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LETTER OF CREDIT REIMBURSEMENT AGREEMENT

LETTER OF CREDIT REIMBURSEMENT AGREEMENT

between

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

and

BANK OF AMERICA, N.A.

Relating to

Los Angeles County Metropolitan Transportation Authority
Subordinate Proposition C Sales Tax Revenue
Commercial Paper Notes, Series A-TE

and

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

Date as of April 1, 2016

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

THE PRINCIPAL OF AND INTEREST ON THIS OBLIGATION ARE JUNIOR AND SUBORDINATION IN ALL RESPECTS TO THE SENIOR LIEN BONDS AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE PLEDGED REVENUES.

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LETTER OF CREDIT REIMBURSEMENT AGREEMENT

THIS LETTER OF CREDIT REIMBURSEMENT AGREEMENT (as amended, supplemented or otherwise modified from time to time, this “*Reimbursement Agreement*” or this “*Agreement*”) is executed and entered into as of April 1, 2016, by and between LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (the “*Authority*”) and BANK OF AMERICA, N.A. (the “*Bank*”). All capitalized terms used herein and not otherwise defined in connection with such use shall have the meanings set forth in Article I hereof.

WHEREAS, the Authority has authorized and issued, and intends to issue from time to time, Notes (as hereinafter defined) in an aggregate principal amount which does not exceed \$68,885,000 at any one time outstanding;

WHEREAS, the Notes will be issued from time to time pursuant to the Subordinate Trust Agreement, dated as of June 1, 1993 (the “*Subordinate Trust Agreement*”), by and between the Authority and U.S. Bank National Association, as trustee (the “*Trustee*”), and the First Supplemental Subordinate Trust Agreement, dated as of June 1, 1993, as amended (the “*First Supplemental Subordinate Trust Agreement*” and together with the Subordinate Trust Agreement, the “*Trust Agreement*”), by and between the Authority and the Trustee, and pursuant to which, the Authority is required to furnish a letter of credit in order to assure timely payment of the Notes in accordance with their terms;

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

WHEREAS, the Authority has requested the Bank to provide the Letter of Credit in an original stated amount of \$74,999,724 for the payment by the Paying Agent at maturity of the principal of and interest on the Notes;

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

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

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

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. In addition to terms defined at other places in this Reimbursement Agreement, the following defined terms are used throughout this Reimbursement Agreement with the following meanings:

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

“*Affiliate*” means any other Person controlling or controlled by or under common control with the Authority. For purposes of this definition, “*control*,” when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

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

“*Amendment No. 6*” means Amendments No. 6 to First Supplemental Subordinate Trust Agreement, dated as of September 1, 2010, by and between the Authority and the Trustee.

“*Amortization Commencement Date*” means the date that is two hundred seventy (270) days immediately succeeding the date the related Drawing was made.

“*Amortization End Date*” means the earliest to occur of (A) the date on which the Letter of Credit is replaced by an alternate Letter of Credit pursuant to the terms of the Trust Agreement, (B) the date on which the Bank accelerates all obligations due and owing hereunder pursuant to the terms of Section 7.02 hereof, (C) the date on which the Letter of Credit terminates in accordance with its terms (except as a result of the occurrence of the date set forth in the definition of “*Stated Expiration Date*” set forth in the Letter of Credit), (D) the three-year anniversary of the date of the related Drawing and (E) the Program Termination Date.

“*Annual Historical Proposition C Debt Service Payments*” has the meaning set forth in Section 5.01(b)(ii) hereof.

“*Annual Historical Proposition C Sales Tax Receipts*” has the meaning set forth in Section 5.01(b)(ii) hereof.

“*Anti-Terrorism Laws*” has the meaning set forth in Section 4.24 hereof.

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

“*Authority Financial Statements*” means the financial statements of the Authority as described in Section 3.01(b)(iv)(A) hereof.

“*Authorized Representative*” means any of the Chief Executive Officer of the Authority, the Executive Director, Finance and Budget of the Authority, the Treasurer of the Authority, the

General Counsel of the Authority, the Board Secretary of the Authority, the Board of Directors of the Authority, as a whole, or any other authorized representative or authorized spokesperson conveying an official position of the Board or the Authority.

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

“*Bank Agreement*” means any credit agreement, bond purchase agreement, liquidity agreement, direct purchase agreement, standby bond purchase agreement, reimbursement agreement or other agreement or instrument (or any amendment, supplement or modification thereto) entered into by the Authority with any Person, directly or indirectly, or otherwise consented to by the Authority, under which any Person or Persons undertakes to make loans, extend credit or liquidity to the Authority in connection with, or to directly purchase, any Senior Lien Bonds, Parity and Senior Debt or any Subordinate Obligations.

“*Bank Rate*” means, for any day, a rate of interest per annum equal to (i) from the related Drawing Date to and including the ninetieth (90th) day immediately succeeding such Drawing Date, the Base Rate from time to time in effect, and (ii) for any day commencing on the ninety-first (91st) day next succeeding such Drawing Date and thereafter, equal to the Base Rate from time to time in effect plus two percent (2.00%); provided, however, that immediately and automatically upon the occurrence of an Event of Default (and without any notice given with respect thereto) and during the continuance of such Event of Default, “*Bank Rate*” shall mean the Default Rate.

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

“*Base Rate*” means, for any day, a variable rate of interest per annum equal to the highest of (i) the sum of the Prime Rate as in effect on such day plus one percent (1.00%), (ii) the sum of the Fed Funds Rate as in effect on such day plus two percent (2.00%) and (iii) seven percent (7.00%).

“*Board of Equalization*” means the California State Board of Equalization that collects the Proposition C Sales Tax.

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

“*Calculation Ratio*” has the meaning set forth in Section 5.01(b)(ii) hereof.

“*Change in Law*” means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any Law, including, without limitation, any Risk-Based Capital Guidelines, (b) any change in any Law or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, ruling, guideline, regulation or directive (whether or not having the

force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd Frank Wall Street Reform and Consumer Protection Act and all requests, rules, ruling, guidelines, regulations or directives thereunder or issued in connection therewith and (ii) all requests, rules, rulings, guidelines, regulations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, shall in each case be deemed to be a “*Change in Law*,” regardless of the date enacted, adopted or issued.

“*Closing Date*” means April 6, 2016, subject to the satisfaction or waiver by the Bank of all of the conditions precedent to the issuance of the Letter of Credit set forth in Section 3.01 hereof.

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

“*Counsel*” means an attorney duly admitted to practice law before the highest court of any state.

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

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

“*Debt*” means, with respect to any Person, all items that would be classified as a liability of such person in accordance with generally accepted accounting principles including, without limitation, (a) indebtedness or liability for borrowed money, or for the deferred purchase price of property or services (including trade obligations); (b) obligations as lessee under leases which should have been, or should be, recorded as capital leases in accordance with generally accepted accounting principles; (c) current liabilities in respect of unfunded vested benefits under employee benefit plans; (d) obligations issued for the account of any other Person; (e) all obligations arising under acceptance facilities; (f) all guarantees, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any other Person or otherwise to assure a creditor against loss; (g) obligations secured by any mortgage, lien, pledge, security interest or other charge or encumbrance on property, whether or not the obligations have been assumed; and (h) obligations of such Person under Interest Rate Protection Agreements.

“*Default*” means the occurrence of any Event of Default or any event, which with the giving of notice or the passage of time or both would constitute an Event of Default.

“*Default Rate*” means the interest rate per annum equal to the sum of the Base Rate from time to time in effect plus four percent (4.00%).

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

“*Drawing*” means a drawing under the Letter of Credit to pay the principal of or interest on Notes on their respective maturity dates.

“*Drawing Date*” means the date the Bank honors a Drawing under the Letter of Credit.

“*DTC*” means The Depository Trust Company, New York, New York.

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

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

“*Environmental Liability*” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Authority directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

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

“*Event of Default*” means the occurrence of any of the events defined as such in Section 7.01 hereof.

“*Excess Interest*” has the meaning set forth in Section 2.03(g) hereof.

“*Excess Interest Fee Amount*” has the meaning set forth in Section 2.03(g) hereof.

“*Executive Order*” has the meaning set forth in Section 4.24 hereof.

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

“*Fee Agreement*” means the Fee Agreement dated the Closing Date by and between the Authority and the Bank, as amended, supplemented or otherwise modified from time to time in accordance with the terms hereof and thereof.

“*Final Drawing Notice*” means a Final Drawing Notice in the form of Exhibit D to this Reimbursement Agreement.

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

“*Fiscal Year*” means the fiscal year of the Authority ending on June 30 of each calendar year.

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

“*GAAP*” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Government Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

“*Gateway Trustee*” means The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A., as successor to BNY Western Trust Company, as successor-in-interest to Harris Trust and Savings Bank, as trustee under the Gateway Trust Agreement.

“*Gateway Trust Agreement*” means that certain Trust Agreement, dated as of January 1, 1995, as heretofore amended and supplemented by and between the Authority and the Gateway Trustee, relating to Debt of the Authority secured by the Proposition C Sales Tax on a basis subordinate to the Subordinate Obligations, as such Agreement is in effect as of the Closing Date.

“*Governmental Authority*” means any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau, central bank or comparable authority and shall include the Authority; provided, however that for the purposes of Section 2.07 hereof only, “*Governmental Authority*” means the government of the United States of America or any other nation or any political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or European Central Bank), or any arbitrator, mediator or other Person with authority to bind a party at law.

“*Gross Available Amount*” means, as of any date, the Stated Amount of the Letter of Credit without regard to reductions subject to reinstatement in effect on such date.

“*Guarantee*” by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt (whether arising by virtue of partnership arrangements, by agreement to keep well, to purchase assets, goods, securities or services, to take or pay, or to maintain financial statement conditions or otherwise), (b) entered into for the purpose of assuring in any other manner the obligee of such Debt of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part) or (c) with respect to any letter of credit issued for the account of such Person or as to which such Person is otherwise liable for reimbursement of drawings, provided that the term *Guarantee* shall not include (i) endorsements for collection or deposit in the ordinary course of business, or (ii) performance or completion guarantees. The term “*Guarantee*” used as a verb has a corresponding meaning.

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

“*Historical Ratio*” has the meaning set forth in Section 5.01(b)(ii) hereof.

“*Incipient Invalidity Event*” means (i) the validity or enforceability of any provision of the Act or Ordinance No. 49 that impacts (A) the Authority’s ability or obligation to levy the Proposition C Sales Tax in the incorporated and unincorporated territory of the County of Los Angeles in accordance with the provisions of the Act and Ordinance No. 49 which affects the Authority’s ability or obligation to make payments of principal or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawings, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligations due and owing the Bank under this Reimbursement Agreement or the pledge of and lien on Net Pledged Revenues securing the payments of principal or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawings, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligations due and owing the Bank under this Reimbursement Agreement or (B) the Board of Equalization’s ability or obligation to collect the Proposition C Sales Tax or to pay the Pledged Tax to the Senior Lien Trustee, in each case, which affects the Authority’s ability or obligation to make payments of principal or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawings, any Liquidity Advances, the other Reimbursement Obligations or any

other payment obligations due and owing the Bank under this Reimbursement Agreement or the pledge of and lien on Net Pledged Revenues securing the payments of principal or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawings, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligations due and owing the Bank under this Reimbursement Agreement is publicly contested or publicly repudiated by an Authorized Representative of the Authority or (ii) the validity or enforceability of any such provision described in clause (i)(A) or (i)(B) above is deemed to be invalid or unenforceable as a result of an Authorized Representative of the Authority or the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction taking or being permitted to take any official action, or introducing or duly enacting any statute or legislation or issuing an executive order or (iii) any such provision described in clause (i)(A) or (i)(B) is determined by a court of competent jurisdiction or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction in a proceeding subject to further appeals to be invalid or unenforceable or (iv) the validity or enforceability of any Payment and Collateral Obligation is publicly contested or publicly repudiated by an Authorized Representative of the Authority or (v) the validity or enforceability of any Payment and Collateral Obligation is deemed to be invalid or unenforceable as a result of an Authorized Representative of the Authority or the State or any instrumentality of the State or any Governmental Authority with appropriate jurisdiction taking or being permitted to take any official action or introducing or duly enacting any statute or legislation or issuing an executive order or (vi) any Payment and Collateral Obligation is declared invalid or unenforceable in a proceeding subject to further appeals by the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction or (vii) any provision of the Act or Ordinance No. 49 is supplemented, modified or amended in a manner that makes invalid or unenforceable (A) the Authority's ability or obligation to levy the Proposition C Sales Tax in the incorporated and unincorporated territory of the County of Los Angeles in accordance with the provisions of the Act and Ordinance No. 49 which affects the Authority's ability or obligation to make payments of principal or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawings, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligations due and owing the Bank under this Reimbursement Agreement or the pledge of and lien on Net Pledged Revenues securing the payments of principal or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawings, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligations due and owing the Bank under this Reimbursement Agreement or (B) the Board of Equalization's ability or obligation to collect the Proposition C Sales Tax or the Board of Equalization's ability or obligation to make payment of the Pledged Tax to the Senior Lien Trustee, in each case, which affects the Authority's ability or obligation to make payments of principal or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawings, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligations due and owing the Bank under this Reimbursement Agreement or the pledge of and lien on Net Pledged Revenues securing the payments of principal or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawings, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligations due and owing the Bank under this Reimbursement Agreement or (viii) any provision of this Reimbursement Agreement, the Notes, the Reimbursement Note or the Trust Agreement relating to the Authority's ability or obligation to make payments of principal or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawings, any Liquidity Advances, the other Reimbursement Obligations or any

other payment obligations due and owing the Bank under this Reimbursement Agreement or the pledge of and lien on the Net Pledged Revenues to secure the payment of principal and interest on the Notes, the Reimbursement Note, any Unreimbursed Drawings, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligations due and owing the Bank under this Reimbursement Agreement is publicly contested or publicly repudiated by an Authorized Representative of the Authority or (ix) the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction shall, by official action, makes a finding or ruling or through the enactment of any statute or legislation or the issuance of an executive order determines that any provision of this Reimbursement Agreement, the Notes, the Reimbursement Note or the Trust Agreement relating to the Authority's ability or obligation to make payments of principal or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawings, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligations due and owing the Bank under this Reimbursement Agreement or the pledge of and the lien on Net Pledged Revenues to secure the payment of principal or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawings, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligations due and owing the Bank under this Reimbursement Agreement is not valid and binding on the Authority.

