FORM OF ASSIGNMENT)

For value received the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_

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(Name, Address and Tax Identification or  
Social Security Number of Assignee)

the within-registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_

\_\_\_\_\_ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated:

---

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

---

Note: Signature guarantee must be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee

**EXHIBIT A-3**

**[FORM OF TERM LOAN NOTE]**

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION. THIS NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS PROVIDED IN SECTION 8.02 OF THE HEREIN DEFINED AGREEMENT AND IN THE "NOTEHOLDER REPRESENTATIONS" ATTACHED HERETO.

Dated: \_\_\_\_\_, 2019

For value received, the Harbor Department of the City of Los Angeles (the "*Department*") promises to pay to the order of PNC Bank, National Association, and its successors and assigns (the "*Bank*"), the aggregate unpaid principal amount of [Tax-Exempt/Taxable] Term Loans made by the Bank from time to time pursuant to the Credit Agreement dated as of \_\_\_\_\_, 2019 (together with any amendments or supplements thereto, the "*Agreement*"), by and between the Department and PNC Bank, National Association, a national banking association, on the dates and in the amounts provided for in the Agreement.

The Department promises to pay interest on the unpaid principal amount of all [Tax-Exempt/Taxable] Term Loans on the dates and at the rates provided for in the Agreement. All payments of principal and interest shall be made to the Bank in lawful money of the United States of America in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Agreement.

This Note is a Term Rate Note referred to in the Agreement and is entitled to the benefits thereof and of the other Related Documents referred to therein. This Note is subject to prepayment, in whole or in part in accordance with the terms of the Agreement.

The Bank agrees, by acceptance of this Note, that before disposing of this Note it will make a notation on the schedule attached hereto of all [Tax-Exempt/Taxable] Term Loans evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid; *provided, however*, that the failure to make any such notation shall not limit or otherwise affect the obligation of the Department hereunder with respect to payments of principal of and interest on this Note.

This Note is issued pursuant to, entitled to the benefits of, and is subject to, the provisions of the Agreement and the Indenture. This Note constitutes a Parity Obligation within the meaning of the Parity Revenue Bond Indentures.

The payment of the principal of and the interest on this Note are payable from, and are secured by an irrevocable pledge on all of the Revenues and any other amounts held in any fund and account established pursuant to the Indenture (excluding amounts held in the Rebate Fund established and maintained under the Indenture), subject only to the provisions of the Indenture

permitting the application thereof for the purposes and on the terms and conditions set forth therein. Such pledge of payment of the principal of and the interest on this Note shall constitute a lien on and security interest in such amounts and shall attach, be perfected and be valid and binding from and after the date of this Note, without any physical delivery thereof or further act and shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Department, irrespective of whether such parties have notice thereof.

This Note does not constitute or evidence an indebtedness of the City, the State of California, or any subdivision thereof other than the Department, or a lien or charge on any property or the general revenues of the City, the State of California, or any subdivision thereof other than the Department, but shall constitute and evidence an obligation of the Department payable only from Revenues (as such term is defined in the Indenture) deposited into the Harbor Revenue Fund and other amounts pledged therefor under the Indenture. This Note does not constitute an indebtedness of the Department in contravention of any charter, statutory or constitutional debt or other limitation or restriction.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Note do exist, have happened or have been performed in due and regular time, form and manner as required by the laws of the State of California and the Charter of the City of Los Angeles and that the amount of this Note, together with all other indebtedness of the Department, does not exceed any limit under any laws of the State of California or the Charter of the City of Los Angeles, and is not in excess of the amount of Notes permitted to be issued under the Indenture.

This Note shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been signed by the Trustee.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

IN WITNESS WHEREOF, the HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES has caused this Note to be executed in its name and on its behalf with the manual signature of its Chief Financial Officer and attested to by the manual signature of its Secretary, all as of this \_\_\_\_ day of \_\_\_\_\_, 2019.

HARBOR DEPARTMENT OF THE CITY OF  
LOS ANGELES

By \_\_\_\_\_  
Chief Financial Officer

Attest:

By \_\_\_\_\_  
Secretary of Board of Harbor  
Commissioners of the City of  
Los Angeles



TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes described in the within-mentioned Indenture.

