
FISCAL AGENT AGREEMENT

by and between the

CITY OF BRISBANE, CALIFORNIA

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Fiscal Agent**

dated as of July 1, 2013

relating to:
\$3,395,000
Limited Obligation Refunding Bonds,
City of Brisbane,
Northeast Ridge Assessment District
(Reassessment and Refunding of 2013)

TABLE OF CONTENTS

ARTICLE I

STATUTORY AUTHORITY AND DEFINITIONS

Section 1.01.	Authority for this Agreement.....	3
Section 1.02.	Agreement for Benefit of Bondowners.....	3
Section 1.03.	Definitions	3

ARTICLE II

THE BONDS

Section 2.01.	Principal Amount; Designation.....	8
Section 2.02.	Terms of Bonds	8
Section 2.03.	Redemption.....	9
Section 2.04.	Refunding of Bonds	11
Section 2.05.	Form of Bonds.....	11
Section 2.06.	Execution of Bonds.....	11
Section 2.07.	Transfer of Bonds.....	11
Section 2.08.	Exchange of Bonds	12
Section 2.09.	Bond Register.....	12
Section 2.10.	Temporary Bonds.....	13
Section 2.11.	Bonds Mutilated, Lost, Destroyed or Stolen.....	13
Section 2.12.	Limited Obligation	13
Section 2.13.	No Acceleration	14
Section 2.14.	No Additional Bonds.....	14

ARTICLE III

ISSUANCE OF BONDS

Section 3.01.	Issuance and Delivery of Bonds	15
Section 3.02.	Application of Proceeds of Sale of Bonds	15
Section 3.03.	Validity of Bonds	15
Section 3.04.	Pledge of Reassessments	15

ARTICLE IV

ESTABLISHMENT OF FUNDS

Section 4.01.	Redemption Fund.....	16
Section 4.07.	Escrow Fund	17
Section 4.03.	Costs of Issuance Fund	17
Section 4.04.	Reserve Fund.....	18
Section 4.05.	Payment Fund.....	19

ARTICLE V

COVENANTS OF THE CITY

Section 5.01.	Collection of Reassessments.....	21
Section 5.02.	Foreclosure.....	22
Section 5.03.	Punctual Payment	22
Section 5.04.	Extension of Time for Payment	22
Section 5.05.	Against Encumbrance.....	23
Section 5.06.	Books and Accounts.....	23
Section 5.07.	Protection of Security and Rights of Owners.....	23
Section 5.08.	Yield of the Bonds	23
Section 5.09.	Further Assurances	23
Section 5.10.	Private Activity Bond Limitation.....	23
Section 5.11.	Private Loan Financing Limitation.....	23
Section 5.12.	Federal Guarantee Prohibition	23
Section 5.13.	No Arbitrage.....	23

Section 5.14.	Maintenance of Tax-Exemption.....	23
Section 5.15.	Rebate Requirement.....	24
Section 5.16.	Continuing Disclosure Obligation.....	24

ARTICLE VI

INVESTMENTS; DISPOSITION OF INVESTMENT PROCEEDS; LIABILITY OF THE CITY

Section 6.01.	Deposit and Investment of Moneys in Funds.....	25
Section 6.02.	Acquisition, Disposition and Valuation of Investments.....	26
Section 6.03.	Liability of City.....	26
Section 6.04.	Employment of Agents by City.....	27

ARTICLE VII

THE FISCAL AGENT

Section 7.01.	Appointment of Fiscal Agent.....	28
Section 7.02.	Liability of Fiscal Agent.....	29
Section 7.03.	Information; Books and Accounts.....	31
Section 7.04.	Notice to Fiscal Agent.....	31
Section 7.05.	Compensation; Indemnification.....	31

ARTICLE VIII

MODIFICATION OR AMENDMENT OF THIS AGREEMENT

Section 8.01.	Amendments Permitted.....	33
Section 8.02.	Owners' Meetings.....	33
Section 8.03.	Procedure for Amendment with Written Consent of Owners.....	33
Section 8.04.	Disqualified Bonds.....	34
Section 8.05.	Effect of Supplemental Agreement.....	34
Section 8.06.	Endorsement or Replacement of Bonds Issued After Amendment.....	35
Section 8.07.	Amendatory Endorsement of Bonds.....	35

ARTICLE IX

MISCELLANEOUS

Section 9.01.	Benefits of Agreement Limited to Parties.....	36
Section 9.02.	Successor is Deemed Included in All Reference to Predecessor.....	36
Section 9.03.	Discharge of Agreement.....	36
Section 9.04.	Execution of Documents and Proof of Ownership by Owners.....	36
Section 9.05.	Waiver of Personal Liability.....	37
Section 9.06.	Notices to and Demand on City and Fiscal Agent.....	37
Section 9.07.	Partial Invalidity.....	38
Section 9.08.	Unclaimed Moneys.....	38
Section 9.09.	Applicable Law.....	38
Section 9.10.	Conflict with Bond Law or the Act.....	38
Section 9.11.	Conclusive Evidence of Regularity.....	38
Section 9.12.	Payment on Business Day.....	38
Section 9.13.	Counterparts.....	38

