

Recording Requested By And
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AMENDED AND RESTATED SUBLEASE

by and between the

PASADENA PUBLIC FINANCING AUTHORITY

and the

CITY OF PASADENA

RELATING TO THE

PASADENA PUBLIC FINANCING AUTHORITY
VARIABLE RATE DEMAND LEASE REVENUE BONDS
(ROSE BOWL REFINANCING AND IMPROVEMENT PROJECTS), SERIES 2006

Executed and Entered into
as of February 1, 2006
Amended as of February 1, 2009, November 1, 2010 and May 1, 2011

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AMENDED AND RESTATED SUBLEASE

This Sublease is executed and entered into as of February 1, 2006, amended as of February 1, 2009, November 1, 2010 and May 1, 2011 (as it may from time to time be amended or supplemented, the "Sublease"), by and between the PASADENA PUBLIC FINANCING AUTHORITY, a joint exercise of powers authority duly created and existing under the laws of the State of California (the "Authority"), and the CITY OF PASADENA, a municipal corporation duly organized and existing under its Charter and the Constitution and laws of the State of California (the "City").

WITNESSETH:

WHEREAS, the Authority and the City wish to provide for the acquisition, construction and installation of certain public improvements consisting of the Rose Bowl Improvements (capitalized terms used herein shall have the meanings given such terms pursuant to Section 1.01) to the existing Leased Property and the City Hall Improvements to the City's City Hall and for the prepayment of the Certificates; and

WHEREAS, the City is authorized pursuant to its Charter and the laws of the State of California to lease real and personal property which is necessary and proper for public purposes and the leasing and operation of the Leased Property is necessary and proper for public purposes; and

WHEREAS, concurrently with the execution and delivery of this Sublease, the City and the Authority are entering into the Lease of the Leased Property; and

WHEREAS, concurrently with the execution and delivery of this Sublease, the Authority and Deutsche Bank National Trust Company (the "Trustee") are entering into the Indenture pursuant to which the Authority is issuing Bonds to finance the costs of the Rose Bowl Improvements, the City Hall Improvements, and to prepay the Certificates; and

WHEREAS, the Bonds are payable from the Base Rental Payments to be made by the City under this Sublease and certain funds held by the Trustee under the Indenture; and

WHEREAS, the Sublease was originally executed and entered into as of February 1, 2006, and recorded in the official records of the Recorder of the County of Los Angeles on February 16, 2006 as document number 06-0359382; and was amended by Amendment No. 1 to Sublease, made and entered into as of February 1, 2009 and recorded in the official records of the Recorder of the County of Los Angeles on February 13, 2009 as document number 20090201151; and was further amended by the First Amendment to Sublease, executed and entered into as of November 1, 2010 and recorded in the official records of the Recorder of the County of Los Angeles on November 23, 2010 as document number 20101697469 (the "First Amendment to Sublease"); and is further amended by this Amended and Restated Sublease; and

WHEREAS, concurrently with the original execution and delivery of the Sublease, the Authority and the Trustee entered into the Indenture, dated as of February 1, 2006, as amended and restated by the Amended and Restated Indenture, dated as of May 1, 2011 (together, the "2006 Indenture") pursuant to which the Authority issued the Pasadena Public Financing

Authority Variable Rate Demand Lease Revenue Bonds (Rose Bowl Refinancing and Improvement Bonds), Series 2006 (the "2006 Bonds") to finance the costs of the Rose Bowl Improvements, the City Hall Improvements, and to prepay the Certificates; and

WHEREAS, concurrently with the execution and delivery of the First Amendment to Sublease, the Authority and the Trustee entered into a separate Indenture, dated as of November 1, 2010 (the "2010 Indenture") pursuant to which the Authority issued the Pasadena Public Financing Authority Lease Revenue Bonds, Series 2010A, Series 2010B (Taxable—Build America Bonds) and Series 2010C (Taxable), Series 2010D (Taxable—Recovery Zone Economic Development Bonds) (the "2010 Bonds") to finance the costs of additional improvements to the Rose Bowl Stadium; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Sublease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Sublease;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. All other capitalized terms used herein without definition shall have the meanings set forth in Section 1.01 of the Indenture.

"Addition" means the addition of real property and/or improvements to the Leased Property subject to this Sublease and the Lease pursuant to Section 2.06 hereof.

"Additional Property" has the meaning set forth in Section 2.06 hereof.

"Additional Rental" means all amounts payable by the City pursuant to Section 5.01(b) hereof.

"Applicable Spread" has the meaning set forth in the Indenture.

"Bank Index Interest Rate" has the meaning set forth in the Indenture.

"Bank Index Rate Bondholder" has the meaning set forth in the Indenture.

"Bank Index Rate Bonds" has the meaning set forth in the Indenture.

“Bank Index Interest Rate Mode” has the meaning set forth in the Bank Agreement.

“Bank Agreement” means (1) the Bond Purchase Agreement, dated as of May 1, 2011, among the Authority, the City and Union Bank, N.A.; and (2) any other agreement with a bank or financial institution executed by the City and the Authority in connection with the 2006 Bonds and designated by them as a Bank Agreement in a certificate filed with Trustee.

“Base Rental Payments” means all amounts payable by the City as Base Rental pursuant to Section 5.01(a) hereof.

“City Hall Improvements” mean the additions and improvements to City Hall generally described in Exhibit C hereto.

“Closing Date” means the date on which the Bonds are initially delivered to the Purchaser thereof, as provided in the Indenture.

“Credit Protection Provider” has the meaning set forth in the Bank Agreement.

“Default Rate” means (i) the rate of interest payable to the Credit Provider as the default rate, as set forth in the applicable Credit Facility or (ii) the rate on the Bonds while the Bonds bear interest at a Bank Index Interest Rate or the default rate, as set forth in the applicable Bank Agreement.

“Draw Rate” means the rate of interest payable to the Credit Provider with respect to draws on the Credit Facility, other than the Default Rate, as set forth in the applicable Credit Facility.

“Excess Amount” has the meaning set forth in Section 5.01(a) hereof.

“Expiry Date” means, with respect to the Base Rental Payments, December 1, 2023.

“Financed Property” has the meaning set forth in Section 6.03(a)(i).

“Insurance Consultant” means an individual or firm retained by the City and approved by the Credit Provider (which approval shall not be unreasonably withheld) as an independent insurance consultant, experienced in the field of risk management.

“Lease” means that certain Lease, dated as of February 1, 2006, by and between the City and the Authority relating to the Leased Property, as the same may be amended and supplemented from time to time in accordance herewith and therewith.

“Lease Year” means the period from each December 2 to and including the following December 1, during the term hereof.

“Leased Property” means the land described in Exhibit A hereto and all buildings, structures and improvements and facilities currently located thereon or hereafter constructed or installed thereon, including the Rose Bowl Improvements but excluding any person property

located or hereafter located on such land which can be removed without damage to the land or such buildings, structures or improvements.

“Majority Holder” has the meaning set forth in the Bank Agreement.

“Mandatory Tender Date” means the date on which the Bonds are subject to mandatory tender for purchase on the last day of the Initial Period pursuant to Section 4.07 of the Indenture.