"Interest Payment Date" means, with respect to each Unreimbursed Drawing or Liquidity Advance, each of the following: (i) the first Business Day of each calendar month and (ii)(A) at maturity or upon the earlier acceleration thereof or (B) after maturity or acceleration, upon demand.

"Interest Portion" means that portion of each Drawing used to pay interest accrued on Notes on their respective maturity dates.

"Interest Rate Protection Agreement" 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. or any International Foreign Exchange Master Agreement, including any such obligations or liabilities thereunder.

"Invalidity Event" means (i) the Act or Ordinance No. 49 is repealed, (ii) a Federal court or any other court with appropriate jurisdiction or the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction determines in a final nonappealable order or judgment, as the case may be, that a provision or provisions of the Act or Ordinance No. 49 have been supplemented, modified and/or amended in a manner that makes invalid or unenforceable (A) the Authority's obligation to levy the Proposition C Sales Tax in the incorporated and unincorporated territory of the County of Los Angeles in accordance with the

provisions of the Act and Ordinance No. 49 which affects the Authority's ability or obligation to make payments of principal or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawing, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligation due and owing the Bank hereunder or the pledge of and lien on Net Pledged Revenues securing the payments of principal or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawing, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligation due and owing the Bank hereunder or (B) the Board of Equalization's obligation to collect the Proposition C Sales Tax or the Board of Equalization's ability or obligation to make payment of the Pledged Tax directly to the Senior Lien Trustee, in each case, which affects the Authority's ability or obligation to make payments of principal or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawing, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligation due and owing the Bank hereunder or the pledge of and lien on Net Pledged Revenues securing the payments of principal or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawing, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligation due and owing the Bank hereunder, (iii) the Act or Ordinance No. 49 is ruled to be null and void by a Federal court or any court with appropriate jurisdiction or the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction, (iv) any provision of this Reimbursement Agreement, the Notes, the Reimbursement Note or the Trust Agreement relating to the Authority's ability or obligation to make payments of the principal or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawing, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligation due and owing the Bank hereunder or the pledge of and lien on the Net Pledged Revenues to secure the payment of principal and interest on the Notes, the Reimbursement Note, any Unreimbursed Drawing, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligation due and owing the Bank hereunder (each such provision, a "*Payment and Collateral Obligation*") is ruled to be null and void by a Federal court or any other court with appropriate jurisdiction or the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction in a final nonappealable order or judgment by such court or the State or any instrumentality of the State, as applicable, or (v) an Authorized Representative of the Authority publicly denies, contests or repudiates that the Authority has any or further liability or obligation with respect to payments of principal or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawing, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligation due and owing the Bank hereunder under the Act or Ordinance No. 49 or any Payment and Collateral Obligation.

"Issuing and Paying Agent Agreement" means the Issuing and Paying Agent Agreement dated June 29, 1993, between the Authority and the Paying Agent and any other similar agreement between the Authority and any successor Issuing and Paying Agent under the Trust Agreement, as amended and supplemented from time to time in accordance with the terms hereof and thereof.

"Law" means any treaty or any federal, regional, state and local law, statute, rule, ordinance, regulation, code, license, authorization, decision, injunction, interpretation, order or decree of any court or other Governmental Authority.

“*Letter of Credit*” means the Irrevocable Direct Pay Letter of Credit No. [REDACTED] issued by the Bank pursuant to this Reimbursement Agreement dated the Closing Date, including such amendments, modifications or supplements permitted pursuant to its terms.

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

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

“*Local Allocation*” means 20% of the Proposition C Sales Tax, calculated on an annual basis, which 20% is, under Ordinance No. 49, allocated to local jurisdictions.

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

“*Maximum Rate*” means the maximum non-usurious interest rate payable by the Authority under applicable law.

“*Moody’s*” means Moody’s Investors Service, Inc. and its successors and assigns.

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

“*No Issuance Notice*” means a No Issuance Notice in the form of Exhibit C to this Reimbursement Agreement.

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

“*Obligations*” means all Reimbursement Obligations, all fees payable or reimbursable hereunder and under the Fee Agreement to the Bank (including, without limitation, any obligation to reimburse the Bank pursuant to this Reimbursement Agreement) and all other obligations of the Authority to the Bank arising under or in relation to this Reimbursement Agreement, the Fee Agreement or the other Related Documents.

“*OFAC*” has the meaning set forth in Section 4.24 hereof.

“*Offering Memorandum*” means any Commercial Paper Offering Memorandum of the Authority relating to the Notes that will be distributed on or prior to the date of the issuance of any Notes.

“*Ordinance No. 49*” has the meaning set forth in Article I of the Subordinate Trust Agreement.

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

“*Other Taxes*” has the meaning set forth in Section 2.07(b)(i) hereof.

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

“*Participant(s)*” has the meaning set forth in Section 10.08 hereof.

“*Patriot Act*” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107 56 (signed into law October 26, 2001), as amended.

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

“*Paying Agent*” means the institution appointed from time to time by the Authority and, satisfactory to the Bank, to act as Issuing and Paying Agent under the Issuing and Paying Agent Agreement and the Trust Agreement, which on the Closing Date is U.S. Bank National Association.

“*Person*” means any natural person, corporation, partnership, association, trust, joint venture, public body or other legal entity.

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

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

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

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

“*Principal Portion*” means that portion of each Drawing used to pay the principal of Notes at maturity.

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

“*Program Termination Date*” has the meaning set forth in the First Supplemental Subordinate Trust Agreement (as amended by Amendment No. 6).

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

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

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

(c) if any Proposition C Indebtedness issued or proposed to be issued constitutes Tender Indebtedness (as hereinafter defined in this definition), then for purposes of determining the amounts of principal and interest due in any fiscal year on such Proposition C Indebtedness, the options or obligations of the owners of such Proposition C Indebtedness to tender the same for purchase or payment prior to their stated maturity or maturities shall be treated as a principal maturity (but any such amount treated as a maturity shall not be eligible for treatment as Balloon Indebtedness) occurring on the first date on which owners of such Proposition C Indebtedness may or are required to tender such Proposition C Indebtedness, except that any such option or obligation of Tender Indebtedness shall be ignored and not treated as a principal maturity if such Proposition C Indebtedness is rated in one of the two highest long-term rating categories (without reference to gradations such as “plus” or “minus”) by Moody’s or by

Standard & Poor's or such Proposition C Indebtedness is rated in the highest short-term note or commercial paper rating categories by Moody's or by Standard & Poor's, in which case such Proposition C Indebtedness will be treated as Variable Rate Indebtedness;

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

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

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

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

(h) for purposes of this definition:

“*Balloon Indebtedness*” means Proposition C Indebtedness 25% or more of the principal of which matures on the same date and such amount is not required by the documents governing such Proposition C Indebtedness to be amortized by payment or redemption prior to such date. Commercial paper shall be treated as Balloon Indebtedness for the purposes of this definition. If any Indebtedness consists partially of Proposition C Indebtedness bearing interest at a fixed rate and partially of Variable Rate Indebtedness, the portion constituting Variable Rate Indebtedness and the portion bearing interest at a fixed rate shall be treated as separate issues for purposes of determining whether any such Proposition C Indebtedness constitutes Balloon Indebtedness.

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

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

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

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

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

“*Proposition C Sales Tax*” means the retail transactions and use tax imposed by Ordinance No. 49 and approved by the electors of the County of Los Angeles at an election held November 6, 1990.

“*Quarterly Principal Payment*” has the meaning set forth in Section 2.03(b)(ii) hereof.

“*Rating Agency*” means Standard & Poor’s or Moody’s or any successor or additional rating agency that rates the Notes at the written request of the Authority with the written consent of the Bank.

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

“*Reduction Notice*” means a Reduction Notice in the form of Exhibit E to this Reimbursement Agreement.

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

“*Reimbursement Agreements*” means, collectively, any reimbursement agreement pursuant to which a letter of credit has been issued to support commercial paper notes issued by or on behalf of the Authority and secured by Net Pledged Revenues.

“*Reimbursement Note*” means the Promissory Note made by the Authority in favor of the Bank that shall be in the maximum principal amount equal to the Original Stated Amount of the Letter of Credit and shall be in the form attached hereto as Exhibit A.

“*Reimbursement Obligations*” means the obligations of the Authority under this Reimbursement Agreement to reimburse the Bank for Drawings pursuant to and in accordance with this Reimbursement Agreement and to pay the Reimbursement Note and repay Unreimbursed Drawings and outstanding Liquidity Advances, together with interest thereon, pursuant to and in accordance with this Reimbursement Agreement.

“*Related Documents*” means, collectively, this Reimbursement Agreement, the Fee Agreement, the Dealer Agreement, the Letter of Credit, the Reimbursement Note, the Notes, the Senior Lien Trust Agreement, the Trust Agreement, the Issuing and Paying Agent Agreement and any exhibits, instruments or agreements relating thereto.

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

“*Risk Based Capital Guidelines*” means (i) the risk based capital guidelines in effect in the United States, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States including transition rules, and any amendments to such regulations.

“*Second Subordinate Debt*” has the meaning set forth in Section 6.01(f)(iv) hereof.

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

“*Senior Lien Trust Agreement*” means the Amended and Restated Trust Agreement dated as of January 1, 2010, by and between the Authority and the Senior Lien Trustee, as the same may be amended or otherwise modified in accordance with the terms hereof and thereof.

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

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

“*Standard & Poor’s*” means Standard & Poor’s Ratings Services, and its successors and assigns.

“*State*” means the State of California.

“*Stated Amount*” shall have the meaning given to such term in paragraph 3 of the Letter of Credit.

“*Stated Expiration Date*” means the date specified in paragraph 1 of the Letter of Credit on which the Letter of Credit is scheduled to expire, as such date may be extended from time to time as provided in Section 9.02 hereof and in paragraph 1 of the Letter of Credit.

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

“*Subordinate Trust Agreement*” has the meaning set forth in the second recital hereof.

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

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

“*Term Out Period*” has the meaning set forth in Section 2.03(b)(ii) hereof.

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

“*Trust Agreement*” has the meaning set forth in the second recital hereof.

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

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

“*U.S. Bank National Association*” means Beneficiary, Issuing and Paying Agent and Trustee.

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

Section 1.02. Accounting Matters. All accounting terms used herein without definition shall be interpreted in accordance with GAAP, and except as otherwise expressly provided herein all accounting determinations required to be made pursuant to this Reimbursement Agreement shall be made in accordance with generally accepted accounting principles.

Section 1.03. Interpretation. All words used herein shall be construed to be of such gender or number as the circumstances require. Any reference herein to an Article or Section shall constitute a reference to the corresponding Article or Section of this Reimbursement Agreement unless otherwise specified. Reference to any document means such document as amended or supplemented from time to time as permitted under Section 6.01(b) hereof. All references to time herein shall, unless otherwise specified constitute a reference to the prevailing time in New York, New York.

Section 1.04. Relation to Other Documents. Nothing in this Reimbursement Agreement shall be deemed to amend, or relieve the Authority of any of its obligations under, any Related Document. To the extent any provision of this Reimbursement Agreement conflicts with any provision of any other Related Document to which the Authority or the Bank is a party, the provisions of this Reimbursement Agreement shall control.

Section 1.05. Computation of Time Periods. In this Reimbursement Agreement, in the computation of a period of time from a specified date to a later specified date, unless otherwise specified herein, the word “from” means “from and including” and the words “to” and “until” each mean “to and including.”

ARTICLE II

REIMBURSEMENT, REIMBURSEMENT NOTE, FEES AND PAYMENT PROVISIONS

Section 2.01. Issuance of the Letter of Credit; Letter of Credit Drawings.

(a) Upon the terms, subject to the conditions and relying upon the representations and warranties set forth in this Reimbursement Agreement or incorporated herein by reference, the Bank agrees to issue the Letter of Credit substantially in the form of Appendix I hereto on the Closing Date. The Letter of Credit shall be in the original stated amount of \$74,999,724 (the “*Original Stated Amount*”), which is the sum of (i) the total aggregated principal amount of the Notes secured by the Letter of Credit (\$68,885,000) plus (ii) interest accrued thereon at an assumed rate of twelve percent (12%) per annum for a period of 270 days on the basis of a 365 day year (\$6,114,724). In addition to the conditions set forth in Article III hereof, on the Closing Date, the following conditions shall be satisfied as determined by the Bank and its counsel:

(A) All representations and warranties of the Authority contained in Article IV hereof shall be true and correct.

(B) No Default or Event of Default shall have occurred and be continuing and no Default or Event of Default shall occur as a result of the issuance of the Letter of Credit.

(b) The Paying Agent is authorized to make drawings under the Letter of Credit in accordance with its terms. The Authority hereby directs the Bank to make payments under the Letter of Credit in the manner therein provided. The Authority hereby irrevocably approves reductions and reinstatements of the Stated Amount as provided therein.

Section 2.02. Reduction and Termination of the Letter of Credit. Notwithstanding any provisions of this Agreement or the Letter of Credit to the contrary, the Authority agrees not to terminate or replace the Letter of Credit or permanently reduce the Stated Amount of the Letter of Credit (provided that any such permanent reduction shall be in an amount equal to \$5,000,000 or any integral multiple of \$1,000,000 in excess thereof), except upon (i) the payment by the Authority to the Bank of a Termination Fee or Reduction Fee, if and as applicable, (ii) in the event the Letter of Credit is terminated or replaced, the payment to the Bank of all Obligations payable hereunder and under the Fee Agreement and (iii) the Authority providing the Bank with thirty (30) days prior written notice of its intent to terminate or replace the Letter of Credit or permanently reduce the Stated Amount of the Letter of Credit; provided that all payments to the Bank referred to in clause (i) and (ii) above shall be made in immediately available funds; provided, further, that any such termination or reduction of the Letter of Credit shall be in compliance with the terms and conditions of the Trust Agreement. The Authority agrees that any termination of the Letter of Credit as a result of the provision of any substitute letter of credit will require, as a condition thereto, that the Authority or the provider of such substitute letter of

credit will provide funds on the date of such termination, which funds will be sufficient to pay in full at the time of termination of the Letter of Credit all Obligations due and owing to the Bank hereunder and under the Fee Agreement.

Section 2.03. Reimbursement of Drawings and Interest Rates.

(a) (i) On the date on which the Bank honors a Drawing under the Letter of Credit, such Drawing under the Letter of Credit shall constitute an unreimbursed drawing (an “*Unreimbursed Drawing*”). The Paying Agent shall use the proceeds of any such Unreimbursed Drawing for the purpose of paying the principal of and/or interest on maturing Notes on their respective maturity dates on behalf and for the account of the Authority.

