

which it is a party, and has full power and authority to perform its obligations under each of the foregoing.

(c) *Obligations Legal, Valid and Binding.* (i) This Agreement and the Financing Documents to which the City is a party have been duly and validly authorized, executed and delivered and constitute the legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms, except insofar as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights and remedies generally, and by general principles of equity.

(ii) The City is not in default hereunder or under the Financing Documents to which it is a party or under any other material mortgage, indenture, contract, agreement or undertaking to which it is a party or which purports to be binding on the City or on any of its assets.

(d) *No Legal Bar.* (i) The City is in compliance with and not in violation under any laws of the State which would adversely affect the City's existence or its powers and authority referred to in Section 4.1(b) hereof.

(ii) The execution, delivery and performance by the City of this Agreement and the Financing Documents to which it is a party, and all other agreements and instruments relating to all the foregoing executed and delivered by the City in connection herewith and therewith (i) do not violate any provision of the laws of the State or any other applicable law, regulation, order, writ, judgment or decree of any court, arbitrator or governmental authority, and (ii) do not violate any provision of, constitute a default under, or result in the creation or imposition of any Lien on any of the assets of the City pursuant to the provisions of, any mortgage, resolution, indenture, contract, agreement or other undertaking to which the City is a party or which purports to be binding on the City or on any of its assets other than the Liens created hereby or by the Financing Documents.

(iii) The City is not a party to, or otherwise subject to, any provision contained in any instrument evidencing Debt of the City, any agreement relating thereto or to the Leased Premises or the Project or any portion thereof, or any other contract or agreement which limits the amount of, or otherwise imposes restrictions on the incurring of, obligations of the City that would adversely affect the ability of the City to perform its obligations hereunder or under any of the Financing Documents to which it is a party.

(d) *Consents.* The City has obtained, or will obtain on or before the Closing Date, all consents, permits, licenses and approvals of, and has made all filings, registrations and declarations with, governmental authorities required under law, to authorize the execution, delivery and performance of this Agreement and the Financing Documents to which it is a party and all other agreements delivered or to be delivered in connection with any thereof, and all such consents, permits, licenses, approvals, filings, registrations and declarations remain in full force and effect.

(e) *Litigation.* There is no action, suit, investigation or proceeding pending or, to the best of the City's knowledge after due inquiry, threatened against or affecting the City, in which an adverse determination could have a material adverse effect on the business, operations or condition (financial or otherwise) of the City or its ability to perform its obligations hereunder or under the Financing Documents to which it is a party.

(f) *Disclosure.* The representations and statements made by the City in any document furnished to the Bank by the City in connection herewith or in connection with any Financing Document are accurate as of the date of this Agreement. All financial statements of the City furnished to the Bank were prepared in accordance with GAAP applied on a consistent basis throughout the periods involved. Since the date of the most recent financial statements referred to in the preceding sentence, no material adverse change has occurred in the business, operations or condition (financial or otherwise) of the City. The Official Statement does not, as of the Closing Date or as of its date, contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided that no representation is made as to information with respect to the Depository Trust Company, the Bank or the Authority.

(g) *The Financing Documents.* The representations and warranties of the City set forth in the Financing Documents to which it is a party are true and accurate in all material respects on the date of this Agreement as fully as though made on the date of this Agreement. The City makes, as of the date of this Agreement, each of the representations and warranties therein, to be made by the City in the Financing Documents to which it is a party, and for the benefit of, the Bank, as if the same were set forth at length herein together with all applicable definitions thereto. Except as otherwise provided herein, no amendment, modification, termination or replacement of any such representations, warranties, covenants and definitions contained in the Financing Documents to which it is a party shall be effective to amend, modify, terminate or replace the representations, warranties, covenants and definitions incorporated herein by this reference, without the prior written consent of the Bank.

(h) *Liens.* All filings, recordings, registrations or other actions necessary to create and perfect the Liens provided for in the Lease Agreement, the Trust Agreement and herein have been completed.

(i) *No Proposed Legal Changes.* There is no amendment, or to the knowledge of the City, no proposed amendment certified for placement on a statewide or local ballot, to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State law, 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 is (i) to materially adversely affect the Bonds or any holder thereof in its capacity as such, or (ii) to materially adversely affect the ability of the City to perform its obligations under this Agreement or any other Financing Document to which it is a party.

(j) *No Immunity.* The City is not entitled to sovereign immunity from any legal proceedings to enforce or collect upon this Agreement or any Financing Document to which it is a party or the transactions contemplated hereby or thereby (including, without limitation,

immunity from service of process and immunity from jurisdiction of any court or tribunal in respect of itself). To the extent that the City has or hereafter may acquire under any applicable law any right to immunity from set-off or legal proceedings on the grounds of sovereignty, the City hereby irrevocably waives, to the extent permitted by law, such rights to immunity for itself in respect of its obligations arising under or related to this Agreement or the Financing Documents to which it is a party.

(k) *Environmental Matters.* In the ordinary course of its business, the City conducts an ongoing review of Environmental Laws on the business, operations and properties of the City, in the course of which it identifies and evaluates associated liabilities and costs (including, without limitation, any capital or operating expenditures required for cleanup or closure of properties presently or previously owned or operated, any capital or operating expenditures required to achieve or maintain compliance with environmental protection standards imposed by law or as a condition of any license, permit or contract, any related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted thereat and any actual or potential liabilities to third parties, including employees, and any related costs and expenses). On the basis of such review the City has reasonably concluded that Environmental Laws are unlikely to have a material adverse effect on the ability of the City to make any Lease Payments or any of its obligations hereunder or under any Financing Document.

(l) *Defaults.* The City has not defaulted in the payment of any Debt obligation in the past five (5) years and the City has not, in the past five (5) years, or if the City has defaulted on any such Debt obligation, the City has fully disclosed to the Bank in writing the particulars of any such default or certification and all actions taken by the City to remedy such default or the situation leading to such certification and to avoid any similar default or certification in the future.

(m) *Property Tax Delinquency Rate.* To the best of the City's knowledge, after due investigation, the delinquency rate on collection by the county in which the City is located or receipt by the City of *ad valorem* property taxes is not greater than ten percent (10%).