“Mandatory Tender Purchase Price” means an amount equal to 100% of the principal amount of the Bonds subject to mandatory tender for purchase on the Mandatory Tender Date.

“Owner” means the registered owner of any Outstanding Bond

“Permitted Encumbrances” means, as of any particular time: (i) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to Section 6.02, permit to remain unpaid; (ii) this Sublease; (iii) the Lease and the Indenture; (iv) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (v) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions, all of a non-monetary nature, which exist of record as of the date of initial delivery of the Bonds; and (vi) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions, all of a non-monetary nature, established following the date of recordation of this Sublease and to which the Authority, the Credit Provider (if any), the Majority Holder (if any) and the City consent in writing.

“Purchaser” means Union Bank, N.A. or any successor Bank Purchaser.

“Purchaser Rate” means the rate of interest applicable to Unremarketed Bonds, as defined in the applicable Bank Agreement.

“Quarterly Payment Date” means the first day of March, June, September and December in each year; provided that if the first day of such month is not a Business Day, then the next succeeding Business Day in such month.

“Rating Confirmation” means written evidence from each Rating Agency that the Bonds will be in the highest short-term rating category (without regard to rating sub-categories) of such Rating Agency as a result of the provision of a particular Substitute Credit Facility.

“Removal” means the removal of all or a portion of the Leased Property from the leasehold hereof and of the Lease as provided in Section 2.06 hereof.

“Related Document” has the meaning set forth in the Bank Agreement.

“Remarketing Date” means May 3, 2011.

“Rental Payments” means, collectively, the Base Rental Payments and the Additional Rental.

“Risk-Based Capital Guidelines” has the meaning set forth in the Bank Agreement.

“Rose Bowl Improvements” mean the additions and improvements to the Leased Property generally described in Exhibit C hereto.

“Sublease” has the meaning set forth in the preamble hereto.

“Substituted Property” has the meaning set forth in Section 2.06 hereof.

“Substitution” means the Removal of all or a portion of the Leased Property from the leasehold hereof and of the Lease, and the concurrent Addition to the Leased Property of substituted real property and/or improvements hereunder and under the Lease as provided in Section 2.06 hereof.

“Unremarketed Bonds” has the meaning set forth in the Indenture.

Section 1.02 Construction. The singular form of any word used herein, including the terms defined in this Section 1.01, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders. All references herein to “Articles,” “Sections” and other subdivisions hereof are to the corresponding Articles, Sections or subdivisions of this Sublease. The word “hereafter” means any time after the execution and delivery of this Sublease by the parties hereto. Defined terms shall include all variants of such terms. The words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Sublease as a whole and not to any particular Article, Section or subdivision hereof.

References to the Credit Provider shall be to each entity providing a Credit Facility which is then in effect. References to the Majority Holder shall be to each entity which is the Majority Holder as provided in the Bank Agreement which is then in effect.

ARTICLE II

THE LEASED PROPERTY

Section 2.01 Lease of the Leased Property. The Authority hereby leases to the City, and the City hereby rents from the Authority, the Leased Property on the conditions and terms hereinafter set forth. The City hereby agrees and covenants that during the term hereof, except as hereinafter provided, it will use the Leased Property for public purposes so as to afford the public the benefits contemplated hereby and so as to permit the Authority to carry out its agreements and covenants contained herein and in the Indenture, and the City hereby further agrees and covenants that during the term hereof that it will not abandon or vacate the Leased Property.

Section 2.02 Quiet Enjoyment. The parties hereto mutually covenant that the City, so long as it observes and performs the agreements, conditions, covenants and terms required to be observed or performed by it contained herein and is not in default hereunder, shall at all times during the term hereof peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the Authority.

Section 2.03 Right of Entry and Inspection. The Authority shall have the right to enter the Leased Property and inspect the Leased Property during reasonable business hours (and in emergencies at all times) for any purpose connected with the Authority's rights or obligations hereunder and for all other lawful purposes.

Section 2.04 Prohibition Against Encumbrance or Sale. Neither the City and nor the Authority will create or suffer to be created any mortgage, pledge, lien, charge or encumbrance upon the Leased Property, except Permitted Encumbrances and except as contemplated by Section 5.07 hereof. The City and the Authority will not sell or otherwise dispose of the Leased Property or any property essential to the proper operation of the Leased Property, except as otherwise provided herein. Notwithstanding anything to the contrary herein contained, the City may assign, transfer or sublease any and all of the Leased Property or its other rights hereunder, provided that (a) the rights of any assignee, transferee or sublessee shall be subordinate to all rights of the Authority, the Credit Provider (if any) and the Majority Holder (if any) under the Lease and hereunder, (b) no such assignment, transfer or sublease shall relieve the City of any of its obligations hereunder, (c) the assignment, transfer or sublease shall not result in a breach of any covenant of the City contained in any other Section hereof, (d) any such assignment, transfer or sublease shall by its terms expressly provide that fair rental value of the Leased Property for all purposes shall be first allocated to this Sublease, as the same may be amended from time to time before or after any such assignment, transfer or sublease and (e) no such assignment, transfer or sublease shall confer upon the parties thereto any remedy which allows reentry upon the Leased Property unless concurrently with granting such remedy the same shall be also granted hereunder by an amendment to this Sublease which shall in all instances be prior to and superior to any such assignment, transfer or sublease.

Section 2.05 Liens. In the event the City shall at any time during the term hereof cause any improvements to the Leased Property to be constructed or materials to be supplied in or upon or attached to the Leased Property, the City shall pay or cause to be paid when due all sums of money that may become due or purporting to be due for any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon, about or relating to the Leased Property and shall keep the Leased Property free of any and all liens against the Leased Property or the Authority's interest therein. In the event any such lien attaches to or is filed against the Leased Property or the Authority's interest therein, and the enforcement thereof is not stayed or if so stayed such stay thereafter expires, the City shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, the City shall forthwith pay and discharge or cause to be paid and discharged such judgment. The City shall, to the maximum extent permitted by law, indemnify and hold the Authority and its assignee and its directors, officers and employees harmless from, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorneys' fees) as a result of any such lien or claim of lien against the Leased Property or the Authority's interest therein.

Section 2.06 Substitution, Addition or Removal of Leased Property.

(a) The City may amend this Sublease and the Lease to substitute real property and/or improvements (the “Substituted Property”) for existing Leased Property, to make an Addition of real property and/or improvements (the “Additional Property”) to the Leased Property and/or to remove real property (including undivided interests therein) and/or improvements from the definition of Leased Property, upon compliance with all of the conditions set forth in subsection (b) of this Section 2.06. After a Removal, the part of the Leased Property for which the Removal has been effected shall be released from the leasehold hereunder and under the Lease.