(ii) The Authority agrees to reimburse the Bank for (x) the Principal Portion of each Unreimbursed Drawing under the Letter of Credit on the earliest to occur of (A) delivery to the Paying Agent or the Trustee of any letter of credit in substitution for and upon cancellation of the Letter of Credit, (B) the date on which the Letter of Credit terminates in accordance with its terms (other than as the result of the occurrence of the date set forth in the definition of “*Stated Expiration Date*”), (C) the date on which the Bank accelerates all obligations due and owing hereunder pursuant to the terms of Section 7.02 hereof, (D) the Amortization Commencement Date, if the conditions precedent set forth in Section 3.02 hereof are not satisfied on the applicable Amortization Commencement Date, (E) the Program Termination Date and (F) the Amortization End Date, if the conditions precedent set forth in Section 3.02 hereof were satisfied on the applicable Amortization Commencement Date and (y) the Interest Portion of each Unreimbursed Drawing under the Letter of Credit on the date such Unreimbursed Drawing is made.

(b) (i) (A) If the conditions precedent contained in Section 3.02 hereof are satisfied on the related Amortization Commencement Date, the Principal Portion of the related Unreimbursed Drawing shall convert to a liquidity advance (each, a “*Liquidity Advance*”) to the Authority and (B) if the conditions precedent contained in Section 3.02 hereof are not satisfied on the related Amortization Commencement Date, the Principal Portion of the related Unreimbursed Drawing shall be due and payable on such Amortization Commencement Date.

(ii) The Authority agrees to reimburse the Bank for each Liquidity Advance under this Reimbursement Agreement on the earliest to occur of (A) delivery to the Paying Agent or the Trustee of any letter of credit in substitution for and upon cancellation of the Letter of Credit, (B) the date on which the Bank accelerates all obligations due and owing hereunder pursuant to the terms of Section 7.02 hereof, (C) the date on which the Letter of Credit terminates in accordance with its terms (other than as a result of the occurrence of the date set forth in the definition of “*Stated Expiration Date*”), and (D) the applicable Amortization End Date, subject to the conditions set forth below. The Bank shall provide term out funding for all Liquidity Advances in accordance with the terms

of this Section 2.03(b)(ii) if the conditions precedent set forth in Section 3.02 hereof are satisfied on the related Amortization Commencement Date. In the event that the conditions precedent set forth in Section 3.02 hereof are satisfied on any Amortization Commencement Date, the related Liquidity Advance shall amortize and be payable over a two year and three month period from the related Amortization Commencement Date (the “*Term Out Period*”) with principal payable in approximately equal quarterly installments (each, a “*Quarterly Principal Payment*”) commencing on the related Amortization Commencement Date (the “*Initial Payment Date*”) and succeeding dates every three months after the Initial Payment Date (provided, however, if any such date is not a Business Day, the related principal payment date shall be the next succeeding day which is a Business Day) occurring after the Initial Payment Date and prior to the two year and three month anniversary of the related Amortization Commencement Date. Notwithstanding anything to the contrary contained herein, all Liquidity Advances shall be due and payable on the related Amortization End Date. In the event that the conditions precedent set forth in Section 3.02 hereof are not satisfied on an Amortization Commencement Date, the Principal Portion of the related Unreimbursed Drawing shall not convert to a Liquidity Advance and shall be due and payable on such date.

(c) *Mandatory Prepayment.* Notwithstanding the provisions of Section 2.03(a) and (b) hereof: (i) upon issuance of Notes on any date when Unreimbursed Drawings or Liquidity Advances are outstanding under any of the Reimbursement Agreements, the proceeds of the issuance of such Notes shall be used to repay Unreimbursed Drawings and outstanding Liquidity Advances on a pro rata basis under each of the Reimbursement Agreements to the extent that the proceeds of the issuance of such Notes are not used to repay Notes maturing on such date; and (ii) all Unreimbursed Drawings and Liquidity Advances and all other amounts owed to the Bank hereunder shall be due and payable in full on the date of (A) delivery to the Paying Agent or the Trustee of any letter of credit in substitution for and upon cancellation of the Letter of Credit, (B) any other voluntary termination by the Authority of the Letter of Credit, (C) acceleration thereof as permitted under Section 7.02 hereof, (D) with respect to Unreimbursed Drawings, the Amortization Commencement Date, if the conditions precedent set forth in Section 3.02 hereof are not satisfied on the applicable Amortization Commencement Date, and (E) with respect to outstanding Liquidity Advances, the Amortization End Date, if the conditions precedent set forth in Section 3.02 hereof were satisfied on the applicable Amortization Commencement Date.

(d) *Optional Prepayment.* The Authority may from time to time prepay all or any part of the outstanding principal amount of Unreimbursed Drawings and Liquidity Advances, without premium or penalty, but with payment of all accrued but unpaid interest to the date of prepayment on the principal amount prepaid; provided that, the principal amount of any such prepayment shall be in an amount not less than \$5,000,000, and in integral multiples of \$1,000,000 in excess thereof, unless a lesser amount will suffice to repay the outstanding principal balance of any Unreimbursed Drawings and outstanding Liquidity Advances in full.

(e) *Allocation of Unreimbursed Drawing and Liquidity Advance Payments and Prepayments.* Unless and insofar as expressly provided otherwise herein, the amount of each payment and prepayment of the outstanding principal amount of Unreimbursed Drawings and Liquidity Advances shall be allocated after payment of all accrued interest on the Unreimbursed Drawings and Liquidity Advances to the payment of the principal of all outstanding Unreimbursed Drawings and Liquidity Advances in their inverse order of maturity.

(f) *Interest on the Unreimbursed Drawings and Liquidity Advances.*

(i) Interest on Unreimbursed Drawings and Liquidity Advances shall accrue from and including the applicable Drawing Date, to, but excluding, the date on which such Unreimbursed Drawings and Liquidity Advances are repaid in full. Interest on Unreimbursed Drawings and Liquidity Advances shall accrue at a per annum rate equal to the Bank Rate or the Default Rate, as applicable.

(ii) Interest accruing on Unreimbursed Drawings and Liquidity Advances shall be due and payable in arrears on each Interest Payment Date commencing on the first Interest Payment Date to occur following the date any Unreimbursed Drawings or Liquidity Advances are outstanding.

(g) *Interest Recapture.* If the rate of interest payable hereunder shall exceed the Maximum Rate for any period for which interest is payable, then (a) interest at the Maximum Rate shall be due and payable with respect to such interest period and (b) interest at the rate equal to the difference between (i) the rate of interest calculated in accordance with the terms hereof without regard to the Maximum Rate and (ii) the Maximum Rate (the “*Excess Interest*”), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed the Maximum Rate, at which time the Authority shall pay to the Bank, with respect to amounts then payable to the Bank that are required to accrue interest hereunder, 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 date all Obligations are payable hereunder and in the Fee Agreement following the termination of the Letter of Credit, in consideration for the limitation of the rate of interest otherwise payable hereunder and in the Fee Agreement, the Authority shall pay to the Bank a fee equal to the amount of all unpaid deferred Excess Interest (the “*Excess Interest Fee Amount*”).

Section 2.04. Default Rate. The Authority agrees to pay to the Bank interest on any and all amounts owed by the Authority under this Reimbursement Agreement from and after the earlier of (a) the occurrence of an Event of Default and until such Event of Default is cured and (b) the date such amounts are due and payable but not paid until payment thereof in full, at a fluctuating interest rate per annum equal to the Default Rate.

Section 2.05. Fees. The Authority hereby agrees to pay, or cause to be paid, to the Bank all fees and amounts due pursuant to the terms of the Fee Agreement at the times and in the

amounts set forth in the Fee Agreement. The terms of the Fee Agreement are hereby incorporated herein by reference as of fully set forth herein. All references to amounts or obligations due hereunder or under this Agreement shall be deemed to include all amounts and obligations (including, without limitation fees and expenses) under the Fee Agreement.

Section 2.06. Taxes and Expenses. The Authority will promptly pay (i) the reasonable fees and expenses of the Bank incurred in connection with the preparation, negotiation, execution and delivery of this Reimbursement Agreement, the Letter of Credit, the Fee Agreement and the other Related Documents, (ii) the fees and disbursements of Chapman and Cutler LLP, special counsel to the Bank, incurred in connection with the preparation, negotiation, execution and delivery of this Reimbursement Agreement, the Letter of Credit, the Fee Agreement and the other Related Documents, (iii) the fees and disbursements of counsel to the Bank with respect to advising the Bank as to the rights and responsibilities under this Reimbursement Agreement after the occurrence of an Event of Default, and (iv) all costs and expenses, if any, in connection with any amendment to or the enforcement of this Reimbursement Agreement, the Fee Agreement and any other documents which may be delivered in connection herewith or therewith, including in each case the reasonable fees and disbursements of counsel to the Bank. In addition, the Authority shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing, and recording of this Reimbursement Agreement or the Fee Agreement and the security contemplated by the Reimbursement Agreement and the other Related Documents (other than taxes based on the net income of the Bank) and agrees to hold the Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees; provided, however, that the Authority (at the Authority's sole cost and expense) may reasonably contest any such taxes or fees with the prior written consent of the Bank, which consent, if an Event of Default does not then exist, shall not be unreasonably withheld. In addition, the Authority agrees to pay, after the occurrence of an Event of Default, all costs and expenses (including attorneys' fees and costs of settlement) incurred by the Bank in enforcing any obligations or in collecting any payments due from the Authority hereunder by reason of such Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under this Reimbursement Agreement in the nature of a "workout" or of any insolvency or bankruptcy proceedings. The obligations of the Authority under this Section 2.06 shall survive the termination of this Reimbursement Agreement.

Section 2.07. Increased Costs; Net of Taxes.

(a) *Increased Costs.*

(i) If the Bank or any Participant shall have determined that a Change in Law shall have occurred that, shall (A) change the basis of taxation of payments to the Bank or such Participant of any amounts payable hereunder (except for taxes on the overall net income of the Bank or such Participant), or impose or subject the Bank or such Participant to taxes (except for taxes on the overall net income of the Bank or such Participant) with respect to this Reimbursement Agreement, the Letter of Credit, the Fee Agreement, the Reimbursement Note, any Drawings, or any Liquidity Advance, (B) impose,

modify or deem applicable any reserve, capital or liquidity ratio, special deposit, compulsory loan, insurance charge or similar requirement against issuing and maintaining its obligations under the Letter of Credit, issuing or honoring Drawings under the Letter of Credit or making Liquidity Advances hereunder or assets held by, or deposits with or for the account of, the Bank or such Participant or (C) impose on the Bank or such Participant any other such condition, cost or expense regarding this Reimbursement Agreement, the Letter of Credit or the Reimbursement Note and the result of any event referred to in clause (A), (B) or (C) above shall be to increase the cost to, reduce the income receivable by, or impose any expense on (including loss of margin) the Bank or such Participant of entering into and performing this Reimbursement Agreement or the Letter of Credit or to reduce the amount of any sum received or receivable by the Bank or such Participant hereunder or under the Fee Agreement, then, upon demand by the Bank or such Participant, the Authority shall pay to the Bank or such Participant such additional amount or amounts as will compensate the Bank or such Participant for such increased costs or reductions in amount.

(ii) If the Bank or any Participant shall have determined that a Change in Law shall have occurred that, shall impose, modify or deem applicable any capital or liquidity adequacy or similar requirement (including, without limitation, a request or requirement that affects the manner in which the Bank or such Participant or any corporation controlling the Bank or such Participant allocates capital or liquidity resources to its commitments, including its obligations under agreements similar to this Reimbursement Agreement and the Letter of Credit that either (A) affects or would affect the amount of capital or liquidity to be maintained by the Bank or such Participant or any corporation controlling the Bank or such Participant or (B) reduces or would reduce the rate of return on the Bank's or such Participant's or the Bank's or such Participant's controlling corporation's capital or liquidity to a level below that which the Bank's or such Participant's or the Bank's or such Participant's controlling corporation's could have achieved but for such circumstances (taking into consideration the Bank's or such Participant's or the Bank's or such Participant's controlling corporation's policies with respect to capital or liquidity adequacy would yield prior to the imposition or modification of such requirement) hereunder, then upon demand by the Bank or such Participant, the Authority shall pay to the Bank or such Participant such additional amounts as will compensate the Bank or such Participant or any corporation controlling the Bank or such Participant for such costs of maintaining such increased capital or liquidity or such reduction in the rate of return on the Bank's or the Bank's controlling corporation's capital or liquidity or the Participant's or the Participant's controlling corporation's capital or liquidity related to the maintenance of this Reimbursement Agreement and the Letter of Credit.

(iii) All payments of amounts referred to in clauses (i) and (ii) of this Section shall be paid by the Authority to the Bank or Participant and shall bear interest thereon if not paid to the Bank or such Participant within 30 days of such notice until payment in full thereof at an interest rate per annum equal to the

Default Rate in effect, from time to time, payable on demand. A certificate as to such increased cost, increased capital or liquidity, or reduction in return incurred by the Bank or any Participant as a result of any event mentioned in clause (i) or (ii) of this Section setting forth, in reasonable detail, the basis for calculation and the amount of such calculation shall be submitted by the Bank or such Participant to the Authority and shall be conclusive as to the amount thereof. In making the determinations contemplated by the above referenced certificate, the Bank or any Participant may make such reasonable estimates, assumptions, allocations and the like that the Bank or such Participant in good faith determines to be appropriate. Notwithstanding any provision in this Section to the contrary, amounts payable to such Participant pursuant to this Section shall not exceed the amount the Bank would have been paid under this Section with respect to the participation granted to the Participant had such participation not been granted. The provisions of this Section 2.07(a) shall survive the termination of this Reimbursement Agreement.