Dated: \_\_\_\_\_, 2019

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By \_\_\_\_\_  
Authorized Officer

## NOTEHOLDER REPRESENTATIONS

Each Noteholder by its acceptance of or interest in this Note, hereby acknowledges, represents, warrants and agrees with the Department as follows:

1. We understand that this Note has not been registered pursuant to the Securities Act of 1933, as amended (the “1933 Act”), the securities laws of any state nor has the Indenture been qualified pursuant to the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions set forth therein. We acknowledge that this Note (i) is not being registered or otherwise qualified for sale under the “blue sky” laws and regulations of any state, (ii) will not be listed on any securities exchange, and (iii) will not carry a rating from any rating service.

2. We have not offered, offered to sell, offered for sale or sold any portion of this Note by means of any form of general solicitation or general advertising, and we are not an underwriter of this Note within the meaning of Section 2(11) of the 1933 Act.

3. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of this Note.

4. We are a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act and are able to bear the economic risks of such investment.

5. We understand that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to this Note. We have made our own inquiry and analysis with respect to the Department, this Note and the security therefor, and other material factors affecting the security for and payment of this Note.

6. We have either been supplied with or been given access to information, including financial statements and other financial information, regarding the Department, to which a reasonable investor would attach significance in making investment decisions, and have had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Department, this Note and the security therefor, so that as a reasonable investor, we have been able to make our decision to purchase and/or accept this Note.

7. This Note is being acquired by us for investment for our own account and not with a present view toward resale or distribution; *provided, however*, we reserve the right to sell, transfer or redistribute this Note, but agree that any such sale, transfer or distribution by us shall be to a Person:

(a) that is an Affiliate of us;

(b) that is a trust or other custodial arrangement established by us or one of our Affiliates, the owners of any beneficial interest in which are limited to qualified institutional buyers; or

(c) that we reasonably believe to be a qualified institutional buyer.

**TRANSACTIONS  
ON  
NOTE**

DATE	TAX-EXEMPT LOAN COMMITMENT / TAXABLE LOAN COMMITMENT	INTEREST RATE	GOVERNMENTAL / PRIVATE ACTIVITY / TAXABLE	AMOUNT OF PRINCIPAL PAID	DATE TO WHICH INTEREST PAID	NOTATION MADE BY
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(FORM OF ASSIGNMENT)

For value received the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_

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(Name, Address and Tax Identification or  
Social Security Number of Assignee)

the within-registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_

\_\_\_\_\_ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated:

---

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

---

Note: Signature guarantee must be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee

**EXHIBIT B**

**[FORM OF REQUEST FOR ADVANCE]**

**REQUEST FOR ADVANCE AND REVOLVING LOAN**

PNC Bank, National Association

[Address]

[City, State, Zip]

Attention:

with a copy to:

PNC Bank, National Association

[Address]

[City, State, Zip]

Attention:

Ladies and Gentlemen:

The undersigned, a Designed Representative, refers to the Credit Agreement dated as of \_\_\_\_\_, 2019 (together with any amendments or supplements thereto, the “*Agreement*”), by and between the Harbor Department of the City of Los Angeles (the “*Department*”) and PNC Bank, National Association (the “*Bank*”) (the terms defined therein being used herein as therein defined) and hereby requests, pursuant to Section 2.03 of the Agreement, that the Bank make an Advance under the Agreement, and in that connection sets forth below the following information relating to such Advance (the “*Proposed Advance*”):

1. The aggregate amount of the Proposed Advance is \$\_\_\_\_\_.
2. Date Advance is requested to be made: \_\_\_\_\_.
3. The aggregate amount of the Proposed Advance shall be used solely to **[finance [or refinance] the costs of a Project] [pay Costs of Issuance] [other lawful purposes permitted under the Indenture, the Resolution and the Agreement]**.
4. The interest rate with respect to the Proposed Advance shall be **[the Tax-Exempt Rate] [the Taxable Rate]**.
5. The initial LIBOR Period for such Revolving Loan is to be **[One-month][Three-month][Six-month].**
6. [The Proposed Advance shall be a Tax-Exempt Loan designated as **[a Governmental Loan] [a Private Activity Loan]**.