EXHIBIT A	FORM OF BOND	
EXHIBIT B	FORM OF INVESTOR'S LETTER	

FISCAL AGENT AGREEMENT

THIS FISCAL AGENT AGREEMENT (the "Agreement"), dated as of July 1, 2013, is by and between the CITY OF BRISBANE, CALIFORNIA, a general law city and municipal corporation organized and existing under the laws of the State of California (the "City"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, as fiscal agent (the "Fiscal Agent").

RECITALS:

WHEREAS, the City Council of the City has heretofore conducted special assessment proceedings pursuant to Resolution of Intention No. 95-26, adopted on May 22, 1995, and in said proceedings the City Council confirmed unpaid assessments upon the parcels in the Northeast Ridge Assessment District (the "Assessment District"), and special assessment bonds, entitled "Limited Obligation Improvement Bonds, City of Brisbane, Northeast Ridge Assessment District, Series 1995," dated December 6, 1995, in the initial aggregate principal amount of \$7,860,000 (the "1995 Bonds") were issued and delivered, which 2001 Bonds were secured by a portion of the unpaid assessments; and

WHEREAS, on July 9, 2001, the City Council of the City adopted Resolution No. 2001-65 (the "2001 Resolution of Intention") which, among other matters, commenced proceedings for the levy of reassessments and issuance of refunding bonds pursuant to the Refunding Act of 1984 for 1915 Improvement Act Bonds, Division 11.5 (commencing with Section 9500) of the California Streets and Highways Code (the "Act") for the Assessment District and, by the 2001 Resolution of Intention, the City Council provided that serial and/or term limited obligation refunding bonds of the City would be issued thereunder for the Assessment District pursuant to the provisions of the Act; and

WHEREAS, on August 1, 2001, the City issued its \$6,975,000 initial principal amount of Limited Obligation Refunding Bonds, City of Brisbane, Northeast Ridge Assessment District (Reassessment and Refunding of 2001) (the "2001 Bonds") proceeds of which were used to currently refund all of the then outstanding 1995 Bonds; and

WHEREAS, on June 3, 2013, the City Council of the City adopted Resolution No. ____ (the "2013 Resolution of Intention") which, among other matters, commenced proceedings for the levy of new reassessments and issuance of a new series of refunding bonds pursuant to the Act for the Assessment District and, by the 2013 Resolution of Intention, the City Council provided that serial and/or term limited obligation refunding bonds of the City (the "Bonds") would be issued for the Assessment District pursuant to the provisions of the Act, and reference to the 2013 Resolution of Intention and proceedings had thereunder is hereby expressly made for further particulars; and

WHEREAS, the purpose of the proceedings under the 2013 Resolution of Intention was to provide for a new reassessment of the property in the Assessment District and for the refunding of the 2001 Bonds in advance of the scheduled maturities thereof with the proceeds of the Bonds; and

WHEREAS, there is now on file in the office of the Administrative Services Director of the City a list of the new reassessments remaining unpaid for the Assessment District; and

WHEREAS, on June 3, 2013, the City Council of the City adopted Resolution No. _____ (the "Resolution of Issuance") authorizing, among other matters, the issuance of the Bonds designated "Limited Obligation Refunding Bonds, City of Brisbane, Northeast Ridge Assessment District (Reassessment and Refunding of 2013)", the net proceeds of which are to be used to refund the 2001 Bonds; and

WHEREAS, it is in the public interest and for the benefit of the City and the owners of the Bonds that the City enter into this Agreement to provide for the issuance of the Bonds, the disbursement of proceeds of the Bonds, the disposition of the reassessments securing the Bonds and the administration and payment of the Bonds; and

WHEREAS, the City has determined that all things necessary to cause the Bonds, when authenticated by the Fiscal Agent and issued as provided in the Bond Law, the Resolution of Issuance and this Agreement, to be legal, valid and binding and limited obligations of the City in accordance with their terms, and all things necessary to cause the creation, authorization, execution and delivery of this Agreement and the creation, authorization, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

A G R E E M E N T :

NOW, THEREFORE, in consideration of the covenants and provisions herein set forth and for other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I

STATUTORY AUTHORITY AND DEFINITIONS

Section 1.01. Authority for this Agreement. This Agreement is entered into pursuant to the provisions of the Act, the Bond Law and the Resolution of Issuance.

Section 1.02. Agreement for Benefit of Bondowners. The provisions, covenants and agreements herein set forth to be performed by or on behalf of the City shall be for the equal benefit, protection and security of the registered owners of the Bonds. All of the Bonds, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by this Agreement. The Fiscal Agent may become the owner of any of the Bonds in its own or any other capacity with the same rights it would have if it were not Fiscal Agent.