(n) *Title to Property.* The Commission has a valid and enforceable leasehold interest in the Leased Premises, subject only to Permitted Encumbrances.

Section 4.2. Representations of the Authority. In order to induce the Bank to enter into and perform this Agreement, the Authority hereby represents and warrants to the Bank, which representations and warranties shall be deemed to be repeated as provided herein, as follows:

(a) *Organization and Authorization.* The Authority is a joint exercise of powers authority duly organized, existing and in good standing under and by virtue of the laws of the State, including, particularly, Chapter 5, Division 7, Title 1 (commencing with Section 6500 of the Government Code of the State) and has the power to enter into this Agreement and the Financing Documents to which it is a party.

(b) *Authority to Execute Documents.* All requisite official action of the Authority has been taken at meetings duly noticed, convened and had to authorize the execution and delivery of this Agreement and the Financing Documents to which it is a party and the transactions contemplated hereby and thereby, and has, or had as of the date of execution and delivery, full power and authority to execute and deliver this Agreement and the Financing Documents to which it is a party, and has full power and authority to perform its obligations under each of the foregoing.

(c) *Obligations Legal, Valid and Binding.* (i) This Agreement and the Financing Documents to which the Authority is a party have been duly and validly authorized, executed and delivered and constitute the legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms, except insofar as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights and remedies generally, and by general principles of equity.

(ii) The Authority is not in default hereunder or under the Financing Documents to which it is a party or under any other material mortgage, indenture, contract, agreement or undertaking to which it is a party or which purports to be binding on the Authority or on any of its assets.

(d) *No Legal Bar.* (i) The Authority is in compliance with and not in violation under any laws of the State which would adversely affect the Authority's existence or its powers and authority referred to in Section 4.2(b) hereof.

(ii) The execution, delivery and performance by the Authority of this Agreement and the Financing Documents to which it is a party, and all other agreements and instruments relating to all the foregoing executed and delivered by the Authority in connection herewith and therewith (i) do not violate any provision of the laws of the State or any other applicable law, regulation, order, writ, judgment or decree of any court, arbitrator or governmental authority, and (ii) do not violate any provision of, constitute a default under, or result in the creation or imposition of any Lien on any of the assets of the Authority pursuant to the provisions of, any mortgage, resolution, indenture, contract, agreement or other undertaking to which the Authority is a party or which purports to be binding on the Authority or on any of its assets other than the Liens created hereby or by the Financing Documents.

(iii) The Authority is not a party to, or otherwise subject to, any provision contained in any instrument evidencing Debt of the Authority, any agreement relating thereto or to the Leased Premises or the Project or any portion thereof, or any other contract or agreement which limits the amount of, or otherwise imposes restrictions on the incurring of, obligations of the Authority that would adversely affect the ability of the Authority to perform its obligations hereunder or under any of the Financing Documents to which it is a party.

(e) *Consents.* The Authority has obtained, or will obtain on or before the Closing Date, all consents, permits, licenses and approvals of, and has made all filings, registrations and declarations with, governmental authorities required under law, to authorize the execution, delivery and sale of the Bonds, the execution, delivery and performance of this Agreement and the Financing Documents to which it is a party and all other agreements delivered or to be delivered in connection with any thereof, and all such consents, permits, licenses, approvals, filings, registrations and declarations remain in full force and effect.

(f) *Litigation.* There is no action, suit, investigation or proceeding pending or, to the best of the Authority's knowledge after due inquiry, threatened against or affecting the Authority, in which an adverse determination could have a material adverse effect on the business, operations or condition (financial or otherwise) of the Authority or its ability to perform its obligations hereunder or under the Financing Documents to which it is a party.

(g) *Disclosure.* The representations and statements made by the Authority in any document furnished to the Bank by the Authority in connection herewith or in connection with any Financing Document are accurate as of the date of this Agreement. The Official Statement does not, as of the Closing Date or as of its date, contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided that no representation is made as to information with respect to Depository Trust Company, the Bank or the City.

(h) *The Financing Documents.* The representations and warranties of the Authority set forth in the Financing Documents to which it is a party are true and accurate in all material respects on the date of this Agreement as fully as though made on the date of this Agreement. The Authority makes, as of the date of this Agreement, each of the representations and warranties therein, to be made by the Authority in the Financing Documents to which it is a party, and for the benefit of, the Bank, as if the same were set forth at length herein together with all applicable definitions thereto. Except as otherwise provided herein, no amendment, modification, termination or replacement of any such representations, warranties, covenants and definitions contained in the Financing Documents to which it is a party shall be effective to amend, modify, terminate or replace the representations, warranties, covenants and definitions incorporated herein by this reference, without the prior written consent of the Bank.

(i) *Liens.* No filings, recordings, registrations or other actions are necessary to create and perfect the Liens provided for in the Lease Agreement, the Trust Agreement and herein.

(j) *No Proposed Legal Changes.* There is no amendment, or to the knowledge of the Authority, no proposed amendment certified for placement on a statewide or local ballot, to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State law, 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 is (i) to materially adversely affect the Bonds or any holder thereof in its capacity as such, or (ii) to materially adversely affect the ability of the Authority to perform its obligations under this Agreement or any other Financing Document to which it is a party.

(k) *No Immunity.* The Authority is not entitled to sovereign immunity from any legal proceedings to enforce or collect upon this Agreement or any Financing Document to which it is a party or the transactions contemplated hereby or thereby (including, without limitation, immunity from service of process and immunity from jurisdiction of any court or tribunal in respect of itself). To the extent that the Authority has or hereafter may acquire under any applicable law any right to immunity from set-off or legal proceedings on the grounds of sovereignty, the Authority hereby irrevocably waives, to the extent permitted by law, such rights to immunity for itself in respect of its obligations arising under or related to this Agreement or the Financing Documents to which it is a party.

(l) *Title to Property.* The Authority has a valid and enforceable fee simple interest in all of its real property and good title to all of its other property, other than the Leased Premises, and a valid and enforceable leasehold interest in the Leased Premises, subject only to Permitted Encumbrances.