7. The Proposed Advance shall be made by the Bank by wire transfer of immediately available funds to the undersigned in accordance with the instructions set forth below:

**[Insert wire instructions]**

Very truly yours,

HARBOR DEPARTMENT OF THE CITY OF LOS  
ANGELES

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

cc: U.S. Bank National Association

**EXHIBIT C**

**[FORM OF REQUEST FOR EXTENSION]**

**REQUEST FOR EXTENSION**

**[Date]**

PNC Bank, National Association  
[Address]  
[City, State, Zip]  
Attention:

with a copy to:

PNC Bank, National Association  
[Address]  
[City, State, Zip]  
Attention:

Ladies and Gentlemen:

Reference is made to the Credit Agreement dated as of \_\_\_\_\_, 2019 (together with any amendments or supplements thereto, the "*Agreement*"), by and between the Harbor Department of the City of Los Angeles (the "*Department*") and PNC Bank, National Association (the "*Bank*"). All terms defined in the Agreement are used herein as defined therein.

The Department hereby requests, pursuant to Section 2.10 of the Agreement, that the Commitment Expiration Date with respect to the Available Commitment as of the date hereof be extended by \_\_\_\_\_ year(s) to \_\_\_\_\_, \_\_\_\_\_. Pursuant to such Section 2.10, we have enclosed with this request the following information:

1. A reasonably detailed description of any and all Defaults that have occurred and are continuing;
2. 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 Default or Event of Default has occurred and is continuing on the date hereof; and
3. Any other pertinent information previously requested by the Bank.



The Bank is required to notify the Department of its decision with respect to this request within 45 days of the date of receipt hereof. If the Bank fails to notify the Department of the Bank's decision within such 45-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**

**[FORM OF NOTICE OF TERMINATION]**

**NOTICE OF TERMINATION**

Harbor Department of the City of Los Angeles  
425 South Palos Verdes Street  
San Pedro, California 90731  
Attention: Director, Debt & Treasury Division

Ladies and Gentlemen:

We refer to the Credit Agreement dated as of \_\_\_\_\_, 2019 (together with any amendments or supplements thereto, the “*Agreement*”), by and between the Harbor Department of the City of Los Angeles (the “*Department*”) and PNC Bank, National Association (the “*Bank*”). All terms defined in the Agreement are used herein as defined therein.

We hereby notify you that an Event of Default has occurred under Section 7.01\_ of the Agreement. As a result, unless and until you have been advised otherwise by us:

1. The Available Commitment **[has been automatically]/[is hereby]** reduced to \$0.00 and the Bank has no further obligation to make Advances under the Agreement; and
2. The Commitment **[has been automatically]/[is]** terminated and will no longer be reinstated.

IN WITNESS WHEREOF, we have executed and delivered this Notice as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Very truly yours,

PNC BANK, NATIONAL ASSOCIATION

By \_\_\_\_\_

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

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



IN WITNESS WHEREOF, the Department has executed and delivered this Notice this  
\_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

HARBOR DEPARTMENT OF THE CITY OF LOS  
ANGELES

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

**EXHIBIT F**

**[FORM OF NOTICE OF REDUCTION]**

**NOTICE OF REDUCTION**

**[Date]**

Harbor Department of the City of Los Angeles  
425 South Palos Verdes Street  
San Pedro, California 90731  
Attention: Director, Debt & Treasury Division

Ladies and Gentlemen:

We hereby notify you that pursuant to Section 2.09 of the Credit Agreement dated as of \_\_\_\_\_, 2019 (the "*Agreement*"), by and between the Harbor Department of the City of Los Angeles (the "*Department*") and PNC Bank, National Association (the "*Bank*"), the Available Commitment is reduced from **[insert amount as of the date of Certificate]** to **[insert new amount]**, such reduction to be effective on \_\_\_\_\_.