(b) No Substitution, Addition or Removal shall take place hereunder until the City delivers to the Authority and the Trustee the following:

(i) A Certificate of the City containing a description of all or part of the Leased Property to be Removed and, in the event of a Substitution or Addition, a description of the Substituted Property to be substituted or the Additional Property to be added, as the case may be;

(ii) A Certificate of the City stating that the annual fair rental value of the Leased Property after a Substitution, Addition or Removal, is at least equal to the maximum annual Base Rental Payments attributable to the Leased Property after such Substitution, Addition or Removal, as determined by the City on the basis of an appraisal of the Leased Property after said Substitution, Addition or Removal, conducted by a member of the Appraisal Institute, the National Association of Real Estate Appraisers or the American Society of Appraisers designated by the City and reasonably acceptable to the then current Credit Provider;

(iii) A Favorable Opinion of Bond Counsel to the effect that the amendments hereto and to the Lease to effect a Substitution, Addition or Removal have been duly authorized, executed and delivered and constitute the valid and binding obligations of the City and the Authority;

(iv) In the event of a Substitution or Addition, a policy of title insurance insuring the City’s leasehold interest in the Substituted Property or Additional Property, as the case may be, meeting the requirements of Section 6.05 hereof.

(v) A Favorable Opinion of Bond Counsel that the Substitution, Addition or Removal does not cause the interest on the Bonds to be includable in gross income of the Owners thereof for federal income tax purposes;

(vi) A Certificate of the City stating that it has complied with the covenants contained in clauses (a)(i) and (a)(ii) of Section 6.03 hereof with respect to any Substituted Property or Additional Property;

(vii) Evidence that the City has delivered to each of the Rating Agencies then rating the Bonds copies of the certificates and appraisal described in clauses (i) and (ii) above; and

(viii) In the case of a Substitution or Removal, written consent of the Credit Provider (if any) or the Majority Holder (if any) to such Substitution or Removal.

ARTICLE III

TERM OF SUBLEASE

Section 3.01 Term of this Sublease. The term of this Sublease shall commence on the Closing Date and shall end on the Expiry Date, unless such term is extended or sooner terminated as hereinafter provided. If on the Expiry Date the Rental Payments payable hereunder shall not be fully paid and the Bonds shall not be fully paid and retired, or if the Rental Payments shall have been abated at any time and for any reason, then such Expiry Date shall be extended until ten (10) days after the Rental Payments payable hereunder shall be fully paid and all the Bonds shall be fully paid, except that in no event shall the Expiry Date be extended more than 25 years. If prior to the Expiry Date, all Bonds shall have been fully paid, or deemed fully paid in accordance with Article X of the Indenture and all amounts have been paid in the Credit Facility (if any) or the Bank Agreement (if any), and all amounts owing to the Credit Provider, if any, for the Bonds have been paid in full, such Expiry Date shall be ten (10) days thereafter or ten (10) days after written notice by the City to the Authority (with a copy to the Credit Provider, if any, for the Bonds) to the effect that all Bonds have been fully paid or deemed fully paid in accordance with Article X of the Indenture, and all amounts owing to the Credit Provider, if any, for the Bonds have been paid in full, whichever is earlier.

The City shall take possession of the Leased Property on the Closing Date and the obligation of the City to pay the Base Rental Payments and Additional Rental shall commence on such date.

ARTICLE IV

USE OF PROCEEDS; CERTAIN COVENANTS

Section 4.01 Use of Proceeds. The parties hereto agree that the proceeds of the Bonds will be used to finance the Project and to prepay the Certificates as provided in the Indenture.

Section 4.02 Tax Covenants. (a) The City will not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Code, and specifically the City will not directly or indirectly use or make any use of the proceeds of any Bonds or any other funds of the City or take or omit to take any action that would cause the Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Code or "private activity bonds" subject to federal income taxation by reason of Section 141(a) of the Code or obligations subject to federal income taxation because they are "federally guaranteed" as provided in Section 149(b) of the Code; and to that end the City, with respect to the proceeds of the Bonds and such other funds, will comply with all requirements of such sections of the Code to the extent that such requirements are, at the time, applicable and in effect; provided, that if the City shall obtain a Favorable Opinion of Bond Counsel to the effect that any action required under this Section is no longer required, or to the effect that some further action is required to

maintain the exclusion from gross income of the interest on any Bonds pursuant to Section 103 of the Code, the City may rely conclusively on such opinion in complying with the provisions hereof. In the event that at any time the City is of the opinion that for purposes of this Section it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under the Indenture or otherwise, the City shall so instruct the Trustee in writing, and the Trustee, pursuant to the Indenture, has agreed to take such action as may be necessary in accordance with such instructions.

(b) To the ends covenanted in this Section, the City hereby specifically agrees to ensure that the following requirements are met:

(i) No more than 5% of the Leased Property or the Project (determined both on the basis of space and on the basis of cost) shall be used in the trade or business of one or more nongovernmental persons (not including the portion of the proceeds properly allocable to facilities expected to be used by an organization described in Section 501(c)(3) of the Code).

(ii) The City will not invest or allow proceeds of the Bonds to be invested at a yield in excess of the Bonds, except to the extent allowed under the Tax Certificate.

(iii) The City will rebate or cause to be rebated any amounts due to the federal government, as provided in the Tax Certificate.

Section 4.03 Credit Facilities. (a) So long as the Bonds are in a Daily Mode or the Weekly Mode, the City will maintain a Credit Facility for the Bonds or cause to be provided to the Trustee a Substitute Credit Facility which satisfies the requirements of subsection (b) of this Section. In the event of a change in Mode to the R-FLOAT Mode or Unit Pricing Mode, the City shall cause a Substitute Credit Facility satisfying the requirements of subsection (b) of this Section to be provided to the Trustee. At least forty (40) days prior to the termination or expiration of the then existing Credit Facility with respect to the Bonds, including any renewals or extensions thereof (which shall not be considered the delivery of a Substitute Credit Facility), the City shall cause to be delivered to the Trustee notice that the City expects the Credit Provider for the existing Credit Facility for the Bonds to renew or extend the term of such Credit Facility or that the City expects to provide a Substitute Credit Facility for the Bonds satisfying the requirements of subsection (b) of this Section. At least five (5) days prior to the termination or expiration of the existing Credit Facility with respect to the Bonds, including any renewals or extensions thereof, the City shall cause to be delivered to the Trustee a renewal or extension of the term of such Credit Facility for at least 364 days (or, if shorter, the period to the maturity of the Bonds) or a Substitute Credit Facility for the Bonds satisfying the requirements of subsection (b) of this Section.

(b) The City may at any time provide a Substitute Credit Facility with respect to the Bonds if such Substitute Credit Facility satisfies the following conditions and the City causes the opinions specified in subsection (c) of this Section to be delivered to the Trustee:

(i) The Substitute Credit Facility has a term of at least 364 days (or, if shorter, the period to the maturity of the Bonds);

(ii) The Substitute Credit Facility must take effect on or before the remarketing of the Bonds as a result of the delivery of such Substitute Credit Facility pursuant to the provisions of the Indenture and apply to such remarketed Bonds; and

(iii) The Substitute Credit Facility must be in an amount to permit the Trustee to draw the greater of (a) the principal and the maximum amount of interest payable on the Outstanding Bonds to be secured by such Substitute Credit Facility on any Interest Payment Date during the specified Interest Period and (b) the maximum Purchase Price of the Bonds which will be applicable during the specified Interest Period; and

(iv) A Rating Confirmation; provided, however, that a Rating Confirmation shall only be required in the event such Substitute Credit Facility will support the Bonds in the R-FLOAT Mode or Unit Pricing Mode.