ARTICLE V

COVENANTS

Section 5.1. Affirmative Covenants. As long as this Agreement is in effect, and until all amounts payable hereunder, and under any Bank Bonds, are indefeasibly paid in full, the Authority and the City will perform and observe the covenants set forth below:

(a) *Financial Records.* The City shall at all times maintain financial records and furnish to the Bank as soon as available, but no later than two hundred ten (210) days after the end of each fiscal year, audited financial statements prepared in accordance with GAAP including such balance sheet and statements, certified by an independent certified public accounting firm and prepared in accordance with GAAP, except to the extent State law requires otherwise.

(b) *Notice of Default.* The Authority and the City shall forthwith notify the Bank in writing of the occurrence of any Default or any default under the Financing Documents or any filing by the Authority or the City of a petition in bankruptcy under the Bankruptcy Law. The City shall also notify the Bank of the occurrence of any non-payment default or other event under any indenture, contract or instrument providing for the creation of any Debt of the City where the effect thereof is to accelerate, or permit the acceleration of, the maturity of such Debt.

(c) *Budgets.* The City shall deliver to the Bank a copy of its annual budget for the next fiscal year and such additional period as may be covered by such budget promptly upon adoption of such budget. The City shall include in each budget as separate line items, amounts necessary to pay all Lease Payments and Additional Payments.

(d) *Other Information.* The City and the Authority shall furnish to the Bank, as the Bank may reasonably request, such additional information concerning the Leased Premises, the Authority or the City in order to enable the Bank to determine whether the covenants, terms and provisions of this Agreement, the other Financing Documents to which the City or the Authority,

as appropriate, is a party and all other Debt of the City have been complied with by the City or the Authority, as appropriate, and for that purpose all pertinent books, documents and vouchers relating to the business, affairs and properties of the Authority and the City shall at all reasonable times during regular business hours and upon three (3) days' prior notice be open to the inspection of such accountants or other agents (who may make copies of all or any part thereof at their own cost and expense) as shall from time to time be designated by the Bank. Without limiting the foregoing, upon three (3) days' prior notice the Authority and the City will permit the Bank to visit and inspect any of the properties of the Authority and the City, respectively, during regular business hours and to discuss the affairs, finances and accounts of the Authority and the City with officials of the Authority and the City and any accounting firm performing services for the Authority or the City, as often as the Bank may reasonably request.

(e) *Compliance with Obligations.* The Authority and the City shall observe and comply with all of their obligations arising in connection with the City's Debt, the other Financing Documents and all laws of the State applicable to the Authority and the City.

(f) *Litigation.* The Authority and the City shall forthwith notify the Bank in writing with respect to any pending or threatened litigation with respect to the Authority, the City, the Leased Premises or the Project the existence of which causes the representations set forth in Section 4.1(e) or 4.2(e) hereof to be untrue or inaccurate in any material respect.

(g) *Licenses, Permits, Etc.* The Authority and the City will take all necessary and appropriate action to ensure the continuance in force of all material consents, licenses, permits, orders, decrees, approvals, authorizations, registrations and filings obtained or made in connection with the Leased Premises, the Project, this Agreement or the other Financing Documents to which the Authority or the City is a party or necessary to authorize the execution, delivery and performance by the Authority and the City of this Agreement, the other Financing Documents to which the Authority or the City is a party and all other agreements to be delivered in connection with any thereof.

(h) *Books and Records.* The Authority and the City shall keep or cause to be kept adequate and proper records and books of account with respect to the Authority, the City and the Leased Premises in which complete and correct entries shall be made, reflecting all financial transactions of the City in connection with the proceeds of the Bonds allocable to it.

(i) *Use of Proceeds.* The City shall use the proceeds of the Bonds for the purposes set forth in the Trust Agreement.

(j) *Maintenance of Existence.* Except as may be required by State law, the City shall preserve and maintain its existence as a municipal corporation organized and existing under a charter adopted pursuant to the Constitution and the laws of the State, and its rights, franchises and privileges material to the conduct of its business and shall not reorganize, merge or consolidate with or into any Person, wind up, liquidate or dissolve its affairs (or suffer any liquidation or dissolution) or convert, sell, assign, transfer, lease or otherwise dispose of (or agree to do any of the foregoing at any future time), whether in one transaction or a series of transactions, all or substantially all of its property or assets. Except as may be required by State

law, the Authority shall preserve and maintain its existence as a joint exercise of powers authority duly organized, existing and in good standing under and by virtue of the laws of the State, including, particularly, Chapter 5, Division 7, Title 1 (commencing with Section 6500 of the Government Code of the State), and its rights, franchises and privileges material to the conduct of its business and shall not reorganize, merge or consolidate with or into any Person, wind up, liquidate or dissolve its affairs (or suffer any liquidation or dissolution) or convert, sell, assign, transfer, lease or otherwise dispose of (or agree to do any of the foregoing at any future time), whether in one transaction or a series of transactions, all or substantially all of its property or assets. Notwithstanding the foregoing, the Authority and the City may reorganize, merge or consolidate with or into any Person if and so long as the Person surviving such reorganization, merger or consolidation assumes all indebtedness, liabilities and obligations of the Authority or the City, respectively, hereunder pursuant to a written agreement satisfactory in form and substance to the Bank.

(k) *Notice of Adverse Change.* The Authority and the City shall notify the Bank as soon as possible after any member of the City council, officer of the City or officer of the Authority acquires knowledge of the occurrence of (i) the filing of any action or the occurrence of any activity which would could lead to an initiative or referendum which could lead to the diminution or reallocation of the any revenues or funds received by the City or (ii) any other event which, in the reasonable judgment of such member or officer, is likely to have a material adverse effect on the ability of the Authority or the City to perform its obligations under this Agreement or under any other Financing Document to which the Authority or the City is a party.

(l) *Trustee and Other Agents.* The Authority and the City shall immediately notify the Bank of any resignation of the Trustee, the Tender Agent or the Remarketing Agent.

(m) *Other Matters.* The Authority and the City shall execute and deliver to the Bank all such documents and instruments, and do all such acts and things, as may be necessary or reasonably required by the Bank to enable the Bank to exercise and enforce its rights under this Agreement and to realize thereon, and record and file and re-record and re-file all such documents and instruments, at such time or times, in such manner and at such place or places, all as may be necessary or reasonably required by the Bank to validate, preserve and protect the Lien of the Bank under this Agreement.

(n) *Annual Appropriations.* The City shall make annual appropriations at levels required under the Lease Agreement to pay all Lease Payments and Additional Payments.