Very truly yours,

PNC BANK, NATIONAL ASSOCIATION

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

**EXHIBIT G**

**[FORM OF NOTICE OF EXTENSION]**

**NOTICE OF EXTENSION**

**[Date]**

Harbor Department of the City of Los Angeles  
425 South Palos Verdes Street  
San Pedro, California 90731  
Attention: Director, Debt & Treasury Division

Ladies and Gentlemen:

We hereby notify you that pursuant to Section 2.10 of the Credit Agreement dated as of \_\_\_\_\_, 2019, by and between the Harbor Department of the City of Los Angeles (the "*Department*") and the undersigned, PNC Bank, National Association (the "*Bank*"), the Commitment Expiration Date with respect to the Commitment as of the date hereof shall be extended \_\_\_\_\_ year(s) to \_\_\_\_\_, \_\_\_\_\_. Your acknowledgment hereof shall be deemed to be your representation and warranty that all your representations and warranties contained in Article IV of the Agreement are true and correct and will be true and correct as of the date hereof and that no Default or Event of Default has occurred and is continuing.

Very truly yours,

PNC BANK, NATIONAL ASSOCIATION

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

Acknowledged as of \_\_\_\_\_, \_\_\_\_\_ by

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES

By \_\_\_\_\_

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

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



**EXHIBIT H**  
**LITIGATION**

None

**EXHIBIT I**

**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 6.01(b) of the Credit Agreement, dated as of \_\_\_\_\_, 2019 (as the same may be amended, supplemented or otherwise modified from time to time, the “*Agreement*”), by and between the Department and PNC Bank, National Association, a national banking association organized and existing under the laws of the United States of America, and its successors and assigns (the “*Bank*”). Capitalized terms used herein which are not defined herein shall have the meanings assigned to such terms in the 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 Default or Event of Default 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 J

### CITY REQUIREMENTS

#### [PNC TO REVIEW]

##### A. State Tidelands Grants

The Credit Agreement, dated as of \_\_\_\_\_, 2019 (as the same may be amended, supplemented or otherwise modified from time to time, the “Agreement”), between Harbor Department of the City of Los Angeles (the “Department”) and PNC Bank, National Association, as Bank (the “Bank”) is entered into in furtherance of and as a benefit to the State Tidelands Grant and the trust created thereby. Therefore, the Agreement is at all times subject to the limitations, conditions, restrictions and reservations contained in and prescribed by the Act of the Legislature of the State of California entitled “An Act Granting to the City of Los Angeles the Tidelands and Submerged Lands of the State Within the Boundaries of Said City,” approved June 3, 1929 (Stats. 1929, Ch. 651), as amended, and provisions of Article VI of the Charter of the City of Los Angeles relating to such lands. The Bank agrees that any interpretation of the Agreement and the terms contained herein must be consistent with such limitations, conditions, restrictions and reservations.

##### B. Compliance with Los Angeles City Charter Section 470(c)(12)

The Bank, the Subcontractors, and their Principals are obligated to fully comply with City of Los Angeles Charter Section 470(c)(12) and related ordinances, regarding limitations on campaign contributions and fundraising for certain elected City officials or candidates for elected City office if the agreement is valued at \$100,000 or more and requires approval of a City elected official. Additionally, the Bank is required to provide and update certain information to the City as specified by law. Where the Bank is subject to Charter Section 470(c)(12), it shall include the following notice in any contract with a subcontractor expected to receive at least \$100,000 for performance under the Agreement:

##### Notice Regarding Los Angeles Campaign Contribution and Fundraising Restrictions

As provided in Los Angeles City Charter Section 470(c)(12) and related ordinances, you are a subcontractor in connection with the Credit Agreement dated as of \_\_\_\_\_, 2019 (the “Agreement”), by and between the Harbor Department of the City of Los Angeles (the “Department”) and PNC Bank, National Association (the “Bank”). Pursuant to City Charter Section 470(c)(12), subcontractor and its principals are prohibited from making campaign contributions and fundraising for certain elected City officials or candidates for elected City office for 12 months after the Agreement is signed. Subcontractor is required to provide to the Bank names and addresses of the subcontractor’s principals and contact information and shall update that information if it changes during the 12 month time period. Subcontractor’s information must be provided to the Bank within 10 business days. Failure to comply may result in termination of the Agreement or any other available legal remedies including fines.

Information about the restrictions may be found at the City Ethics Commission's website at <http://ethics.lacity.org/> or by calling 213-978-1960.