(c) On or prior to the date of delivery of a Substitute Credit Facility to the Trustee pursuant to this Section, the City shall cause to be furnished to the Trustee: (i) a Favorable Opinion of Bond Counsel with respect to such delivery and (ii) an opinion of counsel to the Credit Provider to the effect that the Substitute Credit Facility has been duly authorized, executed and delivered by the applicable Credit Provider and constitutes the valid, legal and binding obligation of the Credit Provider; provided, however, that such opinions may be subject to such limitations and exceptions as are customarily taken in such opinions.

(d) No Credit Facility shall be required in the event that the Bonds bear interest at a Bank Index Interest Rate Mode.

ARTICLE V

RENTAL PAYMENTS

Section 5.01 Rental Payments. The City agrees to pay to the Authority, its successors or assigns, without deduction or offset of any kind, as rental for the right of the use and possession of the Leased Property, the following amounts at the following times:

(a) Base Rental. (i) The City shall pay to the Authority as Base Rental Payments at the times and in the amounts set forth in the Base Rental Payment Schedule attached hereto as Exhibit B and made a part hereof, a portion of which Base Rental Payments shall constitute interest; provided that such Base Rental Payments for each Lease Year shall not exceed the fair rental value of the Leased Property plus the undischarged portion of the Excess Amount. The interest components of the Base Rental Payments shall be paid by the City as and constitute interest paid on the principal components of the Base Rental Payments to be paid by the City hereunder.

(ii) If the Trustee draws moneys under any Credit Facility pursuant to the Indenture and the Credit Provider which issued such Credit Facility honors such draw, then, and in each such case, the Credit Provider shall be subrogated to the rights of

the Owners of the Bonds the principal or Purchase Price of, or interest on which Bonds were paid with a draw on such Credit Facility, and the City shall pay or have the Trustee pay to the Credit Provider as provided in the Indenture to such Base Rental Payments as follows:

(A) on the date a request for a draw is honored by the Credit Provider, any amounts drawn under such Credit Facility for any purpose other than to pay the Purchase Price of such Bonds tendered under Section 4.06, 4.07, 4.08 or 4.10 of the Indenture; provided that the City shall receive credit to the extent of amounts in the corresponding account within the Interest Fund, the Principal Fund and the Redemption Fund. Upon receipt by the Trustee of the funds needed to reimburse the Credit Provider (less any of the above credits) the Trustee shall forward such amounts to the Credit Provider by 3:00 p.m., New York time, on the same day as the Credit Provider honors a draw under such Credit Facility. To the extent not so received by the Credit Provider, the amount so drawn shall bear interest at the Draw Rate until paid in full, which interest shall be payable on demand but if no demand is made, on the next succeeding Interest Payment Date for the Credit Facility Bonds, until the Credit Provider is reimbursed in full for such amounts;

(B) (1) on the date on which any Credit Facility Bond is remarketed, is converted to the Fixed Rate Mode, or a Substitute Credit Facility is delivered in accordance with the Indenture, an amount equal to the principal amount of such Credit Facility Bonds, and (2) on any such date and on the first Business Day of each month following a month during which the Credit Provider owns Credit Facility Bonds, an amount equal to the product of (x) the Draw Rate (or at the Default Rate during any period in which an Event of Default under a Credit Facility has occurred and is continuing or if Credit Facility Bonds were acquired as a consequence of a mandatory purchase under Section 4.10(b) of the Indenture) and (y) the principal amount of Credit Facility Bonds so owned by the Credit Provider, such product to be multiplied by a fraction, the numerator of which is the number of days appropriate to the interest rate or rates applicable to the Credit Facility Bond and the denominator of which is 360, and interest at the applicable interest rate shall accrue from the date on which Bonds became Credit Facility Bonds or from the last date to which interest has been paid whichever is later, provided, however, that nothing in this clause (B) shall prevent the City from reimbursing the Credit Provider for draws under such Credit Facility to pay the portion of the Purchase Price constituting principal of the Bonds being tendered pursuant to Section 4.06, 4.07, 4.08 or 4.10 of the Indenture on the same day as such draw occurs and if such payment is made to the Credit Provider by 3:00 p.m., New York time, on such day, then there shall be no interest payable on account of funds advanced by the Credit Provider for such purpose but if the amount paid to the Credit Provider is not received by the Credit Provider on such day until after 3:00 p.m., New York time, then such principal amount of the draw shall bear interest at the applicable rate specified in this clause (B).

(iii) (A) Payments made by the Trustee to a Bank Index Rate Bondholder pursuant to the terms of the Indenture shall, to the extent of any such payments, be in satisfaction of the City's obligations with respect to Bank Index Interest Rate Bonds and Unremarketed Bonds, provided that in the event the Trustee shall fail for any reason to make any such payment to a Bank Index Rate Bondholder, to the extent permitted by law, the City shall nevertheless be responsible for paying all sums required to be paid to each Bank Index Rate Bondholder hereunder, provided that such payments shall not exceed the fair rental value of the Leased Property plus the undischarged portion of the Excess Amount.

(B) If on the 90th day following the date of purchase of any Credit Facility Bonds (the "Term Out Date"), there does not exist nor is continuing any event of default or any event which with the passage of time or giving of notice or both would constitute an event of default under the Reimbursement Agreement, the City shall cause the Authority to optionally redeem such Credit Facility Bonds in twenty (20) equal quarterly principal installments based on the principal amount of such Credit Facility Bonds on the Term Out Date, together with accrued interest thereon, commencing on the first Interest Payment Date following the Term Out Date and on each third Interest Payment Date thereafter so that all Credit Facility Bonds are redeemed by the fifth anniversary of the first Interest Payment Date following the Term Out Date, and shall pay Base Rental Payments in an amount sufficient to pay the redemption price of such Bonds so optionally redeemed in an amount equal to the principal amount thereof plus accrued interest thereon. Notwithstanding the foregoing, all Base Rental Payments payable under this Sublease shall not exceed the annual fair rental value, as may then be determined, of the Leased Property plus the undischarged portion of the Excess Amount; provided, however, that all Base Rental Payments payable under this Sublease in any Lease Year shall not exceed the annual fair rental value of the Leased Property plus the undischarged portion of the Excess Amount, if any.

(C) In the event the Purchaser has not received the Mandatory Tender Purchase Price on the Mandatory Tender Date, the City shall cause the Authority to redeem the Unremarketed Bonds on the Mandatory Tender Date; provided that, if (i) no Default or Event of Default shall have occurred and be continuing and (ii) the representations and warranties set forth in Article V of the Bank Agreement shall be true and correct in all material respects on the Mandatory Tender Date, then the Authority and the City shall cause the principal amount of such Bonds to be redeemed in installments payable on each Amortization Payment Date (each such payment, an "Amortization Payment"), with the final installment in an amount equal to the entire then outstanding principal amount of such Bonds to be redeemed on the Amortization End Date (the period commencing on the Mandatory Tender Date and ending on the Amortization End Date is herein referred to as the "Amortization Period"). Each Amortization Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate Amortization Payments over the Amortization Period. During the Amortization Period, interest on Unremarketed Bonds shall

accrue at the Purchaser Rate and be payable monthly in arrears on the first Business Day of each calendar month.