(o) *Maintenance of Insurance.* The City covenants that it will maintain or cause to be maintained insurance as required by the Lease Agreement on the Leased Premises.

(p) *Investments.* Promptly upon any change therein, the City shall deliver to the Bank a copy of the City's current investment policy or the current investment policy of the county in which the City is located or the current investment policy of any other entity which maintains an investment pool in which the City has invested any of its funds, as the case may be.

(q) *Conversion to Fixed Rate.* In the event the Bank declines at any time, in its sole discretion, to extend the Scheduled Expiration Date and the Authority is unable to provide an Alternate Liquidity Facility by such date, the Authority will use its best efforts to convert the interest rate with respect to the Bonds to a Fixed Rate by such Scheduled Expiration Date or as soon thereafter as possible.

Section 5.2. Negative Covenants. As long as this Agreement is in effect, and until all amounts payable hereunder, and under any Bank Bonds, are indefeasibly paid in full, the Authority and the City shall not, unless the Bank shall otherwise consent in writing:

(a) agree to amend, supplement, extend, modify, waive, revise or otherwise alter or terminate any term of the Bonds or any other Financing Document;

(b) appoint, remove or consent to the appointment or removal of the Trustee, the Tender Agent or the Remarketing Agent without the consent of the Bank, which consent shall not be unreasonably withheld;

(c) violate any law, rule, regulation, or governmental order to which it is subject, which violation involves a reasonable likelihood of materially and adversely affecting the Leased Premises, the financial condition, business or results of operations of the Authority or the City or the ability of the Authority or the City to perform its obligations under this Agreement or any other Financing Document to which it is a party;

(d) permit the marketing of any Bonds pursuant to the Official Statement or other offering document unless the Bank shall have approved in writing of the description of the Bank contained in such document or the Official Statement;

(e) invest any amounts on deposit in any of the funds or accounts held or maintained by the Trustee pursuant to the Trust Agreement in any investments other than Permitted Investments;

(f) take any action, or cause the Trustee or Tender Agent to take any action under the Trust Agreement, inconsistent with the rights of the Bank under this Agreement;

(g) take any action which would result in the City's obligations to the Bank under this Agreement not ranking at least *pari passu* in right of payment with all unsecured general fund lease obligations of the City to other creditors;

(h) so long as any of the City's obligations hereunder remain unpaid or any Bank Bonds remain Outstanding, terminate this Agreement, the Lease Agreement or the Authority Lease or replace the Facility with or Alternate Liquidity Facility;

(i) deviate from the investment policies of the City or from the provisions of the Government Code of the State, as in effect from time to time;

- (j) abandon, vacate or close the Leased Premises; or
- (k) encumber, transfer, sell, lease, convey or otherwise dispose of, any interest in, nor create, suffer or assume any Lien to be created on the Leased Premises, except for Permitted Encumbrances.

ARTICLE VI

CONDITIONS PRECEDENT

Section 6.1. Conditions Precedent to Effectiveness. The initial Commitment Period shall commence on the date (the “Closing Date”) that each of the following conditions precedent have been fulfilled to the satisfaction of the Bank and its counsel:

(a) *City Resolutions; Other Financing Documents.* (i) No proceedings taken by the City or the Authority with respect to the Bonds, this Agreement, the Financing Documents and the transactions contemplated hereunder have been revoked or rescinded or otherwise amended or modified and each shall be in full force and effect; (ii) the Financing Documents shall be in full force and effect and shall be in form and substance satisfactory to the Bank; and (iii) the Bank and its counsel shall have received copies of each such document and the Official Statement along with a certificate of an Authorized Representative of the City or the Authority, as applicable, dated the Closing Date to the effect that (A) such copies are true, correct and complete copies of such documents and (B) such documents were duly issued, adopted or executed and delivered and are in full force and effect.

(b) *Opinions.* The Bank shall have received legal opinions of counsel to the City, the Authority and the Trustee and an opinion of Special Counsel, as to such matters as the Bank may reasonably request, each such opinion to be addressed to the Bank, dated the Closing Date and in form and substance satisfactory to the Bank and its counsel.

(c) *Defaults; Representations and Warranties.* (i) No Default and no default under any of the Financing Documents shall have occurred and be continuing or will occur upon the purchase by the Bank of any Bonds and (ii) the representations of the City set forth in Article V and of the City and the Authority set forth in any Financing Document shall be true and correct on and as of the Closing Date with the same force and effect as if made on and as of such date.

(d) *No Litigation.* No action, suit, investigation or proceeding shall be pending or, to the knowledge of the City, threatened (i) in connection with the Bonds, the Financing Documents or this Agreement or any transactions contemplated thereby or hereby or (ii) against or affecting the City or the Authority, in which an adverse decision could have a material adverse effect on the business, operations or condition (financial or otherwise) of the City or the Authority, as the case may be, or the ability of the City to perform its obligations hereunder, or the ability of the City or the Authority to perform its obligations under the Financing Documents to which each is a party.

(e) *Financial Statements.* The Bank shall have received the most recent audited financial statements of the City for the fiscal years ended June 30, 2005, 2006 and 2007, and evidence that the City shall have ended each of the five most recently ended fiscal years with a positive fund balance.

(f) *No Material Adverse Change.* Since the date of the most recent financial statements of the City, no material adverse change shall have occurred in the status of the business, operations or conditions (financial or otherwise) of the City or its ability to perform its obligations under the Financing Documents to which it is a party.

(g) *Certificates.* The Bank shall have received (i) certified copies of all proceedings taken by the City and the Authority authorizing the execution, delivery and performance of this Agreement and the Financing Documents to which each is a party, as applicable, and the transactions contemplated hereby and thereby, and (ii) a certificate or certificates of one or more Authorized Representatives of the City and the Authority, as applicable, dated the Closing Date certifying (A) as to the matters set forth in clauses (c), (d) and (f) of this Section 6.1, (B) to the effect that all consents, permits, licenses and approvals of, and filings, registrations and declarations with, governmental authorities that are required to be obtained or made by the City or the Authority in connection with the Bonds, the Financing Documents and this Agreement have been obtained or made and (C) the name, incumbency and signature of each individual authorized to sign this Agreement, the Financing Documents to which the City or the Authority is a party and the other documents or certificates to be delivered by the City or the Authority pursuant hereto or thereto, on which the Bank may conclusively rely until a revised certificate is similarly delivered.