The Bank, Subcontractors, and their Principals shall comply with these requirements and limitations. Violation of this provision shall entitle the Department to terminate the Agreement and pursue any and all legal remedies that may be available.

During the term of the Agreement, the Department shall use its commercially reasonable efforts to provide the Bank with notice of any adopted or enacted changes, additions, amendments or modifications to campaign contribution or fundraising restrictions applicable to the Bank that relate to the Agreement (including, without limitation, any amendments or modifications to the Charter or the Measure H Ordinance), within seven (7) Business Days after the adoption or enactment thereof. The Bank may obtain information about the Measure H Ordinance at the City Ethics Commission's website at <http://ethics.lacity.org/> or by calling 213/978-1960.

*“Principal”* means, with respect to the Bank or a Subcontractor, each of the following: (i) the chairman/chairwoman of the Bank's or Subcontractor's (as applicable) Board of Directors; (ii) each of the Bank's or Subcontractor's (as applicable) president, chief executive officer, and chief operating officer (and the functional equivalent of each such position); (iii) any individual who holds an ownership interest in the Bank or the Subcontractor (as applicable) of twenty percent or more; (iv) any individual employee of the Bank described in Section 49.7.30.A.8.(c) of the Los Angeles Municipal Code and identified on a disclosure form submitted on [•], 2019 pursuant to the Measure H Ordinance, which as of [•], 2019 is titled “Bidder Contributions CEC Form 55”; and (v) any individual employee of the Subcontractor described in Section 49.7.30.A.8.(c) of the Los Angeles Municipal Code and identified on a disclosure form submitted by such Subcontractor pursuant to the Measure H Ordinance.

*“Subcontractor”* means a Person, other than the Bank or an employee of the Bank, who is expected to receive at least \$100,000 as a result of performing some or all of the Bank's obligations hereunder.

### **C. Affirmative Action Program**

To the extent required by the hereinafter defined Affirmative Action Program, if the total payments made under the Agreement are One Hundred Thousand Dollars (\$100,000) or more, this provision shall apply. To the extent the Bank is subject to and required by the Affirmative Action Program, during the performance of the Agreement, the Bank agrees to comply with Section 10.8.4 of the LA Admin Code (“Affirmative Action Program”), which is incorporated herein by this reference to the extent required by the Affirmative Action Program. A copy of Section 10.8.4 of the LA Admin Code in effect on \_\_\_\_\_, 2019 has been attached to this Exhibit J as Annex A for the convenience of the parties. By way of specification but not limitation, pursuant to Sections 10.8.4.E and 10.8.4.F of the LA Admin Code, the failure of the Bank to comply with the Affirmative Action Program provisions of the Agreement could be deemed to be a material breach of the Agreement. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard have been given to the Bank. Upon a finding duly made that the Bank has failed to comply with the

Affirmative Action Program provisions of the Agreement, the Agreement could be forthwith terminated, cancelled, or suspended to the extent required by the Affirmative Action Program provisions. Any such termination of the Agreement pursuant to the Affirmative Action Program shall be subject to the termination provisions set forth in Section 2.09 of the Agreement.

**D. Responsible Banking Ordinance Compliance**

The Bank shall comply with the City of Los Angeles Responsible Banking Ordinance (“RBO”), Administrative Code Section 20.95.1, including as amended by Ordinance No. 185670 effective August 19, 2018. Noncompliance with the RBO by the Bank, as determined at the sole discretion of the Department, shall be subject to the termination provisions set forth in Section 2.09 of the Agreement.

**ANNEX A TO EXHIBIT J**

**SECTION 10.8.4 OF THE LOS ANGELES ADMINISTRATIVE CODE**

**Sec. 10.8.4. Affirmative Action Program Provisions.**

Every non-construction and construction Contract with, or on behalf of, the City of Los Angeles for which the consideration is \$25,000 or more shall contain the following provisions which shall be designated as the AFFIRMATIVE ACTION PROGRAM provisions of such Contract:

A. During the performance of a City Contract, the Contractor certifies and represents that the Contractor and each Subcontractor hereunder will adhere to an Affirmative Action Program to ensure that in its employment practices, persons are employed and employees are treated equally and without regard to or because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.