(b) *Net of Taxes, Etc.*

(i) Any and all payments to the Bank by the Authority hereunder and under the Fee Agreement shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, duties, deductions, assessments, fees, charges, withholdings (including backup withholding), liabilities or other charges imposed thereon, including any interest, fines, additions to tax or penalties applicable thereto, but excluding taxes imposed on or measured by the net income or capital of the Bank by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a result of a connection between the Bank and such jurisdiction or political subdivision (all such non-excluded taxes, levies, imposts, duties, deductions, assessments, fees, charges, withholdings (including backup withholding), liabilities and other charges, including any interest, fines, additions to tax or penalties applicable thereto, being hereinafter referred to as “*Taxes*”). If the Authority shall be required by law to withhold or deduct any Taxes imposed by the United States or any political subdivision thereof from or in respect of any sum payable hereunder or under the Fee Agreement 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 2.07(b)), the Bank receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Authority shall make such deductions and (iii) the Authority shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the Authority shall make any payment under this Section 2.07(b) to or for the benefit of the Bank with respect to Taxes and if the Bank shall claim, a refund of such taxes or any credit or deduction for such Taxes against any other taxes payable by the Bank to any taxing jurisdiction in the United States then the Bank shall pay to the Authority an amount equal to the amount of any refund actually received by the Bank or the amount by which such other taxes are actually reduced; provided that the aggregate amount payable by the Bank pursuant to this sentence shall not exceed the aggregate amount previously paid by the Authority with respect to such

Taxes. In addition, the Authority agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America, the Commonwealth of Massachusetts, the State of New York or any other taxing jurisdiction from any payment made hereunder or under the Fee Agreement or from the execution or delivery or otherwise with respect to this Reimbursement Agreement or the Fee Agreement (hereinafter referred to as “*Other Taxes*”). The Bank shall provide to the Authority within a reasonable time a copy of any written notification it receives with respect to Taxes or Other Taxes owing by the Authority to the Bank hereunder; provided that the Bank’s failure to send such notice shall not relieve the Authority of its obligation to pay such amounts hereunder.

(ii) The Authority shall, to the fullest extent permitted by law and subject to the provisions hereof, indemnify and reimburse the Bank for the full amount of Taxes and Other Taxes including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.07(b) paid by the Bank or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted; provided that the Authority shall not be obligated to indemnify the Bank for any penalties, interest or expenses relating to Taxes or Other Taxes arising from the Bank’s gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final nonappealable judgment. The Bank agrees to give notice to the Authority of the assertion of any claim against the Bank relating to such Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; provided that the Bank’s failure to notify the Authority promptly of such assertion shall not relieve the Authority of its obligation under this Section 2.07(b). Payments by the Authority pursuant to this indemnification shall be made within thirty (30) days from the date the Bank makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Bank agrees to repay to the Authority any refund (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by the Authority pursuant to this Section 2.07(b) received by the Bank for Taxes or Other Taxes that were paid by the Authority pursuant to this Section 2.07(b) and to contest, with the cooperation and at the expense of the Authority any such Taxes or Other Taxes which the Bank or the Authority reasonably believes not to have been properly assessed.

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

(iv) The obligations of the Authority under this Section 2.07(b) shall survive the termination of this Reimbursement Agreement.

Section 2.08. Method of Payment. Except as may be otherwise provided for herein or in the Fee Agreement, all fees under this Agreement and the Fee Agreement shall be computed on the basis of a year of 360 days and the actual number of days elapsed and interest on amounts owed hereunder or under the Fee Agreement shall be computed on the basis of a year of 365 days, and the actual number of days elapsed. Interest shall accrue during each period during which interest is computed from and including the first day thereof to but excluding the last day thereof. All payments by the Authority to the Bank hereunder and under the Fee Agreement, shall be nonrefundable and made in lawful currency of the United States and in immediately available funds. Amounts payable to the Bank hereunder shall be transferred to [REDACTED]

[REDACTED] (or to such other account of the Bank as the Bank may specify by written notice to the Authority) not later than 2:00 p.m. New York, New York time, on the date payment is due. Any payment received by the Bank after 2:00 p.m., New York, New York time, shall be deemed to have been received by the Bank on the next Business Day. If any payment hereunder or under the Fee Agreement is due on a day that is not a Business Day, then such payment shall be due on the immediately succeeding Business Day and such additional time shall be taken into account in calculating the fees or interest paid hereunder on such date.

Section 2.09. Maintenance of Accounts. The Bank shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Authority and the amounts payable and paid from time to time hereunder. In any legal action or proceeding in respect of this Reimbursement Agreement, the entries made in such account or accounts shall be presumptive evidence, in the absence of manifest error, of the existence and amounts of the obligations of the Authority therein recorded. The failure to record any such amount shall not, however, limit or otherwise affect the obligations of the Authority hereunder to repay all amounts owed hereunder, together with all interest accrued thereon as provided in this Article II.

Section 2.10. Reimbursement Note.

(a) The Unreimbursed Drawings and outstanding Liquidity Advances and all other amounts due and owing to the Bank hereunder and under the Fee Agreement shall be evidenced by a single Reimbursement Note payable to the order of the Bank in a maximum amount equal to the greater of (i) Original Stated Amount and (ii) all Obligations due and owing hereunder and under the Fee Agreement.

(b) The Bank shall record the date, amount and maturity of each Unreimbursed Drawing or outstanding Liquidity Advance made by it and the date and amount of each payment of principal made by or on behalf of the Authority with respect thereto, and prior to any transfer of its Reimbursement Note shall endorse on the schedule forming a part thereof appropriate notations to evidence the foregoing information with respect to each such Unreimbursed Drawing or outstanding Liquidity Advance then outstanding; provided that the failure of the Bank to make any such recordation or endorsement shall not affect the obligations of the Authority hereunder or under such Reimbursement Note. The Bank is hereby irrevocably authorized by the Authority to endorse its Reimbursement Note and to attach to and make a part of the Reimbursement Note a continuation of any such schedule as and when required.

(c) *Source of Fund.* All payments made by the Bank pursuant to the Letter of Credit shall be made from funds of the Bank, and not from the funds of any other Person.

(d) *Security.*

(i) The Authority hereby grants to the Bank a Lien on and pledge of Net Pledged Revenues to secure the Reimbursement Obligations. The pledge of the Net Pledged Revenues pursuant to this Section 2.12(a) is a valid and binding obligation of the Authority, on a pari passu basis with the holders of all Notes and all other Subordinate Obligations. No filing, registration, recording or publication of this Reimbursement Agreement or the Trust Agreement or any other instrument nor any prior separation or physical delivery of the Net Pledged Revenues is required to establish the pledge provided for hereunder or under the Trust Agreement or to perfect, protect or maintain the Lien created thereby on the Net Pledged Revenues to secure the Reimbursement Obligations.

(ii) The Authority hereby grants to the Bank a Lien on and pledge of the Net Pledged Revenues to secure all Obligations of the Authority under this Reimbursement Agreement and the Fee Agreement (other than Reimbursement Obligations) which such Lien on and pledge of the Net Pledged Revenues shall be junior and subordinate in all respects to the Liens on, security interests in and the pledges of the Net Pledged Revenues set forth in the Trust Agreement and this Reimbursement Agreement, as applicable, for the equal and proportionate benefit of and security of the Notes, all Subordinate Obligations and all Reimbursement Obligations. No filing, registration, recording or publication of this Reimbursement Agreement or the Trust Agreement or any other instrument nor any prior separation or physical delivery of the Net Pledged Revenues is required to establish the pledge provided for under this Reimbursement Agreement or the Trust Agreement or to perfect, protect or maintain the Lien created thereby on the Net Pledged Revenues to secure the obligations hereunder.

ARTICLE III

CONDITIONS PRECEDENT

Section 3.01. Conditions Precedent to Issuance of Letter of Credit. As conditions precedent to the obligation of the Bank to issue the Letter of Credit, each of the following conditions enumerated in this Section 3.01 shall have been fulfilled to the reasonable satisfaction of the Bank and its counsel, Chapman and Cutler LLP. The Bank's issuance of the Letter of Credit shall evidence its agreement that such conditions have been met to the reasonable satisfaction of the bank and its counsel, or waived.

(a) *Representations.* (i) There shall exist no Default or Event of Default nor shall a Default or Event of Default result from the issuance of the Letter of Credit or the execution, delivery or performance of this Reimbursement Agreement or any other Related Document to which the Authority is a party and (ii) all representations and warranties made by the Authority herein or in any of the other Related Documents to

which it is a party shall be true and correct with the same effect as though such representations and warranties had been made at and as of such time.

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

(i) The Related Documents;

(ii) Resolutions of the Authority authorizing the Authority to enter into this Reimbursement Agreement;

(iii) An incumbency certificate with respect to the officers of the Authority who are authorized to execute this Reimbursement Agreement and the other Related Documents to which the Authority is a party;

(iv) A certificate from the Authority to the following effect:

(A) The audited Authority Financial Statements as of June 30, 2015, including the balance sheet as of such date of said period, all examined and reported on by Crowe Horwath LLP, as heretofore delivered to the Bank correctly and fairly present the financial condition of the Authority as of said dates and the results of the operations of the Authority for such period, have been prepared in accordance with GAAP 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 Authority since June 30, 2015, from that set forth in the Authority Financial Statements as of, and for the period ended on, that date except as otherwise disclosed to the Bank in writing.

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

(D) No Default or Event of Default has occurred and is continuing or would result from the issuance of the Letter of Credit or the execution, delivery or performance of this Reimbursement Agreement or the other Related Documents to which the Authority is a party.

(c) *Legal Opinions.* The Bank shall have received (i) an opinion of bond counsel to the Authority to the effect that this Reimbursement Agreement and the Fee Agreement is the duly authorized, legal, valid and binding obligation of the Authority, all in form and substance satisfactory to the Bank, addressed to the Bank and dated the Closing Date and (ii) an opinion of counsel to the Authority in form and substance satisfactory to the Bank, addressed to the Bank and dated the Closing Date.

(d) *Certain Payments.* The Authority shall have paid or cause to be paid all fees due and payable on the Closing Date pursuant to the terms of the Fee Agreement and this Reimbursement Agreement.

(e) *Rating.* The Bank shall have received satisfactory evidence that (i) the Notes shall have been assigned short term ratings of “P-1” by Moody’s and “A-1” by S&P, in each case, after taking into consideration the Letter of Credit and (ii) the Senior Lien Bonds shall have been assigned long-term unenhanced ratings of “Aa2” by Moody’s and “AA+” by S&P.

(f) *CUSIPs; Reimbursement Note Rating.* The Bank shall have received satisfactory evidence that (i) a CUSIP number has been obtained and reserved from S&P CUSIP Services for the Reimbursement Note and (ii) the Reimbursement Note shall have been assigned a long-term rating of at least “Baa3” by Moody’s.

(g) *No Contravention.* No law, regulation, ruling or other action of the United States or the State of New York or any political subdivision or authority therein or thereof shall be in effect or shall have occurred, the effect of which would be to prevent the Authority or the Bank from fulfilling its respective obligations under this Reimbursement Agreement, the Letter of Credit, the Fee Agreement and the other Related Documents; and

(h) *Legal Requirements.* All legal requirements provided herein incident to the execution, delivery and performance of the Related Documents and the transactions contemplated thereby, shall be reasonably satisfactory to the Bank and its counsel.

Section 3.02. Conditions Precedent to Liquidity Advances. Following any payment by the Bank under the Letter of Credit pursuant to a Drawing, a Liquidity Advance shall be made available to the Authority only if on the applicable Amortization Commencement Date the following statements shall be true:

(a) the representations and warranties of the Authority contained in Article IV hereof and in the other Related Documents are correct in all material respects on and as of the applicable Amortization Commencement Date as though made on and as of such date (except to the extent that any such representations and warranties specifically relate to an earlier date and, except with respect to (i) Section 4.09 hereof, unless a Material Adverse Effect shall result from any of the representations or warranties incorporated herein by reference pursuant to Section 4.09 hereof not being true and correct and (ii) Section 4.18(a) hereof);

(b) no Default or Event of Default shall have occurred and be continuing;

(c) the interest rate applicable to Unreimbursed Drawings, Liquidity Advances and other obligations owed to the Bank hereunder shall not be subject to any limitation under the laws or Constitution of the State of California which would result in the Maximum Rate being less than 25% per annum (as demonstrated by delivery to the Bank of either (i) a written certificate of the Authority representing that the foregoing is true on the related Amortization Commencement Date or (ii) an opinion of counsel to the Authority opining that the foregoing is true on the related Amortization Commencement Date); and

(d) the Program Termination Date shall not have occurred on or prior to such date.

Unless the Authority shall have previously advised the Bank in writing that one or more of the above statements is no longer true, the Authority shall be deemed to have represented and warranted on each Amortization Commencement Date that both of the above statements are true and correct.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

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

Section 4.01. Organization, Powers, Etc. The Authority (i) is a public entity established pursuant to the laws of the State of California validly organized and existing under and by virtue of the laws of the State of California, (ii) has full power and authority to own its properties and carry on its business as now conducted, (iii) has full power and authority to execute (or adopt, if applicable), deliver and perform its obligations under this Reimbursement Agreement and the other Related Documents to which the Authority is a party, to borrow hereunder and to execute, deliver and perform its obligations under the Notes and (iv) may only contest the validity or enforceability of any provision of, or deny that the Authority has any liability or obligation under, the Act, Ordinance No. 49, this Reimbursement Agreement, any Note or any other Related Document to which the Authority is a party by an act of its governing body.

Section 4.02. Authorization, Absence of Conflicts, Etc. The execution (or adoption, if applicable), delivery and performance of this Reimbursement Agreement, the Notes and the Related Documents to which the Authority is a party (i) have been duly authorized by the other Authority, (ii) do not and will not, to any material extent, conflict with, or result in violation of any applicable provision of law, including the Act and Ordinance No. 49, or any order, rule or regulation of any court or other agency of government and (iii) do not and will not, to any material extent, conflict with, result in a violation of or constitute a default under, the Senior Lien Trust Agreement or the Trust Agreement or any other resolution, agreement or instrument to which the Authority is a party or by which the Authority or any of its property is bound.

Section 4.03. Governmental Consent or Approval. The execution (or adoption, if applicable), delivery and performance of this Reimbursement Agreement, the Notes and other

the Related Documents to which the Authority is a party 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. This Reimbursement Agreement, the Notes and the other Related Documents to which the Authority is a party are legal, valid and binding obligations of the Authority, enforceable against the Authority 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 the State of California.

Section 4.05. Litigation. There is no action or investigation pending or, to the knowledge of the Authority, threatened, against the Authority before any court or administrative agency which questions the validity of any act or the validity of any proceeding taken by the Authority in connection with the execution and delivery of this Reimbursement Agreement, the Notes or the other Related Documents to which the Authority is a party, or wherein an unfavorable decision, ruling or finding would in any way adversely affect (A) the validity or enforceability of this Reimbursement Agreement, the Notes or the other Related Documents to which the Authority is a party, (B) the validity, enforceability or perfection of the pledge of and lien on the Net Pledged Revenues and on the amounts held in Funds, Accounts and Subaccounts under the Trust Agreement, (C) the status of the Authority as a public entity created and validly existing under the laws of the State of California or (D) the exemption of interest on the Tax-Exempt Notes from the gross income of the recipients thereof for federal income tax purposes. To the knowledge of the Authority there is no action pending or threatened, which questions the validity of the Act, Ordinance No. 49 or the Proposition C Sales Tax nor is there any pending initiative or referendum qualified for the ballot which would seek to amend, annul, modify or replace the Act or Ordinance No. 49 or to diminish or reallocate the Proposition C Sales Tax.