(h) *Payment of Fees.* All fees and expenses due and payable in accordance with the provisions of Article III and Section 8.5 hereof shall have been paid.

(i) *Ratings.* The Bank shall have received (i) evidence that the Bonds shall have received long-term and short-term ratings of “_____” by S&P and “_____” by Fitch and (ii) evidence that any Bank Bonds (and the related CUSIP number for such Bank Bonds) shall have a long-term rating equal to the rating assigned to the Bonds.

(j) *Trustee and Tender Agent Resolutions.* The Bank shall have received copies of the resolutions of the Trustee and the Tender Agent authorizing the execution, delivery and performance of the Financing Documents to which they are a party, certified as of the Closing Date by the Secretaries of the Tender Agent and the Trustee.

(k) *Trustee and Tender Agent Bonds.* The Bank shall have received certificates of authorized representatives of the Trustee and the Tender Agent certifying as to the authority, incumbency and specimen signatures of the authorized representatives of the Tender Agent and the Trustee authorized to sign the Financing Documents to which they are a party and any other documents to be delivered by them hereunder and who will be authorized to represent the Tender Agent and the Trustee in connection with this Agreement, upon which the Bank may rely until it receives a new certificate.

(l) *Governmental Approvals.* The Bank shall have received true and correct copies of any and all governmental approvals necessary for the City to enter into this Agreement and the Financing Documents to which it is a party and the transactions contemplated thereby and hereby.

(m) *Evidence of Authority.* The Bank shall have received such other certifications as to matters of fact, due authorization, execution and delivery by the parties thereto of the Financing Documents, evidence of corporate authority, copies of governmental consents, permits, licenses and approvals, and other documents as shall be reasonably requested by the Bank, and the form and substance of any order or other official action granting any consent, permit, license or approval shall be satisfactory to the Bank.

(n) *No Prohibition.* No law, regulation, ruling or other action of the United States, the State 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 Bank from fulfilling its obligations under this Agreement.

(o) *Appointment of Agents.* The appointment of the Trustee, Tender Agent and Remarketing Agent shall have been approved by the Bank.

(p) *Evidence of Insurance.* The Bank shall have received evidence that the insurance policies required by Section 5.1(o) hereof are in full force and effect.

(q) The Bank shall have received written evidence satisfactory to the Bank that a CUSIP number has been obtained and reserved from Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., for Bank Bonds.

(r) *Other Matters.* All other legal matters pertaining to the execution and delivery of this Agreement, the Official Statement and the Financing Documents shall be satisfactory to the Bank and its counsel, and the Bank shall have received such other statements, certificates, agreements, documents and information with respect to the City, the Authority and the other parties to the Financing Documents and matters contemplated by this Agreement as the Bank may reasonably request.

Section 6.2. Conditions Precedent to Each Purchase. The obligation of the Bank to make any Purchase on any date is subject to the conditions precedent that on the date of such Purchase (a) the Bank shall have received a Request for Purchase and (b) no Event of Termination shall have occurred and be continuing. Unless the City shall have otherwise previously advised the Bank in writing, delivery to the Bank of a Request for Purchase shall be deemed to constitute a representation and warranty by the City that on the date of such Purchase, to the City's knowledge, no Termination Event shall have occurred and be continuing.

ARTICLE VII

EVENTS OF TERMINATION; EVENTS OF DEFAULT; REMEDIES

Section 7.1. Events of Termination. Each of the following shall constitute an “*Event of Termination*” under this Agreement:

(a) *Payments.* Any principal of, or interest on any Bonds or Bank Bonds is not paid when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise); or

(b) *Other Obligations.* (i) The City or the Authority, as applicable, shall fail to pay when due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) any indebtedness of the Authority or the City, as applicable, which constitutes a general fund lease obligation of the City, and such failure shall continue beyond any applicable period of grace specified in any underlying resolution, indenture, contract or instrument providing for the creation of or concerning such indebtedness, or (ii) pursuant to the provisions of any resolution, indenture, contract or instrument providing for the creation of or concerning any indebtedness of the Authority or the City, as applicable, which constitutes a general obligation of the City, the maturity of any such indebtedness, as a result of the occurrence of any default by the Authority or the City, as applicable, under such resolution, indenture, contract or instrument and the continuance of such default beyond any applicable period of grace set forth therein, such indebtedness is or may be accelerated, or may be required to be prepaid prior to the stated maturity thereof; or

(c) *Insolvency.* (i) The Authority or the City shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its Debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Authority or the City shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Authority or the City any case, proceeding or other action of a nature referred to in clause (i) above which (x) results in an order for such relief or in the appointment of a receiver or similar official or (y) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (iii) there shall be commenced against the Authority or the City, any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its 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 sixty (60) days from the entry thereof; or (iv) the Authority or the City 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 or the City shall generally not, or shall

be unable to, or so admit in writing its inability to, pay its Debts; or (vi) the Authority, the City or the State of California or any Governmental Authority having jurisdiction over the Authority or the City imposes a debt moratorium with respect to repayment when due and payable of the principal of or interest on any indebtedness of the Authority or the City; or

(d) *Invalidity.* (i) Any provision of this Agreement, the Bonds, the Authority Lease, the Lease Agreement or the Trust Agreement relating to the payment of principal or interest on Bonds or Bank Bonds shall at any time for any reason cease to be valid and binding on, or fully enforceable against, the Authority or the City as determined by any court or Governmental Authority having appropriate jurisdiction in a final nonappealable judgment, or (ii)(a) the validity or enforceability of any provision of this Agreement, the Bonds, the Authority Lease, the Lease Agreement or the Trust Agreement relating to the payment of principal or interest on Bonds or Bank Bonds shall be contested in writing by an Authorized Representative of the Authority or the City or (b) any Governmental Authority having appropriate jurisdiction over the Authority or the City shall make a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or decree pursuant to which any material provision of this Agreement, the Bonds, the Authority Lease, the Lease Agreement or the Trust Agreement relating to the payments of principal or interest on Bonds or Bank Bonds shall be null and void, invalid or unenforceable, or (c) an Authorized Representative of the Authority or the City shall deny in writing that the Authority or City, as applicable, has any or further liability or obligation under this Agreement, the Trust Agreement, the Authority Lease, the Lease Agreement or the Bonds; or

(e) *Ratings Downgrade.* The long-term unenhanced rating by Fitch and S&P on any general fund lease obligation indebtedness of the City shall be withdrawn or suspended for credit related reasons or reduced below “Baa3” (or its equivalent), “BBB-” (or its equivalent) and “BBB-” (or its equivalent), respectively.