1. This section applies to work or services performed or materials manufactured or assembled in the United States.

2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.

3. The Contractor shall post a copy of Paragraph A., hereof, in conspicuous places at its place of business available to employees and applicants for employment.

B. The Contractor shall, in all solicitations or advertisements for employees placed, by or on behalf of, the Contractor, state that all qualified applicants will receive consideration for employment without regard to their race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.

C. At the request of the Awarding Authority or the DAA, the Contractor shall certify on an electronic or hard copy form to be supplied, that the Contractor has not discriminated in the performance of City Contracts against any employee or applicant for employment on the basis or because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.

D. The Contractor shall permit access to, and may be required to provide certified copies of, all of its records pertaining to employment and to its employment practices by the Awarding Authority or the DAA for the purpose of investigation to ascertain compliance with the Affirmative Action Program provisions of City Contracts and, upon request, to provide evidence that it has or will comply therewith.

E. The failure of any Contractor to comply with the Affirmative Action Program provisions of City Contracts may be deemed to be a material breach of a City Contract. The failure shall only be established upon a finding to that effect by the Awarding Authority, on the

basis of its own investigation or that of the DAA. No finding shall be made except upon a full and fair hearing after notice and an opportunity to be heard has been given to the Contractor.

F. Upon a finding duly made that the Contractor has breached the Affirmative Action Program provisions of a City Contract, the Contract may be forthwith cancelled, terminated or suspended, in whole or in part, by the Awarding Authority, and all monies due or to become due hereunder may be forwarded to and retained by the City of Los Angeles. In addition thereto, the breach may be the basis for a determination by the Awarding Authority or the Board of Public Works that the Contractor is a non-responsible bidder or proposer pursuant to the provisions of Section 10.40 of this Code. In the event of such determination, the Contractor shall be disqualified from being awarded a contract with the City of Los Angeles for a period of two years, or until he or she shall establish and carry out a program in conformance with the provisions hereof.

G. In the event of a finding by the Fair Employment and Housing Commission of the State of California, or the Board of Public Works of the City of Los Angeles, or any court of competent jurisdiction, that the Contractor has been guilty of a willful violation of the California Fair Employment and Housing Act, or the Affirmative Action Program provisions of a City Contract, there may be deducted from the amount payable to the Contractor by the City of Los Angeles under the contract, a penalty of ten dollars for each person for each calendar day on which the person was discriminated against in violation of the provisions of a City Contract.

H. Notwithstanding any other provisions of a City Contract, the City of Los Angeles shall have any and all other remedies at law or in equity for any breach hereof.

I. The Public Works Board of Commissioners shall promulgate rules and regulations through the DAA and provide to the Awarding Authorities electronic and hard copy forms for the implementation of the Affirmative Action Program provisions of City contracts, and rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive Orders. No other rules, regulations or forms may be used by an Awarding Authority of the City to accomplish this contract compliance program.

J. Nothing contained in City Contracts shall be construed in any manner so as to require or permit any act which is prohibited by law.

K. By affixing its signature to a Contract that is subject to this article, the Contractor shall agree to adhere to the provisions in this article for the duration of the Contract. The Awarding Authority may also require Contractors and suppliers to take part in a pre-registration, pre-bid, pre-proposal, or pre-award conference in order to develop, improve or implement a qualifying Affirmative Action Program.

1. The Contractor certifies and agrees to immediately implement good faith effort measures to recruit and employ minority, women and other potential employees in a non-discriminatory manner including, but not limited to, the following actions as appropriate and available to the Contractor's field of work. The Contractor shall:

(a) Recruit and make efforts to obtain employees through:

(i) Advertising employment opportunities in minority and other community news media or other publications.

(ii) Notifying minority, women and other community organizations of employment opportunities.

(iii) Maintaining contact with schools with diverse populations of students to notify them of employment opportunities.

(iv) Encouraging existing employees, including minorities and women, to refer their friends and relatives.

(v) Promoting after school and vacation employment opportunities for minority, women and other youth.

(vi) Validating all job specifications, selection requirements, tests, etc.

(vii) Maintaining a file of the names and addresses of each worker referred to the Contractor and what action was taken concerning the worker.