(iv) Notwithstanding anything contained herein to the contrary, the difference, as determined by the City in each Lease Year between the fair rental value of the Leased Property and the Base Rental Payments actually paid by the City in such Lease Year, to the extent that such Base Rental actually paid is less than the fair rental value shall remain an obligation of the City (the "Excess Amount") to be paid in any future Lease Year or for any prior Lease Year as and when needed to pay Base Rental Payments, including amounts payable to the Credit Provider or any Bank Index Interest Rate Bondholder pursuant to Section 5.01(a)(iii)(B) or Section 5.01(a)(iii)(C), as and when such Base Rental Payments exceed or have exceeded the fair rental value in any such Lease Year. Except to the extent of such Excess Amount, the City shall have no obligation to make Base Rental Payments for the Leased Property in an amount greater than the fair rental value of the Leased Property; provided, however, that in the event that the sum of the fair rental value of the Leased Property and the Excess Amount is less than the amount necessary to pay the Base Rental Payments due hereunder, the Excess Amount shall first be allocated to amounts due to the Credit Facility Bonds, and then to other Bonds.

(v) (A) Neither the Credit Provider nor any Index Rate Bondholder shall be entitled to receive payment of interest hereunder in excess of the maximum rate permitted by applicable law. If the Credit Provider or any Bank Index Interest Rate Bondholder receives less interest during any period than it would be entitled to receive hereunder but for the applicability of a maximum legal rate of interest, during any subsequent period in which the rate of interest to which the Credit Provider or any Bank Index Interest Rate Bondholder is otherwise entitled hereunder is less than such maximum legal rate of interest, the Credit Provider shall instead receive interest at a rate equal to the maximum legal rate of interest until the Credit Provider or any Bank Index Interest Rate Bondholder, as applicable, has received, in the aggregate, the amount of interest due the Credit Provider or any Bank Index Interest Rate Bondholder, as applicable hereunder.

(B) In addition, to the extent permitted by applicable law, if the aggregate amount of all drawings on the Credit Facility for which the Credit Provider has not been reimbursed by or on behalf of the City, including, without limitation, drawings to pay the Purchase Price of Bonds which become Credit Facility Bonds (the "Unreimbursed Amount") comes due or is prepaid and the Credit Provider has not received, in the aggregate, the amount of interest due the Credit Provider under the Reimbursement Agreement, the City shall pay the Credit Provider, upon the coming due or prepayment of such Unreimbursed Amount, the amount of interest due the Credit Provider thereunder and not otherwise paid hereunder or thereunder.

(C) In addition, to the extent permitted by applicable law, if on the last day of the Initial Period or the Amortization End Date, any amounts are due and owing any Index Rate Bondholder, the City shall pay to such Index Rate

Bondholder, the amount of interest due with respect to the Bonds bearing interest in any Index Rate Mode or the Unremarketed Bonds, as applicable.

(vi) (A) Notwithstanding anything in this Sublease or the Indenture to the contrary, the Trustee shall not be responsible for any calculations with regard to the Default Rate, the Draw Rate, the Accrual Rate, the calculation of any moneys owed the Credit Provider for Credit Facility Bonds, or the modification of any Base Rental Payments by the Excess Amount. These calculations and modifications shall be performed by the Credit Provider or by the City with respect to a modification of any Base Rental Payments, with copies of notices sent to the Trustee in a timely manner.

(B) Notwithstanding anything in this Sublease or the Indenture to the contrary, the Trustee shall not be responsible for any calculations with regard to the Bank Index Interest Rate, the Purchaser's Rate, the Default Rate, the calculation of any moneys owed to any Bank Index Interest Rate Bondholder with respect to any Unremarketed Bonds or the modification of any Base Rental Payments by the Excess Amount. These calculations and modifications shall be performed by the Calculation Agent (other than any modification of any Base Rental Payments which shall be performed by the City), with copies of notices sent to the Trustee in a timely manner.

(b) Additional Rental. The City shall also pay, as rental hereunder in addition to the Base Rental Payments, to the Authority or the Trustee, as hereinafter provided, such amounts ("Additional Rental") in each year as shall be required for the payment of all costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of this Sublease or the assignment hereof, the Indenture or their respective interests in the Leased Property, including but not limited to all fees, costs and expenses and all administrative costs of the Authority relating to the Leased Property including, without limiting the generality of the foregoing, salaries and wages of employees, overhead, insurance premiums, taxes and assessments (if any), expenses, compensation and indemnification of the Trustee and the Tender Agent (to the extent not paid or otherwise provided for out of the proceeds of the sale of any Bonds), any amounts which may become due to the Remarketing Agent pursuant to the Remarketing Agreement (to the extent not paid or otherwise provided for out of the proceeds of the sale of the Bonds), fees of auditors, accountants, attorneys or engineers, insurance premiums, and all other reasonable and necessary administrative costs of the Authority or charges required to be paid by it to comply with the terms of the Bonds or of the Indenture.

The foregoing Additional Rental shall be billed to the City by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been incurred or paid by the Authority, the Trustee, or the Trustee on behalf of the Authority for one or more of the items above described, or that such amount is then so payable for such items. Amounts so billed shall be paid by the City not later than the latest time as such amounts may be paid without penalty or, if no penalty is associated with a late payment of such amounts, within thirty (30) days after receipt of a bill by the City for such amounts.

The City shall also pay as Additional Rental hereunder directly to the Credit Provider the following amounts:

(i) on demand, any and all reasonable charges and expenses incurred by the Credit Provider (including, without limitation, reasonable attorneys' fees and expenses) in enforcing any rights under the Indenture, this Sublease or its Credit Facility;

(ii) on demand, any transfer fees or amendment fees up to the amount of \$2,500 per transfer or amendment, plus costs and expenses incurred by the Credit Provider in connection with the transfer or amendment of its Credit Facility, in accordance with its terms;

(iii) a Credit Facility fee at the per annum rate set forth in the Credit Facility, such fee to be calculated as set forth in the Credit Facility, commencing on the Closing Date, with the final payment, if any, being due and payable upon the expiration date of such Credit Facility;

(iv) a draw fee as set forth in the Credit Facility for each drawing under such Credit Facility payable as set forth in the Credit Facility;

(v) on demand, to the extent permitted by law, interest at the Default Rate from time to time in effect, on any and all amounts required to be paid to the Credit Provider hereunder from and after the due date thereof until paid in full, whether before or after the expiration date of such Credit Facility;

(vi) on demand, any and all charges and expenses, including without limitation reasonable attorneys' fees and disbursements of counsel for the Credit Provider incurred or paid by the Credit Provider in connection with (A) the negotiation of this Sublease, the preparation and negotiation of the Credit Facility, and the issuance of the Credit Facility issued by the Credit Provider and (B) enforcing the City's obligations to the Credit Provider under this Sublease or the rights of the Credit Provider under this Sublease, the Indenture or the Reimbursement Agreement; provided, however, that with respect to the expenses of the Credit Provider described in subclause (A), the City shall not be required to pay an amount greater than the amount set forth for such purposes in the Credit Facility;