Section 7.2. Events of Default. Each of the following shall constitute an “*Event of Default*” under this Agreement.

(a) *Other Payments.* Nonpayment of other amounts payable under this Agreement (not otherwise referred to in Section 7.1(a)), and such failure to pay shall continue for ten (10) days after the same shall have become due; or

(b) *Representation.* Any material representation or warranty made by the Authority or the City to the Bank in this Agreement, a Financing Document or in any certificate or statement delivered hereunder shall be incorrect or untrue in any material respect when made or deemed to have been made; or

(c) *Certain Covenants.* The Authority or the City, as applicable, shall default in the due performance or observance of the covenants set forth in Section 5.1(e), 5.1(n), 5.1(q) or 5.2; or

(d) *Other Covenants.* The Authority shall default in any material respect in the due performance or observance of any other term, covenant or agreement contained or incorporated by reference in this Agreement (other than those referred to in Section 7.1(a), 7.2(a), 7.2(b) and 7.2(c)) and such default shall remain unremedied for a period of thirty (30) days or more; or

(e) *Other Documents.* Any “Event of Default” under the Trust Agreement or any “Event of Default” which is not cured within any applicable cure period under any of the other Financing Documents shall occur; or

(f) *Other Invalidities.* Any material provision of this Agreement, the Bonds, the Authority Lease, the Lease Agreement or the Trust Agreement, other than a provision described in clause Section 7.1(d)(i), shall at any time for any reason cease to be valid and binding on the Authority, or shall be declared in a final nonappealable judgment by any court having jurisdiction over the Authority to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be contested in writing by an Authorized Officer of the Authority; or

(g) *Other Ratings Downgrade.* The long-term unenhanced rating by any of Fitch or S&P on any general fund lease obligation indebtedness of the City is reduced below “A-” (or its equivalent) or “A-” (or its equivalent), respectively; or

(h) *Judgments.* A final, nonappealable judgment or order for the payment of money in excess of \$5,000,000 payable for the general fund of the City which shall be rendered against the Authority or the City, and in either case, with respect to which, in the reasonable opinion of the Bank, adequate cash reserves have not been established, or other means of satisfying or otherwise funding the judgment have not been undertaken, satisfactory to the Bank and such judgment or order shall continue unsatisfied and unstayed for a period of sixty (60) days.

Section 7.3. Remedies. If any Event of Termination or Event of Default shall have occurred:

(a) *Immediate Termination.* Upon the occurrence of an Event of Termination under Section 7.1(a), 7.1(b), 7.1(c), 7.1(d)(i), or 7.1(e) hereof, the Available Commitment shall immediately be reduced to zero, in which case the obligations of the Bank under this Agreement shall immediately terminate and expire without the requirement of notice by the Bank. After such termination or expiration, the Bank shall deliver, within two (2) Business Days, to the Authority, the City, the Trustee and the Remarketing Agent written notice of such termination or expiration; *provided*, that the Bank shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure to provide such written notice shall have no effect on the validity or enforceability of such termination or expiration.

(b) *Termination with Notice.* In the case of any Event of Default under Section 7.2 hereof, the Bank may give written notice of such Event of Default and

termination of the Agreement (a "*Notice of Termination*") and request a Default Tender, to the Trustee, the Authority, the City and the Remarketing Agent specifying the date on which the Available Commitment and the Commitment Period shall terminate, which date shall not be earlier than the thirtieth (30th) day (or if such day is not a Business Day, the next following Business Day) after such Notice of Termination is received by the Trustee. On such date the Available Commitment shall terminate and the Bank shall be under no obligation hereunder to purchase Bonds.

(c) *Suspension - Contest to Validity.* Upon the occurrence of an Event of Termination under Section 7.1(d)(ii) hereof, the obligations of the Bank hereunder shall be immediately and automatically suspended from the time of the occurrence of such Event of Termination, and in the event any provision of this Agreement, the Bonds, the Authority Lease, the Lease Agreement or the Trust Agreement relating to the ability or obligation of the Authority or the City to make payments of principal or interest in the Bonds (including Bank Bonds) is declared to be null and void, or it is determined that the Authority or the City has no liability under this Agreement, the Bonds, the Authority Lease, the Lease Agreement or the Trust Agreement, in any case, by a court or other Governmental Authority with competent jurisdiction, then the obligations of the Bank under this Agreement will terminate in accordance with Section 7.3(a) hereof; *provided, however,* that if such provisions are upheld in their entirety, then the Bank's obligations under this Agreement shall be automatically reinstated and the terms of this Agreement will continue in full force and effect (unless this Agreement shall have otherwise expired or been terminated in accordance with its terms) as if there had been no such suspension. If the Event of Termination which gave rise to the suspension of the obligations of the Bank hereunder has not been cured or does not cease to exist prior to the three (3) year anniversary of such occurrence, the obligations of the Bank hereunder shall be terminated upon written notice from the Bank, to the Authority, and thereafter the Bank shall have no further obligations hereunder.

(d) *Other Suspensions.* Upon the occurrence of a Default described in Section 7.1(c)(ii) or 7.1(c)(iii) hereof, the obligation of the Bank to purchase Bonds under this Agreement shall be immediately suspended until the proceeding referred to therein is terminated prior to the court entering an order granting the relief sought in such proceeding. In the event such proceeding is terminated prior to the expiration of the grace period set forth therein, the obligations of the Bank to purchase Bonds hereunder shall be reinstated and the terms of this Agreement will continue in full force and effect (unless the obligations of the Bank to purchase Bonds hereunder shall have otherwise terminated in accordance with the terms hereof) as if there had been no such suspension. Upon the lapse of the grace period set forth in Sections 7.1(c)(ii) and 7.1(c)(iii) or upon the court entering an order granting the relief sought in such proceeding, the obligations of the Bank under this Agreement will terminate in accordance with Section 7.3(a) hereof.