(viii) Notifying the appropriate Awarding Authority and the DAA in writing when a union, with whom the Contractor has a collective bargaining agreement, has failed to refer a minority, woman or other worker.

(b) Continually evaluate personnel practices to assure that hiring, upgrading, promotions, transfers, demotions and layoffs are made in a non-discriminatory manner so as to achieve and maintain a diverse work force.

(c) Utilize training programs and assist minority, women and other employees in locating, qualifying for and engaging in the training programs to enhance their skills and advancement.

(d) Secure cooperation or compliance from the labor referral agency to the Contractor's contractual Affirmative Action Program obligations.

(e) Establish a person at the management level of the Contractor to be the Equal Employment Practices officer. Such individual shall have the authority to disseminate and enforce the Contractor's Equal Employment and Affirmative Action Program policies.

(f) Maintain records as are necessary to determine compliance with Equal Employment Practices and Affirmative Action Program obligations and make the records available to City, State and Federal authorities upon request.



(g) Establish written company policies, rules and procedures which shall be encompassed in a company-wide Affirmative Action Program for all its operations and Contracts. The policies shall be provided to all employees, Subcontractors, vendors, unions and all others with whom the Contractor may become involved in fulfilling any of its Contracts.

(h) Document its good faith efforts to correct any deficiencies when problems are experienced by the Contractor in complying with its obligations pursuant to this article. The Contractor shall state:

- (i) What steps were taken, how and on what date.
- (ii) To whom those efforts were directed.
- (iii) The responses received, from whom and when.
- (iv) What other steps were taken or will be taken to comply and when.
- (v) Why the Contractor has been or will be unable to comply.

2. Every contract of \$25,000 or more which may provide construction, demolition, renovation, conservation or major maintenance of any kind shall also comply with the requirements of Section 10.13 of the Los Angeles Administrative Code.

L. The Affirmative Action Program required to be submitted hereunder and the pre-registration, pre-bid, pre-proposal or pre-award conference which may be required by the Awarding Authority shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:

1. Apprenticeship where approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;
2. Classroom preparation for the job when not apprenticeable;
3. Pre-apprenticeship education and preparation;
4. Upgrading training and opportunities;
5. Encouraging the use of Contractors, Subcontractors and suppliers of all racial and ethnic groups; provided, however, that any contract subject to this ordinance shall require the Contractor, Subcontractor or supplier to provide not less than the prevailing wage, working conditions and practices generally observed in private industries in the Contractor's, Subcontractor's or supplier's geographical area for such work;
6. The entry of qualified women, minority and all other journeymen into the industry; and

7. The provision of needed supplies or job conditions to permit persons with disabilities to be employed, and minimize the impact of any disability.

M. Any adjustments which may be made in the Contractor's work force to achieve the requirements of the City's Affirmative Action Program in purchasing and construction shall be accomplished by either an increase in the size of the work force or replacement of those employees who leave the work force by reason of resignation, retirement or death and not by termination, layoff, demotion or change in grade.

N. This ordinance shall not confer upon the City of Los Angeles or any Agency, Board or Commission thereof any power not otherwise provided by law to determine the legality of any existing collective bargaining agreement and shall have application only to discriminatory employment practices by Contractors engaged in the performance of City Contracts.

O. All Contractors subject to the provisions of this article shall include a similar provision in all subcontracts awarded for work to be performed under the Contract with the City and shall impose the same obligations including, but not limited to, filing and reporting obligations, on the Subcontractors as are applicable to the Contractor. Failure of the Contractor to comply with this requirement or to obtain the compliance of its Subcontractors with all such obligations shall subject the Contractor to the imposition of any and all sanctions allowed by law, including, but not limited to, termination of the Contractor's Contract with the City.

#### SECTION HISTORY

Amended by Ord. No. 147,030, Eff. 4-28-75; Subsecs. A., B., C., Ord. No. 164,516, Eff. 4-13-89; Subsecs. B. and C., Ord. No. 168,244, Eff. 10-18-92; Title and Section, Ord. No. 173,186, Eff. 5-22-00; Subsec. F., Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; In Entirety, Ord. No. 184,292, Eff. 6-27-16.