(vii) on demand, all reasonable costs and expenses of the Credit Provider (including reasonable counsel fees and expenses) for or in connection with (A) the filing, recording, amendment, maintenance, renewal or cancellation of such Credit Facility, (B) 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 such Credit Facility and any other documents which may be delivered in connection with this Sublease, (C) any and all amounts which the Credit Provider has paid or incurred relative to the Credit Provider's curing of any Event of Default under the Credit Facility, this Sublease or the Indenture; provided that the Credit Provider may not cure an Event of Default involving the failure to make Base Rental Payments by paying the same itself, (D) the enforcement of the Credit Facility or this Sublease, or (E) any action or proceeding relating to a court order, injunction, or other process or decree restraining or seeking to restrain the Credit Provider from paying any amount under such Credit Facility, in the case of an action described in this subclause (E), until the City makes

payment of, or provision for payment other than from such Credit Facility, the Bonds then Outstanding which are supported by such Credit Facility or delivers a Substitute Credit Facility and the action described in this subclause (E) is terminated (provided the Credit Provider agrees to use reasonable efforts to have the action terminated as quickly as possible);

(viii) if, on or after the date hereof, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Credit Provider with any request or directive made on or after the date hereof (whether or not having the force of law) of any such authority, central bank or comparable agency shall either (A) subject the Credit Provider to any tax, duty or other charge with respect to the Bonds, the Credit Facility or the Reimbursement Agreement, or shall change the basis of taxation of payments to the Credit Provider under the Reimbursement Agreement or any Credit Facility Bonds (except for changes in the rate of tax on the overall net income of the Credit Provider); or (B) impose, modify or deem applicable any reserve (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System), or similar requirement against the assets of, deposits, with or for the account of, or credit extended by, the Credit Provider or shall impose on the Credit Provider any other condition affecting its obligations with respect to the Bonds, the Credit Facility or the Reimbursement Agreement; and the result of any of the foregoing is to increase the cost to the Credit Provider of performing its obligations with respect to the Bonds, the Credit Facility or the Reimbursement Agreement, or to reduce the amount of any sum received or receivable by the Credit Provider with respect to the Bonds, the Credit Facility or the Reimbursement Agreement, by an amount deemed by the Credit Provider to be material, then, within thirty (30) days after demand by the Credit Provider (or, if such increased costs will continue to be incurred by the Credit Provider, in arrears on a monthly basis as agreed between the City and the Credit Provider) the City shall pay to the Credit Provider such additional amount or amounts as will compensate the Credit Provider for such increased cost or reduction after receipt of notice and a certificate of the Credit Provider, as provided in the Reimbursement Agreement;

(ix) If, on or after the date hereof, the Credit Provider shall have determined that the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on capital of the Credit Provider (or its parent) as a consequence of the Credit Provider's obligations hereunder to a level below that which the Credit Provider (or its parent) could have achieved but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy) by an amount deemed by the Credit Provider to be material, then from time to time, within thirty (30) days after demand by the Credit Provider (or if such reductions in the rate of return on capital of the Credit Provider (or its

parent) will continue to be suffered by the Credit Provider (or its parent), in arrears on a monthly basis as agreed between the City and the Credit Provider), the City shall pay to the Credit Provider such additional amount or amounts as will compensate the Credit Provider (or its parent) for such reduction after receipt of notice and a certificate of the Credit Provider as provided in the Reimbursement Agreement;

(x) The City shall indemnify and hold harmless, to the extent permitted by law, the Credit Provider and any Participants or Subparticipants and their respective officers, directors, employees and agents (each an "Indemnified Party") from and against any and all claims, damages, losses, liabilities, costs or expenses (including reasonable attorneys' fees) whatsoever which the Indemnified Party may incur (or which may be claimed against the Indemnified Party by any person or entity whatsoever) which arises out of or in connection with the transactions contemplated by the Reimbursement Agreement and the Credit Facility, including, without limitation, (i) any untrue statement or alleged untrue statement of any material fact contained or incorporated by reference in the Official Statement or any other offering circular or document used in connection with the Bonds, or in any supplement or amendment thereof, or the omission or alleged omission to state therein a material fact necessary to make such statements, in the light of the circumstances under which they are or were made, not misleading or the failure to deliver the Official Statement or any other offering circular or document to any offeree or purchaser of Bonds (but excluding any information included in the Official Statement or such other offering circular relating to the Credit Provider and provided in writing by the Credit Provider for inclusion therein); (ii) the execution and delivery or transfer of, or payment or failure to pay under the Credit Facility; (iii) the issuing, offering, sale, remarketing or resale of the Bonds; or (iv) the proposed use of the proceeds of the Bonds or any amounts drawn under the Credit Facility; provided that the City shall not be required to indemnify the Credit Provider for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (1) the willful misconduct or gross negligence of the Credit Provider or (2) the Credit Provider's grossly negligent failure to pay under the Credit Facility after the presentation to it by the Trustee of a Drawing strictly complying with the terms and conditions of the Credit Facility. This is in addition to the City's reimbursement obligations contained elsewhere in this Section 5.01(b) hereof; provided, however, that such indemnification is not intended to be duplicative of the payment obligations contained in Article V hereof.

The City shall also pay as Additional Rental hereunder directly to the Majority Holder or any Index Rate Bondholder, as applicable, the following amounts:

(i) if an Event of Default shall have occurred under the Bank Agreement, all reasonable costs and expenses of the Bank in connection with the enforcement (whether by means of legal proceedings or otherwise) of any of its rights under the Bank Agreement, any other Related Document and such other documents which may be delivered in connection therewith;

(ii) a fee for each amendment of any Related Document, consent by the Majority Holder or waiver by the Majority Holder under any Related Document, in

each case in a minimum amount of \$2,500 (or such other amount as agreed to by the Majority Holder and the City);

(iii) the reasonable fees and out of pocket expenses for counsel or other reasonably required consultants to the Majority Holder in connection with advising the Majority Holder as to its rights and responsibilities under the Bank Agreement and the other Related Documents or in connection with responding to requests from the Authority or the City for approvals, consents and waivers;

(iv) any amounts advanced by or on behalf of Majority Holder to the extent required to cure any Default, Event of Default or event of nonperformance under the Bank Agreement or any Related Document, together with interest at the Default Rate, payable on demand; and

(v) all reasonable fees, costs and expenses of any consultants providing services to the Authority, the City or the Majority Holder in accordance with the Bank Agreement or any other Related Documents.

(vi) if at any time any governmental authority shall require revenue or other documentary stamps or any other tax in connection with the execution or delivery of the Bank Agreement or any of the other Related Documents, the City shall pay as Additional Rental, when due and payable, for all such stamps, taxes and fees, including interest and penalties thereon and save the Majority Holder harmless from and against any and all liabilities with respect to or resulting from any delay of the City in paying, or omission of the City to pay, such stamps, taxes and fees hereunder.