(e) *Other Remedies.* In addition to the rights and remedies set forth in Section 7.3(a), (b), (c) and (d) hereof, in the case of any Event of Termination specified in Section 7.1 hereof or in the case of any Event of Default specified in Section 7.2

hereof, the Bank shall have all the rights and remedies available to it under this Agreement, the Financing Documents or otherwise pursuant to law or equity; *provided, however,* that the Bank shall not have the right to terminate its obligation to purchase Bonds or to declare any amount due hereunder due and payable except as expressly provided herein.

(f) *No Waiver of Remedies.* No waiver of any breach of or default under any provision of any of the Financing Documents shall constitute or be construed as a waiver by the Bank of any subsequent breach of or default under that or any other provision of any of the Financing Documents.

ARTICLE VIII

MISCELLANEOUS

Section 8.1. Payments to the Bank. All payments to the Bank hereunder shall be made without setoff or counterclaim in accordance with Section 2.9 hereof. To the full extent permitted by law: (a) the City and the Authority hereby waive (i) presentment, demand, notice of demand, protest, notice of protest, notice of dishonor and notice of non-payment; (ii) to the extent the Bank is not in default hereunder, the right, if any, to the benefit of, or to direct application of, any security hypothecated to the Bank until all obligations of the City and the Authority to the Bank hereunder, howsoever arising, shall have been paid; (iii) the right to require the Bank to proceed against the City or the Authority hereunder, or against any Person under any guaranty or similar arrangement, or under any agreement between the Bank and any Person or to pursue any other remedy in the Bank's power; (iv) all statutes of limitation; and (v) any defense arising out of the election by the Bank to foreclose on any security by one or more nonjudicial or judicial sales; (b) the Bank may exercise any other right or remedy, even though any such election operates to impair or extinguish the City or the Authority's right to reimbursement from, or any other right or remedy it may have against, any person, or any security; and (c) the City and the Authority agree that the Bank may proceed against the City or Authority or any Person directly and independently of any other, and that any forbearance, change of rate of interest, or acceptance, release or substitution of any security, guaranty, or loan or change of any term or condition thereunder or under any Financing Document (other than by mutual agreement between the City or the Authority and the Bank) shall not in any way affect the liability of the Authority hereunder.

Section 8.2. Right to Set-off. (a) Upon the occurrence and during the continuance of any Event of Termination or Event of Default, the Bank is hereby authorized at any time and from time to time, without notice to the City or the Authority (any such notice being expressly waived by the City and the Authority) and to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by the Bank to or for the credit or the account of the Authority against any and all of the obligations of the Authority to the Bank now or hereafter existing under this Agreement, irrespective of whether or not the Bank shall have made any demand hereunder.

(b) The Bank agrees promptly to notify the Authority in writing after any such set-off and application; *provided* that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Bank under this Section 8.2 are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Bank may have.

Section 8.3. Liability of the Bank. The City assumes all risks of the acts or omissions of the Trustee, the Authority, the Tender Agent and the Remarking Agent with respect to the Bonds. Neither the Bank, nor any of its officers, directors, employees or agents, shall be liable or responsible for (i) the use which may be made of the proceeds of the Bonds or of any acts or omissions of the Trustee, the Tender Agent or the Authority or any transferee in connection therewith, (ii) the validity, sufficiency or genuineness of documents, or of any endorsement(s) thereon (other than the validity as against the Bank of any agreement to which the Bank is a party), even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged, (iii) the lack of validity or enforceability of this Agreement, the Bonds, the other Financing Documents or any other agreement or instrument relating thereto (other than the validity or enforceability as against the Bank of any agreement to which the Bank is a party), or (iv) any other circumstances whatsoever in making or failing to make payment under this Agreement; *provided*, 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, as opposed to consequential, damages suffered by the Authority which the Authority proves were caused by (i) the Bank's willful misconduct or gross negligence in determining whether a Request for Purchase presented hereunder complied with the terms hereof, or (ii) the Bank's willful failure to make a Purchase required to be made by it hereunder after the presentation to it by the Trustee of a conforming Request for Purchase. In furtherance and not in limitation of the foregoing, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information (other than actual knowledge to the contrary) to the contrary.

Section 8.4. Indemnification. The City and the Authority, to the extent permitted by law hereby indemnifies and holds the Bank harmless from and against any and all claims, damages, losses, liabilities, costs or expenses which the Bank may incur or which may be claimed against the Bank by any person:

(a) by reason of any inaccuracy in any material respect, or any untrue statement or alleged untrue statement of any material fact, contained in the Official Statement or any amendment or supplement thereto (other than information regarding the Bank), or by reason of the omission or alleged omission to state therein a material fact necessary to make the statements contained in the Official Statement, in the light of the circumstances under which they were made, not misleading; or

(b) by reason of or in connection with the execution, delivery or performance of this Agreement or any other Financing Document or any transaction contemplated hereby or thereby; *provided, however*, that the City shall not be required to indemnify the Bank pursuant to this paragraph (b) for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (i) the willful misconduct or

gross negligence of the Bank, or (ii) the Bank's willful failure to make a Purchase required to be made by it hereunder after the presentation to it by the Trustee of a confirming Request for Purchase.

Section 8.5. Costs and Expenses. The Authority agrees to pay on demand, whether or not the transactions contemplated by this Agreement are consummated, all costs and expenses paid or incurred by the Bank, including the reasonable fees and out-of-pocket expenses of counsel for the Bank in connection with any amendment to this Agreement or the other Financing Documents, the enforcement hereof or thereof or the protection of the rights of the Bank hereunder or thereunder.

Section 8.6. Participants. The Bank shall have the right to grant participations from time to time (to be evidenced by one or more Participation Agreements) in this Agreement, the Facility and the Bank Bonds to one or more other Participants; *provided* that the grant of any such participation shall not terminate or otherwise affect any obligation of the Bank hereunder. Each Participant purchasing such a participation shall in the discretion of the Bank have all rights of the Bank hereunder to the extent of the participation purchased. In connection with the granting of participations, the Bank may disclose to any proposed Participant any information that the City delivers or discloses pursuant to this Agreement.