Section 4.06. Financial Condition. All of the Authority's financial statements that have been furnished to the Bank have been prepared in conformity with GAAP (except as noted therein) and are comprised of a balance sheet and a statement of revenues and expenditures and changes in fund balances. All of such financial statements accurately present, in all material respects, the financial condition of the Authority, including the Pledged Revenues as of the dates thereof, and other than as has been disclosed to the Bank, there has been no material adverse changes in the business or affairs of the Authority or of the Pledged Revenues since the date the last such report was so furnished to the Bank.

Section 4.07. Offering Memorandum. Upon the preparation of the Offering Memorandum, which will be prepared and distributed prior to the issuance of any Notes, the Authority will represent and warrant to the Bank on the date of distribution of the Offering Memorandum as follows:

The information contained in the Offering Memorandum was as of the date thereof, and is as of the date hereof, true and correct in all material respects. The Authority makes no

representation or warranty as to information in the Offering Memorandum under Appendix A and Appendix C to the Offering Memorandum.

Section 4.08. Related Documents. Each of the Related Documents to which the Authority is a party is in full force and effect. Except as previously disclosed in writing to the Bank, no event of default and no event which, with the giving of notice, the passage of time or both, would constitute an event of default, presently exists under any of the Related Documents to which the Authority is a party. Except as previously disclosed in writing to the Bank, neither the Authority nor any other party thereto has waived or deferred performance of any material obligation under any Related Document to which the Authority is a party.

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

Section 4.10. Margin Regulations. The Authority is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U or X of the Board of Governors of the Federal Reserve System), and no part of the proceeds furnished by the Bank pursuant to a drawing under the Letter of Credit 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. No Event of Default. No Event of Default or Default has occurred and is continuing.

Section 4.12. The Notes. Each Note will be duly issued under the Trust Agreement and will be entitled to the benefits thereof.

Section 4.13. Security; Pledge of Net Pledged Revenues Securing Reimbursement Obligations. The Reimbursement Obligations and the Notes are secured by a first lien on and pledge of Net Pledged Revenues pursuant to Section 4.01 of the Subordinate Trust Agreement. The pledge of the Net Pledged Revenues under the Trust Agreement securing the payment of the Reimbursement Obligations and the principal of and interest on the Notes is a valid and binding obligation of the Authority, on a pari passu basis with the holders of all Subordinate Obligations, subject to any applicable bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws, judicial decisions and principles of equity relating to or affecting creditors' rights or contractual obligations generally or limitations of remedies against public entities in the State. All other Obligations (other than Reimbursement Obligations) of the Authority under this Agreement and the Fee Agreement are secured by a Lien on Net Pledged Revenues subordinate in all respects to the Reimbursement Obligations and the Notes. No filing, registration, recording or publication of the Trust Agreement or any other instrument nor any prior separation

or physical delivery of the Net Pledged Revenues is required to establish the pledge provided for under the Trust Agreement or to perfect, protect or maintain the Lien created thereby on the Net Pledged Revenues and amounts held under the Trust Agreement in funds, accounts or subaccounts to secure the Reimbursement Obligations, the Notes and the other Obligations.

Section 4.14. Sovereign Immunity. The Authority is subject to claims and to suit for damages in connection with its obligations under this Reimbursement Agreement pursuant to and in accordance with the laws of the State of California applicable to public entities such as the Authority; provided, however, that a claimant shall be required to comply with the provisions of the Tort Claims Act set forth in California Government Code Section 810 et seq. in tort or contract suits, actions or proceedings brought against the Authority.

Section 4.15. Accurate Information. All information, reports and other papers and data with respect to the Authority furnished to the Bank, at the time the same were so furnished, were accurate in all material respects. Any financial, budget and other projections furnished to the Bank were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections.

Section 4.16. Pari Passu. Under the laws of the State of California, the obligation of the Authority under this Reimbursement Agreement to pay interest at the Bank Rate on all Reimbursement Obligations due and owing the Bank hereunder constitutes a charge and lien on the Net Pledged Revenues equal to and on a parity with the charge and lien upon the Net Pledged Revenues for the payment of the Subordinate Obligations.

Section 4.17. Maximum Rate. The terms of this Agreement and the other Related Documents to which the Authority is a party regarding the calculation of interest and fees do not violate any applicable usury laws.

Section 4.18. No Proposed Legal Changes.

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

(b) There is no amendment to the Constitution of the State of California or any published administrative interpretation of the Constitution of the State of California or any State of California 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 4.19. Valid Lien. The Authority's irrevocable pledge of the Net Pledged Revenues and amounts hereunder and under the Trust Agreement and in the Funds, Accounts

and Subaccounts under the Trust Agreement to and for the payment of the obligations of the Authority under this Reimbursement Agreement and for the payment of the Notes, the Reimbursement Obligations and the other Obligations is valid and binding and no further acts, instruments, approvals or consents are necessary for the creation, validity or perfection thereof. The provisions of the Trust Agreement constitute a contract between the Authority and the Bank, and subject to the provisions of the Trust Agreement, and the Bank, may at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel the performance of all duties required to be performed by the Authority pursuant to this Reimbursement Agreement.

Section 4.20. ERISA; Plans; Employee Benefit Plans. The Authority is not subject to ERISA and maintains no Plans.

Section 4.21. Solvency. After giving effect to the issuance of the Notes and the other obligations contemplated by this Reimbursement Agreement and the Fee Agreement, the Authority is solvent, having assets of a fair value which exceeds the amount required to pay its debts (including contingent, subordinated, unmatured and unliquidated liabilities) as they become absolute and matured, and the Authority is able to and anticipates that it will be able to meet its debts as they mature and has adequate capital to conduct its business in which it is engaged.

Section 4.22. Environmental Laws. The Authority and its Property (i) have not become subject to any Environmental Liability nor does it know of any basis for any Environmental Liability, (ii) have not received notice to the effect that any of the Authority's Property or its operations are not in compliance with any of the requirements of any Environmental Laws or any applicable federal, state or local health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, and (iii) to the best of the knowledge of the Authority, is in compliance with all Environmental Laws and has obtained and maintains or complies with any permit, license or other approval required under any Environmental Law, in each of (i), (ii) and (iii) above, except with respect to any matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 4.23. No Existing Right to Accelerate. As of the Closing Date, other than in accordance with the terms of the Trust Agreement or as a result of an "event of default" thereunder or upon the occurrence of an event of default or an event of termination set forth in a Bank Agreement similar to those set forth in Section 7.01(a), (b), (c), (d) or (e) hereof, no Person, including, without limitation, a credit facility provider or a liquidity provider, either of which provides credit enhancement or liquidity support to any Senior Lien Bonds or Subordinate Obligations, has a right under any indenture or any supplemental indenture relating to any Senior Lien Bonds or Subordinate Obligations or any other document or agreement relating to any Senior Lien Bonds or Subordinate Obligations, to direct the Trustee or any other Person to declare the principal of and interest on any Senior Lien Bonds or Subordinate Obligations to be immediately due and payable.

Section 4.24. Anti-Terrorism Laws. Neither the Authority nor any of Affiliates thereof is in violation of any Laws relating to terrorism or money laundering ("*Anti-Terrorism Laws*"),

including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the “*Executive Order*”), and the Patriot Act;

- (a) neither the Authority nor any Affiliate thereof is any of the following:
 - (i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;
 - (ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;
 - (iii) a Person with which the Bank is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;
 - (iv) a Person that commits, threatens or conspires to commit or supports “*terrorism*” as defined in the Executive Order; or
 - (v) a Person that is named as a “*pecially designated national and blocked person*” on the most current list published by the Office of Foreign Asset Control (“*OFAC*”) or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list; and

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

Section 4.25. Binding Effect. This Agreement, the Trust Agreement and the other Related Documents to which the Authority is a party constitute legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors’ rights generally, by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law and by limitations on legal remedies against public agencies in the State. The Notes will be duly issued, executed and delivered in conformity with the Act and the Trust Agreement, and constitute legal, valid and binding special, limited obligations of the Authority, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable reorganization, insolvency, liquidation, readjustment of debt, moratorium or other similar laws affecting the enforcement of the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and entitled to the benefit and security of the Trust Agreement.

ARTICLE V

AFFIRMATIVE COVENANTS

Section 5.01. Covenants of the Authority. Until the termination of the Letter of Credit and the payment in full to the Bank of all amounts payable to the Bank hereunder and under the Fee Agreement, the Authority hereby covenants and agrees that it will:

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

(b) (i) *Annual Reports.* Within two hundred forty (240) days after the end of each Fiscal Year of the Authority, the Authority will provide to the Bank audited financial statements consisting of a balance sheet and a statement of revenues, expenditures and changes in fund balances of the Authority, including the Pledged Revenues and Net Pledged Revenues for such Fiscal Year, setting forth in comparative form the corresponding figures (if any) for the preceding Fiscal Year, all in reasonable detail, and accompanied by an unqualified opinion of a nationally recognized independent certified public accounting firm stating that they have been prepared in accordance with GAAP and accompanied by a certification from the Chief Executive Officer of the Authority, the Executive Director, Finance and Budget of the Authority, or the Treasurer of the Authority addressed to the Bank stating that neither a Default nor an Event of Default has occurred which was continuing at the end of such Fiscal Year or on the date of his certification, or, if such an event has occurred and was continuing at the end of such Fiscal Year or on the date of his certification, indicating the nature of such event and the action which the Authority proposes to take with respect thereto.

(ii) *Quarterly Statements.* As soon as available, and in any event within fifteen (15) days after the end of each March 31 (such quarterly period to include each day from and including January 1st of each year to and including March 31st of each year), July 1 (such quarterly period to include each day from and including April 1st of each year to and including July 1st of each year), September 30 (such quarterly period to include each day from and including July 1st of each year to and including September 30th of each year) and January 1 (such quarterly period to include each day from and including October 1st of each year to and including January 1st of each year), the Authority shall provide to the Bank a statement of (A) the amount of all Proposition C Sales Tax received by the Authority or the Senior Lien Trustee or the Trustee, on behalf of the Authority, during such fiscal quarter and all such amounts that are available to make debt service payments on the Senior Lien Bonds, the Senior Parity Debt and the Subordinate Obligations, (B) the amount of all Proposition C Sales Tax received by the Authority or the Senior Lien Trustee or the Trustee, on behalf of the

Authority, during the twelve (12) months ended as of the end of such fiscal quarter and all such amounts that are available to make debt service payments on the Senior Lien Bonds, the Senior Parity Debt and the Subordinate Obligations (such amounts available to make debt service payments, the “*Annual Historical Proposition C Sales Tax Receipts*”), (C) the amount of all payments of principal and interest on the Senior Lien Bonds, the Senior Parity Debt and the Subordinate Obligations (the “*Annual Historical Proposition C Debt Service Payments*”) during the twelve (12) months ended as of the end of each January 1, March 31, July 1 and September 30, (D) a projection by the Authority of the amount of principal and interest coming due on the Senior Lien Bonds, the Senior Parity Debt and the Subordinate Obligations for the five (5) years after the end of each January 1, March 31, July 1 and September 30 (with respect to any Senior Lien Bonds, Senior Parity Debt or Subordinate Obligations bearing interest at variable rates of interest or with respect to which other payments may be made subject to the occurrence of contingencies, the Authority may provide for such assumptions as the Authority determines are reasonable under the circumstances), and (E) a calculation (the “*Calculation Ratio*”) showing the ratio (the “*Historical Ratio*”) that the Annual Historical Proposition C Sales Tax Receipts bear to the Annual Historical Proposition C Debt Service Payments after the end of each January 1, March 31, July 1 and September 30, all in reasonable detail. The foregoing statement delivered to the Bank within fifteen (15) days after the end of each July 1 and September 30 shall also be accompanied by a certification from the Chief Executive Officer of the Authority, the Executive Director, Finance and Budget of the Authority, or the Treasurer of the Authority addressed to the Bank stating that neither a Default nor an Event of Default has occurred which was continuing at the end of such quarterly period or on the date of his certification, or, if such an event has occurred and was continuing at the end of such quarterly period or on the date of his certification, indicating the nature of such event and the action which the Authority proposes to take with respect thereto.

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

(d) *Notice of Adverse Change.* Notify the Bank as soon as possible after the Treasurer of the Authority acquires knowledge of the occurrence of (i) the filing of a complaint against the Authority in any court or administrative agency, where the amount claimed is in excess of Fifteen Million Dollars (\$15,000,000) and which is payable from Pledged Revenues, (ii) the filing of any action which could lead to an initiative or referendum which could annul, amend, modify or replace the Act or Ordinance No. 49 or which could lead to the diminution or reallocation of the Proposition C Sales Tax, (iii) any action, suit, proceeding, inquiry or investigation before or by any court, public board or body pending or threatened wherein an unfavorable decision, ruling or finding could

have a Material Adverse Effect or (iv) any other event which, in the reasonable judgment of the Authority, is likely to have a Material Adverse Effect.

(e) *Additional Senior Lien Debt.* As soon as available, but in any event within ten (10) days after the issuance and delivery of any additional Senior Lien Bonds, deliver to the Bank a copy of the certificate that is required to be delivered to the Senior Lien Trustee pursuant to Section 2.12 of the Senior Lien Trust Agreement.

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

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

(h) *Further Assurances.* Take any and all actions necessary or reasonably requested by the Bank to (i) perfect and protect, any lien, pledge or security interest or other right or interest given, or purported to be given to the Bank or any other Person under or in connection with this Reimbursement Agreement or the other Related Documents, (ii) enable the Bank to exercise or enforce its rights under or in connection with this Reimbursement Agreement or (iii) to allow the Bank to pledge the Reimbursement Note to any Federal Reserve Bank.