(vii) if because of any new law or regulation, Risk-Based Capital Guidelines, policy, guideline, interpretation, or directive, or because of any change in any existing law, regulation, Risk-Based Capital Guidelines, policy, guideline, interpretation, or directive or in the interpretation thereof by any official authority, if having the force of law or in any other respect obligatory upon any Index Rate Bondholder or Credit Protection Provider, including specifically but without limitation all requests, rules, guidelines or directives in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act and all rules, guidelines or directives promulgated by the Bank of International Settlements, or the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority), regardless of the date enacted, adopted, issued, promulgated or implemented, which comes into effect after the date of the Bank Agreement:

(A) any Index Rate Bondholder or Credit Protection Provider should, with respect to the Bank Agreement, the Bonds or any transaction contemplated under the Bank Agreement, be subject to any tax, charge, fee, deduction or withholding of any kind whatsoever, or

(B) increased insurance premiums, reserve requirements, or changes in levels of reserves, deposits, insurance or capital (including any allocation of capital requirements or conditions), should be imposed on any Index

Rate Bondholder or Credit Protection Provider with respect to the Bank Agreement, the Bonds or any transactions thereunder, and if any of the above-mentioned measures, should result in (A) any increase in the cost to any Index Rate Bondholder or Credit Protection Provider of owning the Bonds or any transaction under the Bank Agreement, or (B) any reduction in the amount of principal, interest or any fee receivable by any Index Rate Bondholder or Credit Protection Provider in respect of the Bonds or the Bank Agreement or of any transaction contemplated under the Bank Agreement or (C) any reduction in the yield or rate of return of any Index Rate Bondholder or Credit Protection Provider on the Bonds, to a level below that which such Index Rate Bondholder or such Credit Protection Provider could have achieved but for the adoption or modification of any such requirements,

then the City agrees to pay to such Index Rate Bondholder or such Credit Protection Provider as Additional Rental such increased cost or reduction in yield or rate of return. In determining any such amounts, each Index Rate Bondholder and each Credit Protection Provider will act reasonably and in good faith, using averaging and attribution methods which are reasonable, and will notify the City within a reasonable period after it becomes aware of any such change. Such amount shall be due and payable by the City to such Index Rate Bondholder or Credit Protection Provider as Additional Rental on the thirtieth (30th) day after demand.

(viii) (A) In the event a Determination of Taxability occurs, to the extent not payable to each Index Rate Bondholder under the terms of the Indenture and the Bonds, the City hereby agrees to pay as Additional Rental to the Authority or each Index Rate Bondholder, on demand therefor (1) an amount equal to the difference between (A) the amount of interest that would have been paid to such Index Rate Bondholder on the Bonds bearing interest at a Bank Index Interest Rate during the period for which interest on the Bonds is included in the gross income of such Index Rate Bondholder if the Bonds had borne interest at the Taxable Rate, beginning on the Taxable Date (the "Taxable Period"), and (B) the amount of interest actually paid to the Index Rate Bondholder during the Taxable Period, and (2) an amount equal to any interest, penalties or charges owed by such Index Rate Bondholder as a result of interest on the Bonds becoming included in the gross income of such Index Rate Bondholder, together with any and all attorneys' fees, court costs, or other out of pocket costs incurred by such Index Rate Bondholder in connection therewith.

(B) Subject to the provisions of clauses (c) and (d) below, such Index Rate Bondholder shall afford the Authority and/or the City the opportunity, at its sole cost and expense, to contest (1) the validity of any amendment to the Code which causes the interest on the Bonds to be included in the gross income of such Index Rate Bondholder or (2) any challenge to the validity of the tax exemption with respect to the interest on the Bonds, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals).

(C) As a condition precedent to the exercise by the Authority and/or the City of its right to contest set forth in clause (b) above, the City shall, on demand, immediately reimburse such Index Rate Bondholder (as Additional Rental) for any and all expenses (including attorneys' fees for services that may be required or desirable, as determined by such Index Rate Bondholder in its sole discretion) that may be incurred by the Bank in connection with any such contest, and shall, on demand, immediately reimburse the Bank for any and all penalties or other charges payable by such Index Rate Bondholder for failure to include such interest in its gross income; and

(D) The obligations of the Authority and the City under this clause (viii) shall survive the termination of the Bank Agreement, the termination of any of the other Related Documents, and the redemption or other payment in full of the Bonds.

(ix) The City shall pay to the Bank Purchaser as an Additional Rental Payment an optional redemption or conversion fee in connection with each optional redemption of all or any portion of the Bonds bearing interest at a Bank Index Interest Rate or each conversion of the interest rate on all or any portion of the Bonds from the Bank Index Interest Rate prior to the first anniversary of the Remarketing Date, in an amount equal to the product of (A) the Applicable Spread in effect on the date of optional redemption or conversion, as applicable, (B) the principal amount of the Bonds bearing interest at a Bank Index Interest Rate to be optionally redeemed or converted to an interest rate other than the Bank Index Interest Rate, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such optional redemption or conversion, as applicable, to and including the first anniversary of the Closing Date, and the denominator of which is 360, payable on the date that all or any portion of the Bonds bearing interest at a Bank Index Interest Rate are optionally redeemed or the date on which the interest rate on all or any portion of the Bonds bearing interest at a Bank Index Interest Rate are converted to bear interest at a rate other than the Bank Index Interest Rate. After the first anniversary of the Remarketing Date, the Authority may optionally redeem all or any portion of the Bonds or convert the interest rate on all or any portion of the Bonds from the Bank Index Interest Rate to a different interest rate mode upon giving the Bank Purchaser at least thirty (30) days prior written notice.

(x) In addition to any and all rights of reimbursement, indemnification, subrogation or any other rights pursuant to the Bank Agreement or under law or equity, the City agrees (to the extent permitted by law) to indemnify and hold harmless each Bank Index Interest Rate Bondholder or Credit Protection Provider and its officers, directors and agents (each, an "Indemnitee") from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever (including reasonable attorneys' fees) which may incur or which may be claimed against an Indemnitee by any Person or entity whatsoever (collectively, the "Liabilities") by reason of or in connection with (a) the execution and delivery or transfer of, or payment or failure to pay under, any Related Document; (b) the remarketing of the Bonds; and (c) the use of the proceeds of the Bonds; *provided* that the City shall not be required to

indemnify an Indemnitee for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or negligence of such Indemnitee. If any proceeding shall be brought or threatened against an Indemnitee by reason of or in connection with the events described in clause (a), (b) or (c) as a condition of indemnity hereunder each Indemnitee shall promptly notify the City in writing and the City shall assume the defense thereof, including the employment of counsel satisfactory to such Indemnitee and the payment of all reasonable costs of litigation. Notwithstanding the preceding sentence, each Indemnitee shall have the right to employ its own counsel and to determine its own defense of such action in any such case, but the fees and expenses of such counsel shall be at the expense of such Indemnitee unless (i) the employment of such counsel shall have been authorized in writing by the City or (ii) the City, after due notice of the action, shall not have employed counsel satisfactory to such Indemnitee to have charge of such defense, in either of which events the reasonable fees and expenses of counsel for such Indemnitee shall be borne by the City. The City shall not be liable for any settlement of any such action effected without its consent. Nothing under this clause (x) is intended to limit the Authority's or the City's payment of the obligations with respect to the Bonds or the obligations under the Bank Agreement.