Section 8.7. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Authority, the City and the Bank, and their respective successors and assigns, except that neither of the Authority, the City nor the Bank (except as provided in Section 8.6 hereof) shall have the right to assign it rights hereunder or any interest herein without the prior written consent of the other party hereto, and *provided further*, that no such assignment shall be made which would result in the lowering, withdrawal or suspension of the then existing rating on the Bonds by Fitch or S&P.

Section 8.8. Modification or Waiver of this Agreement. This Agreement is intended by the parties hereto as a final expression of their agreement with respect to the subject matter hereof, and is intended as a complete and exclusive statement of the terms and conditions of that agreement. No modification or waiver of any provision of this Agreement (including this Section 8.8) shall be effective unless the same shall be in writing and signed by the Bank, the Authority and the City. Any modification or waiver referred to in this Section 8.8 shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on the Authority in any case shall entitle the Authority to any other or further notice or demand in the same, similar or other circumstances. The Authority agrees to notify and the Rating Agency of any modification or amendment to this Agreement.

Section 8.9. No Waiver of Rights by the Bank; Cumulative Rights. No course of dealing or failure or delay on the part of the Bank in exercising any right, power or privilege hereunder shall preclude any other or further exercise or the exercise of any right, power or privilege. The rights of the Bank under this Agreement and the other Financing Documents are cumulative and not exclusive of any rights or remedies which the Bank would otherwise have.

Section 8.10. Governing Law; Jurisdiction; Waiver of Jury Trial. (a) This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York with respect to the obligations of the Bank and the internal laws of the State with respect to the obligations of the City.

(b) Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. The City further agrees that, in the event of litigation, it will not personally or through its agents or attorneys seek to repudiate the validity of this Section 8.10, and it acknowledges that it freely and voluntarily entered into this agreement to waive trial by jury in order to induce the Bank to enter into this Agreement.

Section 8.11. Notices. All notices and communications hereunder shall be given by hand delivery, with a receipt being obtained therefor, by United States certified or registered mail, or by telegram, telex or by other telecommunication device capable of creating written record of such notice and its receipt. To the extent that any telecommunication notice is permitted hereunder, the parties hereto shall provide appropriate telex and, to the extent available, facsimile numbers. Notices and communications hereunder shall be effective when received and shall be sent to the following addresses (or to such other address(es) of which any party hereto shall notify the other parties in accordance herewith):

Bank, (regarding credit matters): KBC Bank N.V.
515 South Figueroa Street, Suite 1920
Los Angeles, California 90071
Attention: John Castanon
Telephone: (213) 996-7528
Telecopier: (213) 629-5801

With a copy to: KBC Bank N.V., New York Branch
1177 Avenue of the Americas
New York, New York 10036
Attention: Kurt Barkley
Telephone: (212) 541-0726
Telecopier: (212) 541-0793

(regarding administrative matters):

KBC Bank N.V., New York Branch
1177 Avenue of the Americas
New York, New York 10036
Attention: Rose Pagan
Telephone: (212) 541-0657
Telecopier: (212) 956-5581

KBC Bank N.V., New York Branch
1177 Avenue of the Americas
New York, New York 10036
Attention Kurt Barkley
Telephone: (212) 541-0726
Telecopier: (212) 541-0793

If to the City, to:

City of Pasadena
Pasadena City Hall
100 N. Garfield, Room 345
Pasadena, California 91109
Attention: Director of Finance
Facsimile: (626) 744-4350
Telephone: (626) 744-4309

If to the Authority, to:

Pasadena Public Financing Authority
Pasadena City Hall
100 N. Garfield
Pasadena, California 91109
Attention: Treasurer
Facsimile: (626) 744-4350
Telephone: (626) 744-4309

If to the Trustee, to:

Wells Fargo Bank, National Association
E2818-176 MAC
707 Wilshire Blvd., 17th Floor
Los Angeles, CA 90017
Attention: Corporate Trust Department
Facsimile: (213) 614-3355
Telephone: (213) 614-3350

If to the Remarketing Agent to: Merrill Lynch, Pierce, Fenner
& Smith Incorporated
Merrill Lynch World Headquarters
4 World Financial Center
9th Floor, Municipal Markets
World Financial Center
New York, New York 10080
Attention: Municipal Money Markets Dept.
Facsimile: (212) 449-6440
Telephone: (212) 449-5101

Section 8.12. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but both or all of which, when taken together, shall constitute but one document, and shall become effective when copies hereof which, when taken together, bear the signatures of each of the parties hereto.

Section 8.13. Certificates, Etc. In connection with the execution and delivery of this Agreement, the parties hereto may rely on any certificates delivered by or on behalf of each other respective party hereto as representations and warranties as to the matters therein certified.

Section 8.14. Severability. In case any one or more of the provisions contained in this 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 negotiate in good faith to replace any invalid, illegal or unenforceable provision with a valid provision, which, to the extent possible, will preserve the economic effect of the invalid, illegal or unenforceable provisions.

Section 8.15. Waiver of Rules of Construction. The City hereby waives any and all provisions of law to the effect that an ambiguity in a contract or agreement should be interpreted against the party responsible for its drafting.

Section 8.16. Assignment to Federal Reserve Bank. The Bank may assign and pledge all or any portion of the obligations owing to it 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 Operation Circular issued by such Federal Reserve Bank, *provided* that any payment in respect of such assigned obligations made by the City to the Bank in accordance with the terms of this Agreement shall satisfy the City's obligations hereunder in respect of such assigned obligation to the extent of such payment. No such assignment shall release the Bank from its obligations hereunder.

Section 8.17. Integration. This Agreement is intended to be the final agreement between the parties hereto relating to the subject matter hereof and this Agreement and any agreement, document or instrument attached hereto or referred to herein shall supersede all oral negotiations and prior writings with respect to the subject matter hereof.

Section 8.18. USA PATRIOT Act Notice. 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 “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 Act.

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

PASADENA PUBLIC FINANCING AUTHORITY

[Seal]

Attest:

By: _____
Executive Director

CITY OF PASADENA, CALIFORNIA

By: _____
City Manager

[Seal]

Attest:

City Clerk

Approved as to Form:

By: _____
City Attorney

KBC BANK N.V., acting through its New York
Branch

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____