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

(j) *Dealer.*

(i) The Authority will not, without the prior written consent of the Bank, appoint or permit the appointment of a successor Dealer. The Authority shall at all times maintain a Dealer under the First Supplemental Subordinate

Trust Agreement. If the Dealer fails to sell Notes (the proceeds of which will be used to pay a Liquidity Advance or an Unreimbursed Drawing) after any Unreimbursed Drawing for thirty (30) consecutive days, then the Authority agrees, at the written request of the Bank, to cause the Dealer to be replaced with a Dealer reasonably satisfactory to the Bank. Any dealer agreement with a successor Dealer shall provide that (a) such dealer may resign upon at least sixty (60) days prior written notice to the Authority, the Trustee, the Paying Agent and the Bank, and (b) such dealer shall use its best efforts to remarket the Notes without regard to the Bank Rate (i.e., whether or not the rate to be borne by the Notes is less than the Bank Rate) up to the maximum rate as required under the Related Documents.

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

(iii) Any Dealer shall have capital of not less than \$500,000,000, and such Dealer or its parent organization shall have an underlying rating from Moody's and S&P of at least "Baa2" (or its equivalent) and "A-" (or its equivalent), respectively.

(k) *Alternate Letter of Credit.* The Authority agrees to use its best efforts to obtain an Alternate Letter of Credit to replace the Letter of Credit in the event the Bank shall determine not to extend the Stated Expiration Date. The Authority agrees to obtain an Alternate Letter of Credit to replace the Letter of Credit in the event the Authority terminates this Reimbursement Agreement pursuant to the terms hereof. The Authority agrees that, as a condition to the effectiveness of the Alternate Letter of Credit, the issuer of the Alternate Letter of Credit will provide funds, to the extent necessary, in addition to other funds available, on the date the Alternate Letter of Credit becomes effective for the satisfaction of all outstanding Reimbursement Obligations through the date the Alternative Letter of Credit becomes effective. On such date, the Authority shall pay in full all other amounts due under this Reimbursement Agreement (including the Excess Interest Fee Amount to the extent permitted by law and unpaid interest thereon).

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

(m) *Incorporation of Covenants.* The covenants of the Authority set forth in each of the Related Documents to which the Authority is a party are hereby incorporated by reference in this Reimbursement 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 Reimbursement 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.

(n) *Book-Entry Eligibility.* The Authority covenants that at all times from and including the Closing Date until and including the date of maturity of the Notes, the Authority shall use commercially reasonable efforts to cause the Notes to be eligible for, and to be registered with, DTC's book entry delivery services and that such registration with DTC shall not be discontinued without the Bank's prior written consent.

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

(p) *Credit Facilities.*

(i) In the event that the Authority shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement, which such Bank Agreement provides such Person with additional or more restrictive covenants (except any covenants with respect to any fees payable by the Authority under the Fee Agreement) and/or additional or more restrictive events of default (collectively, the "*Additional Rights*") than are provided to the Bank in this Reimbursement 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 Reimbursement 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 Reimbursement 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 Authority to comply with such Additional Rights. The Authority 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 Authority to comply with such Additional Rights, enter into an amendment to this Reimbursement Agreement to include such Additional

Rights, provided that the Bank shall maintain the benefit of such Additional Rights even if the Authority fails to provide such amendment. If the Authority shall amend the Bank Agreement such that it no longer provides for such Additional Rights, then, without the consent of the Bank, this Reimbursement Agreement shall automatically no longer contain the related Additional Rights and the Bank shall no longer have the benefits of any of the related Additional Rights.

(ii) In the event that (A) the Authority 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 Amortization Period set forth in Section 2.03(b) hereof (such shorter amortization period, the “*Shorter Amortization Period*”) and (B) the Calculation Ratio delivered with respect to the end of the immediately preceding fiscal quarter pursuant to Section 5.01(b)(iii) shows an Historical Ratio of 130% or less, then until, the Authority delivers a Calculation Ratio showing the Historical Ratio to be greater than 130%, this Reimbursement Agreement shall automatically be deemed to be amended such that the Amortization Period set forth in Section 2.03(b) hereof shall be such Shorter Amortization Period. Upon the occurrence of the conditions set forth in the immediately preceding sentence, the Authority shall promptly enter into an amendment to this Reimbursement Agreement such that the Amortization Period equals such Shorter Amortization Period, provided that the Amortization Period shall equal the Shorter Amortization Period regardless of whether this Reimbursement Agreement is amended. If the Authority shall amend the Bank Agreement such that it no longer provides for an amortization of the related advance, loan or Drawing for a period less than the Amortization Period, then, without the consent of the Bank, the Amortization Period shall once again equal the period provided in Section 2.03(b) hereof.

(q) *Right to Accelerate.* In the event that the Authority shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement, which such Bank Agreement includes the right to accelerate the payment of the principal of or interest on any series of Senior Lien Bonds or Subordinate Obligations, the Bank shall be deemed to have the right to accelerate the payment of principal and interest on any outstanding Reimbursement Obligations (and all other obligations due and owing hereunder and under the Reimbursement Note and under the Fee Agreement) upon the occurrence and during the continuance of an event of termination or an event of default under such Bank Agreement permitting an acceleration of such bonds or debt. The Authority shall promptly, upon the occurrence of the Authority entering into an agreement (or amendment thereto) which provides for the right to accelerate any Senior Lien Bonds or Subordinate Obligations, enter into an amendment to this Reimbursement Agreement to include a provision which permits the Bank to accelerate outstanding Reimbursement Obligations (and all other obligations due and owing hereunder, under the Reimbursement Note and under the Fee Agreement), provided that the Bank shall maintain the benefit of such provision even if the Authority fails to provide such amendment. The release, termination or other discharge of such other documentation that

provides for acceleration of any Senior Lien Bonds or Subordinate Obligations, shall be effective to amend, release, terminate or discharge (as applicable) such provision as incorporated by reference herein without the consent of the Bank.

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

(s) *Maintenance of Ratings.* The Authority shall at all times maintain long-term unenhanced ratings on the Senior Lien Bonds by any two Nationally Recognized Statistical Rating Organizations (as defined under the Securities Exchange Act of 1934, as amended) approved by the Bank. As of the Closing Date, the Authority maintains long-term unenhanced ratings on the Senior Lien Bonds from Moody's and S&P. Such Nationally Recognized Statistical Rating Organizations are approved by the Bank (unless and until the Bank notifies the Authority in writing that it no longer approves Moody's or S&P).

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

ARTICLE VI

NEGATIVE COVENANTS

Section 6.01. Negative Covenants of the Authority. Until the termination of the Letter of Credit and this Reimbursement Agreement and the payment in full to the Bank of all amounts payable to the Bank hereunder, the Authority hereby covenants and agrees that it will not:

(a) *Compliance With Laws, Etc.* Violate any laws, rules, regulations, or governmental orders to which it is subject and of which it is aware after diligent inquiry, which violation involves a reasonable likelihood of materially and adversely affecting its financial condition.

(b) *Amendments.* The Authority shall not modify, amend or supplement, or give any consent to any modification, amendment or supplement or make any waiver with respect to, any provision of any Related Document without the prior written consent of the Bank; provided, however, that nothing contained in this Section 6.01(b) shall require the consent of the Bank to the execution and delivery of supplements to the

Senior Lien Trust Agreement or the Trust Agreement that are made solely for the purpose of specifying the terms of additional Debt issued in accordance with the terms thereof and of Section 6.01(f) of this Reimbursement Agreement.

(c) *Affiliates.* Unless expressly permitted by law, the Authority will not permit the Dealer to sell Notes to the Authority or an Affiliate of the Authority.

(d) *Liens, Etc.* The Authority shall not create or suffer to exist any Lien upon or with respect to any of the funds or accounts created under the Trust Agreement except those Liens specifically permitted under the Trust Agreement.

(e) *Certain Information.* The Authority shall not include in an offering document for the Notes (or any other offering document) any information concerning the Bank (other than identifying the Bank as a party to this Reimbursement Agreement and the issuer of the Letter of Credit) that is not supplied in writing, or otherwise consented in writing, by the Bank expressly for inclusion therein. Except as may be required by law (including, but limited to, federal and state securities laws), the Authority shall not use the Bank's name in any published materials (other than the Authority's staff reports, annual statements, audited financial statements, rating agency presentations) without the prior written consent of the Bank (which consent shall not be unreasonably withheld); provided that, without the prior written consent of the Bank, the Authority may identify the Bank as a party to this Reimbursement Agreement and as the issuer of the Letter of Credit, the stated amount of the Letter of Credit, the expiration date of the Letter of Credit and that the Authority's obligations under this Agreement are secured by Net Pledged Revenues, in offering documents with respect to the Senior Lien Bonds and the Subordinate Obligations, so long as no other information relating to this Reimbursement Agreement, the Fee Agreement or the Bank is disclosed in such offering documents without the prior written consent of the Bank.

From time to time, the Authority expects to publish offering documents with respect to the Notes, that will require the Authority to include therein certain information about the Bank. At the reasonable request of the Authority, the Bank will provide the Authority with updated information about the Bank of the type included in Appendix A to the Offering Memorandum under the caption "Certain Information Regarding the Bank — Bank of America, N.A." in the Offering Memorandum for inclusion in such offering documents.

(f) *Additional Debt.*

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

(ii) In addition to the requirements set forth in Section 2.09 of the Senior Lien Trust Agreement and Section 2.09 of the Subordinate Trust Agreement, the Authority shall not issue any additional Senior Lien Bonds, Senior Parity Debt or Subordinate Obligations until there shall first be delivered

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

(iii) The Authority shall deliver to the Bank the certificate set forth in (d)(ii) above concurrently when the same is delivered to the Senior Lien Trustee or the Trustee, as applicable.

(iv) The Authority shall not issue or authorize the issuance of any Debt secured by a Lien on Pledged Revenues subordinate to a Lien thereon securing the Notes and the obligations of the Authority hereunder (“*Second Subordinate Debt*”) unless the Pledged Revenues collected for any 12 consecutive months out of the preceding 18 consecutive months immediately preceding the issuance of such Debt was at least 100% Projected Maximum Total Annual Debt Service for all Senior Lien Bonds, Senior Parity Debt and Subordinate Lien Obligations and such Debt which will be outstanding after the issuance of such Debt. Upon the issuance of any such Second Subordinate Debt, the Authority shall provide the Bank with a copy of the certificate of the Authority and the certificate of the Consultant required to be delivered to the Gateway Trustee by Section 2.13 of the Gateway Trust Agreement, certifying that Proposition C Sales Taxes collected by the Authority during a 12 consecutive month period out of the 18 consecutive months immediately preceding the issuance of the Authority’s Second Subordinate Debt are at least equal to 100% of Maximum Annual Debt Service on all Bonds, Parity Debt and all other securities or other indebtedness secured by the Proposition C Sales Tax which will be Outstanding immediately after the issuance of such Second Subordinate Debt. Terms used in the preceding sentence and not otherwise defined in this Agreement shall have the meanings set forth in the Gateway Trust Agreement.

(g) *Federal Reserve Board Regulations.* The Authority shall not use any portion of the proceeds of any Unreimbursed Drawings or Advances for the purpose of carrying or purchasing any Margin Stock (within the meaning of Regulation U or X of the Board of Governors of the Federal Reserve System).

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

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

(ii) such merger or consolidation shall not adversely affect or impair to any extent or in any manner (1) the Pledged Revenues or the Net Pledged Revenues, (2) the availability of the Pledged Revenues or the Net Pledged Revenues for the payment and security of the obligations of the Authority under this Agreement, or (3) the pledge or security afforded by the Senior Lien Trust Agreement and the Subordinate Trust Agreement to the Senior Lien Bonds and the Subordinate Obligations, and the Authority shall have furnished to the Bank, an opinion of its Bond Counsel, satisfactory in form and substance to the Bank, to such effect; and

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

ARTICLE VII

EVENTS OF DEFAULT

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

(a) Failure to pay, or cause to be paid, when due (i) any Reimbursement Obligations or any interest thereon, (ii) any principal of or interest on any commercial paper notes issued pursuant to the Trust Agreement as and when due under the Trust Agreement; or (iii) any principal of, premium or interest on any Parity and Senior Debt;

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

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

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

(e) Any of Moody's or S&P either (i) withdraw or suspend the underlying long-term rating of any Subordinate Obligations, Senior Lien Bonds or Parity and Senior Debt for credit related reasons or (ii) reduce the long-term underlying rating of any Subordinate Obligations, Senior Lien Bonds or Parity and Senior Debt, in the case of S&P, below "BBB" (or its equivalent) or in the case of Moody's, below "Baa2" (or its equivalent);

(f) The existence of one or more final, non-appealable judgments against the Authority for the payment of money payable out of Pledged Revenues ranking senior to or on a parity with the Subordinate Obligations, the operation or result of which, individually or in the aggregate, equals or exceed \$15,000,000, and such judgment, attachment or levy shall remain unpaid or the lien created thereby shall remain undischarged or unbonded (by property other than any of the Pledged Revenues) for a period of sixty (60) days;

(g) Any Subordinate Obligations, Senior Lien Bonds, Parity and Senior Debt or any termination payment under any Interest Rate Protection Agreement that is secured by a lien on Pledged Revenues ranking senior to or on a parity with the Notes shall not be paid when and as the same shall become due and payable (whether by scheduled maturity, required redemption, or acceleration), or any default shall occur under any

Subordinate Obligations, Senior Lien Bonds, any Parity and Senior Debt or any termination payment under any Interest Rate Protection Agreement that is secured by a lien on Pledged Revenues ranking senior to or on a parity with the Notes or under any indenture, agreement or other instrument pursuant to which any such Subordinate Obligations, Senior Lien Bonds, any Parity and Senior Debt or any termination payment under any Interest Rate Protection Agreement that is secured by a lien on Pledged Revenues ranking senior to or on a parity with the Notes was issued and such payment default shall continue for a period of time sufficient to permit the acceleration of the maturity of any such Subordinate Obligations, Senior Lien Bonds, any Parity and Senior Debt or any termination payment under any Interest Rate Protection Agreement that is secured by a lien on Pledged Revenues ranking senior to or on a parity with the Notes (whether or not any such Subordinate Obligations, Senior Lien Bonds, any Parity and Senior Debt or any termination payment under any Interest Rate Protection Agreement that is secured by a lien on Pledged Revenues ranking senior to or on a parity with the Notes is in fact accelerated);

(h) Any material representation or warranty made by the Authority under or in connection with this Reimbursement 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;

(i) Failure to pay or cause to be paid, when due any other obligation owed to the Bank hereunder and under the Fee Agreement (other than those referenced in Section 7.01(a) hereof) (together with interest thereon at the Default Rate) and such failure shall continue for five (5) days after the Trustee and the Authority have received written notice from the Bank that any such amount was not paid when due;

(j) The breach by the Authority of any of the terms or provisions of Section 5.01(j), (k), (l), (m), (n), (s) or (t) hereof or Section 6.01(b), (c), (d), (f)(i), (f)(ii), (f)(iv), (g) or (h) hereof;

(k) The breach by the Authority of any material terms or provisions of this Reimbursement Agreement (other than breaches specifically addressed in this Section 7.01) and the continuance of such default for thirty (30) days after written notice thereof shall have been received by the Authority from the Bank;

(l) (i) The occurrence of any event of default under the Senior Lien Trust Agreement or the Trust Agreement (which is not waived pursuant to the terms thereof); or (ii) the occurrence of any event of default or termination under any of the Related Documents to which the Authority is a party (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 honor a properly presented and conforming draw;

(m) Any Lien created by this Reimbursement Agreement, the Trust Agreement or the Senior Lien Trust Agreement in favor of, or for the benefit of, the Bank shall at any time or for any reason (except as expressly permitted to be released by the terms of such governing document) not constitute a valid Lien;

(n) At any time, (i) the Senior Lien Bonds shall not have been assigned a long term rating from at least one of Moody's, S&P or Fitch for credit related reasons or (ii) the Reimbursement Note shall not have been assigned at least one long-term rating of at least investment grade from at least one of Moody's, S&P or Fitch;

(o) The Authority shall default in the payment of the principal of or interest on any Debt owed to the Bank secured by or payable from the Proposition C Sales Tax;

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

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

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

Section 7.02. Remedies.