(xi) In the event a Bank Index Interest Rate Bondholder shall incur any loss, cost, or expense (including, without limitation, any loss, cost, or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired or contracted to be acquired by any Bank Index Interest Rate Bondholder to purchase or hold the Bonds bearing interest at the Bank Index Interest Rate or the relending or reinvesting of such deposits or other funds or amounts paid or prepaid to any Bank Index Interest Rate Bondholder) as a result of any redemption of the Bonds on a date other than an Interest Payment Date for any reason, whether before or after default, and whether or not such payment is required by any provision of the Bank Agreement or the Indenture, then upon the demand of such Bank Index Interest Rate Bondholder, to the extent permitted by law, the City shall pay to the related Bank Index Interest Rate Bondholder a redemption premium in such amount as will reimburse such Bank Index Interest Rate Bondholder for such loss, cost, or expense. If the related Bank Index Interest Rate Bondholder requests such redemption premium, it shall provide to the City a certificate setting forth the computation of the loss, cost, or expense giving rise to the request for such redemption premium in reasonable detail and such certificate shall be conclusive if reasonably determined.

The Authority may issue bonds and may enter into leases to finance facilities other than the Project. The administrative costs of the Authority shall be allocated among said facilities and the Project, as hereinafter in this paragraph provided. Any taxes levied against the Authority with respect to the Leased Property, the fees of the Trustee, the Tender Agent and the Remarketing Agent under the Indenture, and any other expenses directly attributable to the Leased Property shall be included in the Additional Rental payable hereunder to the parties to whom such amounts are owing. Any taxes levied against the Authority with respect to real property other than the Leased Property, the fees of any trustee or paying agent under any resolution securing bonds of the Authority or any indenture or trust agreement other than the Indenture, and any other expenses directly attributable to any facilities other than the Leased Property shall not be included in the administrative costs of the Leased Property and shall not be

paid from the Additional Rental payable hereunder. Any expenses of the Authority not directly attributable to any particular project of the Authority shall be equitably allocated among all such projects, including the Leased Property, in accordance with sound accounting practice. In the event of any question or dispute as to such allocation, the written opinion of an independent firm of certified public accountants, employed by the Authority to consider the question and render an opinion thereon, shall be final and conclusive determination as to such allocation. The Trustee may conclusively rely upon a Certificate of the Authority in making any determination that costs are payable as Additional Rental hereunder, and shall not be required to make any investigation as to whether or not the items so requested to be paid are expenses of operation of the Project.

(c) Consideration.

(i) Such payments of Base Rental Payments and Additional Rental for each Lease Year or portion thereof, together with Excess Amounts for such Lease Year, during the term of this Sublease shall constitute the total rental for such Lease Year or portion thereof and shall be paid or payable by the City for and in consideration of the right of the use and possession of, and the continued quiet use and enjoyment of, the Leased Property. On the Closing Date, the City shall deliver a Certificate to the Authority, the Trustee, the Credit Provider and the Majority Holder which shall set forth the fair rental value of the Leased Property. The City, the Authority and the Credit Provider have agreed and determined that the fair rental value of the Leased Property and the Project is not less than the maximum Base Rental Payments payable hereunder assuming an interest component of any Variable Rate Bonds calculated at 12% per annum due hereunder. In making such determinations of fair rental value, consideration has been given to a variety of factors including costs and timing of the design, acquisition, construction and financing of the Leased Property, including the Project, the replacement costs of the existing improvements on the Leased Property, other obligations of the parties under this Sublease, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the City and the general public.

(ii) The parties hereto hereby acknowledge that the parties hereto may amend this Sublease from time to time to increase the Base Rental Payments payable hereunder so that additional bonds may be issued, provided that the City provides a certificate that the annual fair rental value of the Leased Property is not less than the maximum annual debt service after completion of any buildings, structures or other improvements to be paid with the proceeds of any additional bonds issued in connection therewith. Notwithstanding anything to the contrary herein contained, this Sublease may not be amended in a manner such that the sum of Base Rental Payments, including Base Rental Payments payable pursuant to such amendment, and Additional Rental is in excess of the fair rental value of the Leased Property and other land and improvements leased to the City hereunder after completion of any buildings, structures or other improvements to be paid with the proceeds of any additional bonds issued in connection therewith.

(d) Payment; Credit. Each installment of Base Rental Payments payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Authority at the Principal Corporate Trust Office of the Trustee, or such other place as the

Authority shall designate. Any such installment of rental accruing hereunder which shall not be paid when due shall remain due and payable until received by the Trustee, except as provided in Section 5.04 hereof, and, unless otherwise expressly provided herein, with respect to any component of such Base Rental Payment, shall bear interest at the rate of ten percent (10%) per annum from the date when the same is due hereunder until the same shall be paid. Notwithstanding any dispute between the City and the Authority, the City shall make all Rental Payments when due, without deduction or offset of any kind, and shall not withhold any Rental Payments pending the final resolution of any such dispute. In the event of a determination that the City was not liable for said Rental Payments or any portion thereof, said payments or excess of payments, as the case may be, shall, at the option of the City, be credited against subsequent Rental Payments due hereunder. Amounts required to be deposited by the City with the Trustee pursuant to this Section 5.01(d) on any date shall be reduced to the extent of amounts on deposit on such date in the Interest Fund, the Principal Fund or the Redemption Fund.

All payments to the Credit Provider by the City hereunder shall be made in immediately available funds in lawful currency of the United States of America, as directed in the Reimbursement Agreement.

(e) No Reduction in Payments. All payments made by or on behalf of the City to the Credit Provider hereunder shall be made free and clear of, and without reduction for or on account of, any present or future stamp or other taxes, levies, imposts, duties, charges, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever now or hereafter imposed, levied, collected, withheld or assessed by any governmental or taxing authority of the United States, the State or any political subdivision of the State, excluding income taxes now or hereafter imposed on the Credit Provider (such nonexcluded taxes being called "Taxes"). If any Taxes are required to be withheld from any amounts payable to the Credit Provider hereunder, the amounts so payable to the Credit Provider shall be increased to the extent necessary to yield to the Credit Provider (after payment of all Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Sublease. Upon request by the City, the Credit Provider will provide the City with any documents required to be delivered by the Credit Provider to enable the City to obtain a reduction of, or exemption from withholding of, any Tax. Whenever any Tax is payable by the City, as promptly as possible thereafter, the City shall send the Credit Provider an original official receipt showing payment thereof.

(f) Payments Under the Reimbursement Agreement. Notwithstanding anything herein to the contrary, to the extent that the provisions of this Section 5.01 conflict with the provisions of the Reimbursement Agreement or Bond Purchase Agreement, the provisions of the Reimbursement Agreement or Bond Purchase Agreement shall control, provided that if amounts required to be paid under the Reimbursement Agreement or Bond Purchase Agreement constitute Base Rental Payments, amounts so paid under the Reimbursement Agreement or Bond Purchase Agreement, together with other Base Rental Payments in any Lease Year, shall not exceed the fair rental value of the Leased Property.

Section 5.02 Annual Budgets; Reporting Requirements. The City covenants to take such actions as may be necessary to include all Base Rental Payments and Additional Rental payments due under this Sublease in its operating budget for each fiscal year commencing after the date hereof (an "Operating Budget"). Within thirty (30) days after the beginning of each