(i) Upon the occurrence and during the continuation of an Event of Default, the Bank, in its sole discretion, may take any one or more of the following actions, and the taking of any one of such actions shall not preclude the taking of any other of such actions: (a) deliver to the Paying Agent a Final Drawing Notice in the form of Exhibit D to this Reimbursement Agreement to the effect that an Event of Default has been declared under this Reimbursement Agreement and that the Letter of Credit will terminate 10 days after receipt of such Notice and requesting that the Paying Agent make a Final Drawing (as defined in the Letter of Credit) under the Letter of Credit in an amount equal to the principal of the outstanding Notes plus interest to their maturity, (b) deliver to the Paying

Agent a notice in the form of Exhibit C to this Reimbursement Agreement (a “*No Issuance Notice*”) and on the maturity date for the last Note to mature which was issued prior to the delivery of such No Issuance Notice and upon the Bank honoring the Drawing under the Letter of Credit with respect to such Note, the Letter of Credit shall be terminated and returned to the Bank, (c) deliver to the Paying Agent a notice in the form of Exhibit E to this Reimbursement Agreement (a “*Reduction Notice*”) and on the maturity date for the last Note to mature which was issued and outstanding prior to the delivery of such Reduction Notice, the Stated Amount of the Letter of Credit shall be reduced to the principal amount of Notes outstanding on the date of the issuance of the Reduction Notice, (d) cure any default, event of default or event of nonperformance under this Reimbursement Agreement or under any of the other Related Documents or (e) exercise any other rights or remedies available under any Related Document, any other agreement or at law or in equity.

(ii) Upon the occurrence of an Event of Default under Section 7.01(b), (c), (l)(i), (q) or (r) hereof, the Bank may, by notice to the Authority and the Trustee, declare all outstanding Obligations of the Authority (including, without limitation, outstanding Reimbursement Obligations) to be immediately due and payable (provided that the obligations of the Authority hereunder shall become automatically and immediately due and payable without such notice upon the occurrence of an event of default under 7.01(b) or (c) hereof or under Section 8.01(v) under the Senior Lien Trust Agreement, such acceleration shall automatically occur (unless such automatic acceleration is expressly waived by the Bank in writing)), and such amounts shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Authority.

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

ARTICLE VIII

NATURE OF OBLIGATIONS; INDEMNIFICATION

Section 8.01. Obligations Absolute. The payment obligations of the Authority arising under this Reimbursement Agreement are secured as provided in Section 2.12 hereof and the Trust Agreement in accordance with its terms, and shall be paid and performed strictly in accordance with the terms of this Reimbursement Agreement, under all circumstances whatsoever, including, without limitation, the following circumstances:

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

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

(c) any exchange, release or non-perfection of any collateral;

(d) the existence of any claim, set off, defense, or other right which the Authority may have at any time against the Paying Agent, the Trustee, the Dealer, the Bank (other than the defense of the payment to the Bank in accordance with the terms of this Reimbursement Agreement) or any other person or entity, whether in connection with this Reimbursement Agreement, the other Related Documents or any unrelated transactions;

(e) any certificate, notice or any other document presented under this Reimbursement 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 8.02. Continuing Obligation. This Reimbursement Agreement is a continuing obligation, shall survive the expiration of the Letter of Credit and shall (a) be binding upon the Authority, its successors and assigns, and (b) inure to the benefit of and be enforceable by the Bank and its successors, transferees and assigns; provided that the Authority may not, except as otherwise expressly provided herein, assign all or any part of this Reimbursement Agreement without the prior written consent of the Bank.

Section 8.03. Liability of the Bank. The Authority agrees that the Bank shall have no responsibility for the acts or omissions of the Dealer, the Trustee, the Paying Agent, or any agent thereof, and any transferee beneficiary of the Letter of Credit with respect to its use of the Letter of Credit. Neither the Bank nor any of its officers or directors shall be liable or responsible for: (a) the use which may be made of the Letter of Credit or for any acts or omissions of the Paying Agent, or the Trustee any agent of the Paying Agent or the Trustee and any transferee beneficiary in connection therewith; (b) the validity 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, fraudulent or forged; (c) payment by the Bank against presentation of documents which do not comply with the terms of the Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under the Letter of Credit; provided, however, that the Authority shall have a claim against the Bank, and the Bank shall be liable to the Authority, to the extent of any direct compensatory, as opposed to consequential, damages suffered by the Authority which the Authority proves in a final, non-appealable judgment that such direct damages were caused by the Bank's gross negligence or willful misconduct in connection with the Letter of Credit (it being understood that the Bank assumes no liability or responsibility for the genuineness, falsification or effect of any document which appears to be regular on its face). The Bank is hereby expressly authorized and directed to honor any demand for payment which is made under the Letter of Credit without regard to, and without any duty on

its part to inquire into the existence of, any disputes or controversies between or among the Authority, the Trustee, the Paying Agent, any transferee beneficiary of the Letter of Credit or any other Person or the respective rights, duties or liabilities of any of them, or whether any facts or occurrences represented in any of the documents presented under the Letter of Credit are true and correct.

Section 8.04. Indemnification.

(a) *General.* To the extent permitted by applicable law, the Authority agrees to indemnify and hold harmless the Bank from and against any and all claims, damages, losses, liabilities and reasonable costs or expenses (including, without limitation, reasonable attorneys' fees and expenses) whatsoever which the Bank may incur (or which may be claimed against the Bank by any person or entity whatsoever) by reason of or in connection with (i) the offering, sale, remarketing or resale of the Notes (including, without limitation, by reason of any untrue statement or alleged untrue statement of any material fact contained in the Offering Memorandum (other than in connection with the description of the Bank, the Letter of Credit or this Reimbursement Agreement therein) or in any supplement or amendment thereof or remarketing circular relating thereto, or the omission or alleged omission to state therein a material fact necessary to make such statements, in the light of the circumstances in which they are or were made, not misleading); (ii) the validity, sufficiency or genuineness of the Related Documents, the Offering Memorandum (other than in connection with the description of the Bank under Appendix A - "Certain Information Regarding the Bank – Bank of America, N.A.") or any supplement or amendment thereof or remarketing circular relating thereto; or (iii) the execution and delivery of this Reimbursement Agreement or the issuance of the Letter of Credit, or the honoring of Drawings under the Letter of Credit; provided that the Authority shall not be required to indemnify the Bank for any losses, claims, damages, liabilities, costs and expenses to the extent, but only to the extent, that such losses, claims, damages, liabilities, costs and expenses were caused by the willful misconduct or gross negligence of the Bank as determined by a court of competent jurisdiction in a final nonappealable judgment.

(b) *Taxes, Etc.* To the extent permitted by law, the Authority 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 Authority in connection with the execution, delivery and performance of, or any payment made under, this Reimbursement Agreement, the Notes and the other Related Documents, or any amendment thereto.

Section 8.05. Facsimile Documents. At the request of the Authority, the Letter of Credit provides that demands for payment thereunder may be presented to the Bank by, among other methods, facsimile. The Authority acknowledges and assumes all risks relating to the use of such facsimile demands for payment and agrees that its obligations under this Reimbursement Agreement and the other Related Documents shall remain absolute, unconditional and irrevocable as provided in Section 8.01 hereof if the Bank honors such facsimile demands for payment.

ARTICLE IX

TRANSFER, REDUCTION OR EXTENSION OF LETTER OF CREDIT

Section 9.01. Transfer, Reduction and Reinstatement. The Letter of Credit may be transferred, reduced and reinstated in accordance with the provisions set forth therein.

Section 9.02. Extension. The Stated Expiration Date of the Letter of Credit may be extended by the Bank upon the written request of the Authority in the form of Exhibit B hereto appropriately completed and given to the Bank no sooner than 120 days, and no later than 60 days, prior to the Stated Expiration Date. Within 30 days of receipt of a request for extension, the Bank shall either notify the Authority and the Paying Agent in accordance with the terms of the Letter of Credit that the Letter of Credit will be extended to the new Stated Expiration Date set forth in a notice in the form of Exhibit G to the Letter of Credit executed by the Bank or notify the Authority and the Paying Agent that the Letter of Credit will not be so extended. The Bank may, in its sole and absolute discretion, decide to accept or reject any such proposed extension and no extension shall become effective unless the Bank shall have consented thereto in writing. The consent of the Bank, if granted, shall be conditioned upon the preparation, execution and delivery of documentation in form and substance reasonably satisfactory to the Bank. If such an extension request is accepted by the Bank in its absolute discretion, the then current Stated Expiration Date for the Letter of Credit shall be extended for a period to be agreed to by the parties hereto. Failure of the Bank to so respond to any such request for extension shall constitute the Bank's denial of such request.

ARTICLE X

MISCELLANEOUS

Section 10.01. Reserved.

Section 10.02. Amendments and Waivers. No amendment or waiver of any provision or term of this Reimbursement Agreement, the Fee Agreement or the Letter of Credit, and no consent to any departure by the Authority or any other party therefrom, shall be effective unless in writing signed by the Bank and the Authority and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 10.03. No Waiver; Remedies. No failure on the part of the Bank to exercise, and no delay in exercising, any right under this Reimbursement Agreement shall operate as a waiver of such right; nor shall any single or partial exercise of any right under this Reimbursement Agreement preclude any other further exercise of such right or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 10.04. Notices. Any notice, demand, direction, request or other instrument authorized or required by this Reimbursement Agreement to be given to or filed with the Authority, the Trustee, the Paying Agent or the Bank shall be deemed to have been sufficiently given or filed, for all purposes, when delivered by hand or when sent by registered mail, return

receipt requested, postage prepaid; or, if given by facsimile transmission, when receipt is acknowledged by the individual or an authorized representative of the entity specified below; provided that any such notice, demand, direction, request or other instrument to the Bank shall be effective only when actually received by the Bank; provided further, that any notice by the Authority 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 Authority:

If to the Authority:

Los Angeles County Metropolitan
Transportation Authority



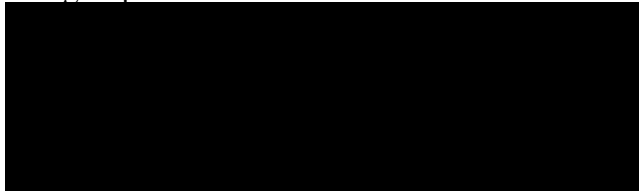
If to the Paying Agent:

U.S. Bank National Association

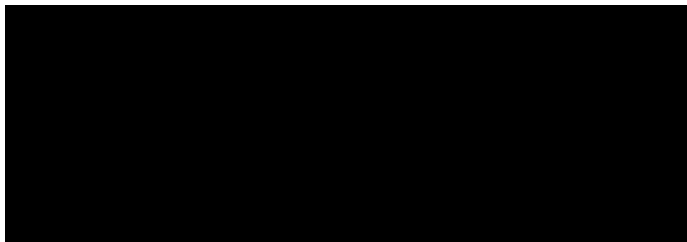


If to the Dealers:

Citigroup Global Markets Inc.

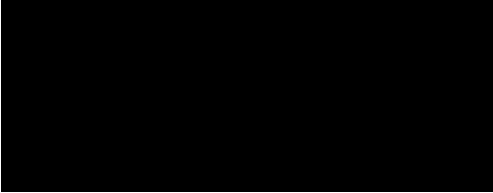


RBC Capital Markets, LLC



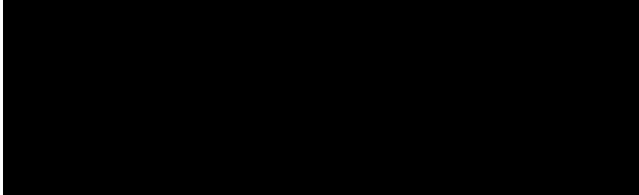
If to the Bank for Credit Matters:

Bank of America, N.A.



If to the Bank for Drawings under the Letter of Credit:

Bank of America, N.A.



Section 10.05. Severability. In case any one or more of the provisions contained in this Reimbursement Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 10.06. Governing Law.

(a) THIS REIMBURSEMENT AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA.

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

TRIAL RIGHTS AND CONSENTS TO JUDICIAL REFERENCE FOLLOWING CONSULTATION WITH LEGAL COUNSEL ON SUCH MATTERS. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT OR TO JUDICIAL REFERENCE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638 AS PROVIDED HEREIN.

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

Section 10.07. Headings. Section headings in this Reimbursement Agreement are included herein for convenience of reference only and shall not have any effect for purposes of interpretation or construction of the terms of this Reimbursement Agreement.

Section 10.08. Participations. The Bank may at any time, without the consent of, or notice to, the Authority, sell participations to any Person (other than a natural person or the Authority) (each, a “Participant”) in all or a portion of the Bank’s rights and obligations under this Reimbursement Agreement and obligations under the Letter of Credit and such participants shall be entitled to the rights and benefits of this Reimbursement Agreement and the other Related Documents, including, without limitation, Sections 2.07 and Article VIII hereof, to the same extent as if they were a direct party hereto; provided that (i) the Bank’s obligations under the Letter of Credit shall remain unchanged, (ii) the Bank shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Authority shall continue to deal solely and directly with the Bank in connection with the Bank’s rights under this Reimbursement Agreement and its obligations under the Letter of Credit.

Section 10.09. Counterparts. This Reimbursement Agreement may be signed in any number of counterpart copies, but all such copies shall constitute one and the same instrument.

Section 10.10. Complete and Controlling Agreement. This Reimbursement Agreement and the other Related Documents completely set forth the agreements between the Bank and the Authority and fully supersede all prior agreements, both written and oral, between the Bank and the Authority relating to the issuance of the Letter of Credit and all matters set forth herein and in the other Related Documents.

Section 10.11. USA Patriot Act. The Bank hereby notifies the Authority that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107 56 (signed into law October 26, 2001)) (the “*Patriot Act*”), it is required to obtain, verify and record information that identifies the Authority, which information includes the name and address of the Authority and other information that will allow the Bank to identify the Authority in accordance with the Patriot Act, and the Authority hereby agrees to take any action necessary to enable the Bank to comply with the requirements of the Patriot Act.

The Authority hereby represents and warrants and covenants and agrees (a) that it is not and shall not be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by OFAC, the 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 Authority or from otherwise conducting business with the Authority and (b) to ensure that the proceeds of the Drawings and Liquidity Advances shall not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto.

Section 10.12. Survival of this Reimbursement Agreement. All covenants, agreements, representations and warranties made in this Reimbursement Agreement shall survive the issuance of the Letter of Credit and shall continue in full force and effect so long as the Letter of Credit shall be unexpired or any Obligations shall be outstanding and unpaid. The obligation of the Authority to reimburse the Bank pursuant to Sections 2.07 and Article VIII hereof shall survive the payment of the Notes and termination of this Reimbursement Agreement.

Section 10.13. Successors and Assigns. The provisions of this Reimbursement Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby. The rights and duties of the Authority hereunder, however, may not be assigned or transferred, except as specifically provided in this Reimbursement Agreement or with the prior written consent of the Bank, and all obligations of the Authority hereunder shall continue in full force and effect notwithstanding any assignment by the Authority of any of its rights or obligations under any of the Related Documents or any entering into, or consent by the Authority to, any supplement or amendment to any of the Related Documents.

Section 10.14. Assignment to the Federal Reserve Bank. The Bank may assign and pledge all or any portion of 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

Authority to the Bank in accordance with the terms of this Reimbursement Agreement shall satisfy the Authority's obligations hereunder in respect of such assigned obligation to the extent of such payment. No such assignment shall release the Bank from its obligations hereunder.

Section 10.15. Contractual Interpretation. The parties acknowledge that they have read and fully understand the terms of this Reimbursement Agreement, have consulted with such attorneys, accountants, advisors, or other professionals as they have deemed appropriate prior to executing this Reimbursement Agreement with adequate opportunity and time for review thereof, and are fully aware of its contents and of its legal effect. Accordingly, this Reimbursement Agreement shall not be construed against any party on the grounds that such party drafted this Reimbursement Agreement, rather, this Reimbursement Agreement shall be interpreted as though drafted equally by all parties.

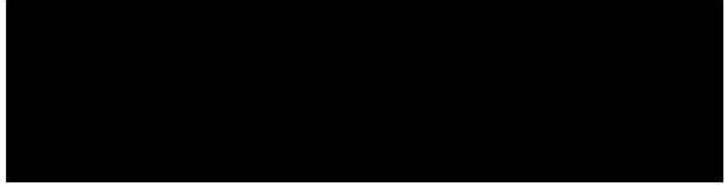
Section 10.16. Arm's Length Transaction. The transaction described in this Agreement is an arm's length, commercial transaction between the Authority and the Bank in which: (a) the Bank is acting solely as a principal (i.e., as a credit provider) and for its own interest; (b) the Bank is not acting as a municipal advisor or financial advisor to the Authority; (c) the Bank has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to the Authority 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 Authority on other matters); (d) the only obligations the Bank has to the Authority with respect to this transaction are set forth in this Agreement; and (e) the Bank is not recommending that the Authority take an action with respect to the transaction described in this Agreement and the other Related Documents, and before taking any action with respect to the this transaction, the Authority should discuss the information contained herein with the Authority's own legal, accounting, tax, financial and other advisors, as the Authority deems appropriate.

Section 10.17. No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the Authority acknowledges and agrees, that: (a) the Authority has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (b) the Authority is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Related Documents.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Letter of Credit Reimbursement Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY



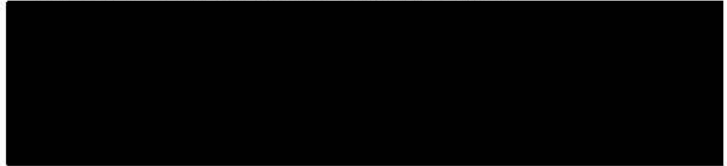
*[Signature page to Letter of Credit
Reimbursement Agreement (Bank of America, N.A.)]*

CERTIFICATE OF AUTHENTICATION

The Notes and all Reimbursement Obligations are Subordinate Obligations, as defined in the Subordinate Trust Agreement, and this Reimbursement Agreement constitutes a “*Reimbursement Agreement*” as defined in the First Supplemental Subordinate Trust Agreement.

Date of Authentication: April 6, 2016

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



*[Signature page to Letter of Credit
Reimbursement Agreement (Bank of America, N.A.)]*

BANK OF AMERICA, N.A.



*[Signature page to Letter of Credit
Reimbursement Agreement (Bank of America, N.A.)]*

EXHIBIT A

FORM OF REIMBURSEMENT NOTE

\$74,999,724

April 6, 2016

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

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

FOR VALUE RECEIVED, LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (the "*Authority*"), hereby unconditionally promises to pay to the order of BANK OF AMERICA, N.A. (the "*Bank*"), the principal amount of U.S. Dollars advanced by the Bank to or for the benefit of the Authority pursuant to the terms of the Letter of Credit issued pursuant to the Letter of Credit Reimbursement Agreement, dated as of April 1, 2016, as the same may be amended or supplemented from time to time (the "*Agreement*"), between the Authority and the Bank, together with interest as provided in the Agreement. The aggregate amount advanced by the Bank as part of a Drawing or Drawings or Liquidity Advance or Liquidity Advances is not to exceed an amount equal to \$74,999,724. All capitalized terms used herein and not otherwise defined shall have the meaning assigned in the Agreement. All amounts due hereunder shall be computed and payable at such times and in such amounts as provided in the Agreement.

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

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

The Authority waives diligence, demand, presentment, protest, and notice of every kind whatsoever. The failure of the holder hereof to exercise any of its rights hereunder in any particular instance shall not constitute a waiver of the same or any other right in that or any

subsequent instance. Time is of the essence for this Reimbursement Note. THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH LAWS OF THE STATE OF CALIFORNIA.

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

[Remainder of page intentionally left blank; signature page follows]

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

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY

By _____


CERTIFICATE OF AUTHENTICATION

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

Date of Authentication: April 6, 2016

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

By _____
Authorized Signatory

SCHEDULE I

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

FORM OF REQUEST FOR EXTENSION

[DATE]

Bank of America, N.A.

With a copy to:

Bank of America, N.A.

Re: Request for Extension

Ladies and Gentlemen:

Reference is hereby made to that certain Letter of Credit Reimbursement Agreement, dated as of April 1, 2016 (the "*Agreement*"), between the Los Angeles County Metropolitan Transportation Authority (the "*Authority*") and Bank of America, N.A. (the "*Bank*") All capitalized terms contained herein which are not specifically defined shall be deemed to have the definition set forth in the Agreement. The Authority hereby requests that the Stated Expiration Date of the Letter of Credit be extended to [DATE]. Pursuant to the Agreement, we have enclosed along with this request the following information, all as of the date hereof:

1. A reasonably detailed description of any and all Events of Default and all conditions, events and acts which with notice or lapse of time or both would become an Event of Default;
2. Any other pertinent information previously requested by the Bank; and
3. Confirmation that the representations and warranties set forth in Article IV of the Agreement are true and correct as though made on the date hereof and that no Event of Default has occurred and is continuing except for the defaults (if any) described under paragraph 2 above.

The Bank is requested to notify the Authority of their decision with respect to this request for extension within 30 days of the date of receipt hereof. If the Bank fails to notify the Authority of their decision, the Bank shall be deemed to have denied such request.

Very truly yours,

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY

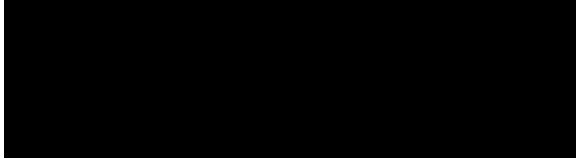
By _____
Name _____
Title _____

EXHIBIT C

NO ISSUANCE NOTICE

[DATE]


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



Los Angeles County Metropolitan Transportation Authority
Subordinate Proposition C Sales Tax Revenue
Commercial Paper Notes,
Series A-TE

and

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

Irrevocable Direct Pay Letter of Credit No. 

Ladies and Gentlemen:

The undersigned, under the Letter of Credit Reimbursement Agreement, dated as of April 1, 2016 (the "*Reimbursement Agreement*") between the Los Angeles County Metropolitan Transportation Authority and Bank of America, N.A. (the "*Bank*"), pursuant to which the above referenced Irrevocable Direct Pay Letter of Credit dated April 6, 2016 (the "*Letter of Credit*"; any capitalized term used herein and not defined shall have its respective meaning as set forth in the Letter of Credit) was issued, hereby notifies you as Issuing and Paying Agent for the above referenced Notes (the "*Notes*") as follows: (i) an Event of Default, as defined in the Reimbursement Agreement, has occurred and is continuing and (ii) you may not issue any Notes on or after the date you receive this notice. On the maturity date for the last maturing Note issued prior to your receipt of this notice and upon completion of all Drawings permitted under the Letter of Credit with respect to such Note, the Letter of Credit shall be returned to the undersigned for cancellation.

IN WITNESS WHEREOF, the undersigned has executed this No Issuance Notice as of this _____ day of _____, 20____.

BANK OF AMERICA, N.A.

By _____

Name _____

Title _____

cc:

Bank of America, N.A.

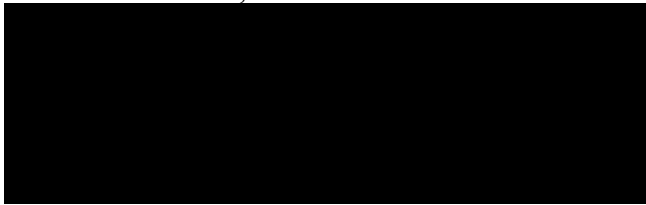
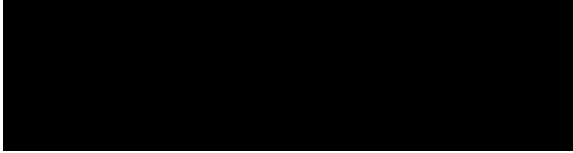


EXHIBIT D

FINAL DRAWING NOTICE

[DATE]


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



Los Angeles County Metropolitan Transportation Authority
Subordinate Proposition C Sales Tax Revenue
Commercial Paper Notes,
Series A-TE

and

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

Irrevocable Direct Pay Letter of Credit No. 

Ladies and Gentlemen:

The undersigned, under the Letter of Credit Reimbursement Agreement dated as of April 1, 2016 (the "*Reimbursement Agreement*") between the Los Angeles County Metropolitan Transportation Authority and Bank of America, N.A. (the "*Bank*"), pursuant to which the above referenced Irrevocable Direct Pay Letter of Credit dated April 6, 2016 (the "*Letter of Credit*"; any capitalized term used herein and not defined shall have its respective meaning as set forth in the Letter of Credit) was issued, hereby notifies you as Issuing and Paying Agent for the above referenced Notes (the "*Notes*") as follows: (i) an Event of Default, as defined in the Reimbursement Agreement, has occurred and is continuing, (ii) you may not issue any Notes on or after the date you receive this notice, (iii) you are hereby requested to make a Final Drawing as prescribed in the Letter of Credit and (iv) in accordance with the terms of the Letter of Credit, the Letter of Credit shall automatically terminate on the Stated Expiration Date, which in the case of this Final Drawing Notice shall be the first to occur of (A) the date which is ten (10) calendar days after you have received this Final Drawing Notice, or (B) the date, following receipt of this Final Drawing Notice, upon which you have drawn upon the Letter of Credit the amount required thereby and as permitted under the Letter of Credit and the proceeds of the drawing have been distributed to you.

IN WITNESS WHEREOF, the undersigned has executed this Final Drawing Notice as of this _____ day of _____, 20____.

BANK OF AMERICA, N.A.

By _____

Name _____

Title _____

cc:

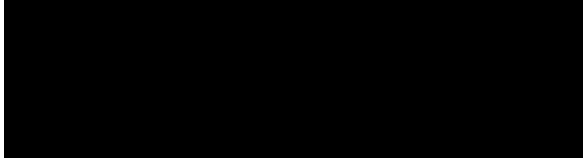
Bank of America, N.A.



EXHIBIT E
REDUCTION NOTICE

[DATE]


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



Los Angeles County Metropolitan Transportation Authority
Subordinate Proposition C Sales Tax Revenue
Commercial Paper Notes,
Series A-TE

and

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

Irrevocable Direct Pay Letter of Credit No. 

Ladies and Gentlemen:

The undersigned, under the Letter of Credit Reimbursement Agreement dated as of April 1, 2016 (the "*Reimbursement Agreement*") between the Los Angeles County Metropolitan Transportation Authority and Bank of America, N.A. (the "*Bank*"), pursuant to which the above referenced Irrevocable Direct Pay Letter of Credit dated April 6, 2016 (the "*Letter of Credit*"; any capitalized term used herein and not defined shall have its respective meaning as set forth in the Letter of Credit) was issued, hereby notifies you as Issuing and Paying Agent for the above referenced Notes (the "*Notes*") as follows: (i) an Event of Default, as defined in the Reimbursement Agreement, has occurred and is continuing and (ii) the Bank hereby reduces the Stated Amount of the Letter of Credit to \$_____, which amount equals \$_____ for the payment of the unpaid principal of the Notes that are outstanding on the date of this Reduction Notice and \$_____ for the payment of the unpaid interest accrued on the Notes that are outstanding on the date of this Reduction Notice (270 days of interest at 12% per annum based on a year of 365 days).

IN WITNESS WHEREOF, the undersigned has executed this Reduction Notice as of this _____ day of _____, 20____.

BANK OF AMERICA, N.A.

By _____

Name _____

Title _____

cc:

Bank of America, N.A.