Section 1.03. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.03 shall, for all purposes of this Agreement, of any Supplemental Agreement (as herein defined), and of any certificate, opinion or other document herein mentioned, have the meanings herein specified. All references herein to Articles, Sections and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement, and the words herein, "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

"Act" means the Refunding Act of 1984 for 1915 Improvement Act Bonds, as amended, constituting Division 11.5 of the California Streets and Highways Code.

"Agreement" means this Fiscal Agent Agreement, as it may be amended or supplemented from time to time by any Supplemental Agreement executed pursuant to the provisions hereof.

"Approved Institutional Buyer" means (a) a "qualified institutional buyer" as defined in Rule 144A promulgated under the United States Securities Act of 1933, as in effect on the date hereof (the "Securities Act"); (b) an "accredited investor" as defined in Sections 501(a)(1) through (3) of Regulation D promulgated under the Securities Act; (c) an entity that is directly or indirectly wholly owned or controlled by the purchaser/bondholder representative (being a financial institution described in (a) above); (d) an entity all of the investors in which are described in (a), (b) or (c) above; or (e) a custodian or trustee for a party described in (a), (b) or (c) above.

"Assessment District" means the area within the City designated "City of Brisbane Northeast Ridge Assessment District" formed by the City under the Municipal Improvement Act of 1913.

"Auditor" means the auditor/controller or tax collector of the County, or such other official of the County who is responsible for preparing real property tax bills.

"Authorized Investments" means any of the following, to the extent acquired at Fair Market Value: (i) securities in which the City may legally invest funds subject to its control, pursuant to Article 1, commencing with section 53600, of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code of the State, as now or hereafter amended, (ii) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the California Government code which invests exclusively in investments permitted by section 53635 of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be

amended, including but not limited to the California Arbitrage Management Program (CAMP); (iii) the Local Agency Investment Fund of the State, created pursuant to Section 156429.1 of the California Government Code, (iv) Federal Securities, (v) investments in a money market fund (including any funds of the Fiscal Agent or its affiliates) registered with the Securities and Exchange Commission rated in the highest rating category (without regard to plus (+) or minus (-) designations) by Moody's Investors Service or Standard and Poor's Ratings Group, and (vi) any other investment permitted under the City's then current investment policy.

"Authorized Officer" means the City Manager, City Administrative Services Director, City Financial Services Manager, City Treasurer, City Clerk, or any other officer or employee of the City authorized by the City Council of the City or by an Authorized Officer to undertake the action referenced in this Agreement as required to be undertaken by an Authorized Officer.

"Bond" or "Bonds" means the "Limited Obligation Refunding Bonds, City of Brisbane, Northeast Ridge Assessment District (Reassessment and Refunding of 2013)," at any time Outstanding under this Agreement or any Supplemental Agreement.

"Bond Counsel" means (i) Quint & Thimmig LLP, or (ii) any attorney or firm of attorneys acceptable to the City and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

"Bond Date" means the dated date of the Bonds, which is the Closing Date.

"Bond Law" means the Improvement Bond Act of 1915, as amended, constituting Division 10 of the California Streets and Highways Code.

"Bond Register" means the books maintained by the Fiscal Agent pursuant to Section 2.09 for the registration and transfer of ownership of the Bonds.

"Bond Year" means the twelve-month period beginning on September 3 in each year and ending on September 2 in the following year except that the first Bond Year shall begin on the Closing Date and end on September 2, 2013.

"Business Day" means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in the state in which the Fiscal Agent has its Principal Office are authorized or obligated by law or executive order to be closed.

"City" means the City of Brisbane, California, and any successor thereto.

"City Attorney" means the City Attorney of the City or other designated counsel to the City with respect to the Assessment District.

"Closing Date" means July 9, 2013, being the date upon which there is a physical delivery of the Bonds in exchange for the amount representing the purchase price of the Bonds by the Original Purchaser.

"Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable, temporary and final regulations promulgated under the Code.

"Costs of Issuance" means items of expense payable or reimbursable directly or indirectly by the City and related to the authorization, sale and issuance of the Bonds and the

refunding of the 2001 Bonds, which items of expense shall include, but not be limited to, printing costs for the Bonds, costs of reproducing and binding documents, closing costs, filing and recording fees, fees and expenses of the City, initial fees and charges of the Fiscal Agent including its first annual administration fee, expenses incurred by the City in connection with the Assessment District, the issuance of the Bonds and the refunding of the 2001 Bonds, Bond (purchaser's) discount, legal fees and charges, including those of bond counsel, financial advisor fees and expenses, charges for execution, transportation and safekeeping of the Bonds and other costs, charges and fees in connection with the foregoing.

"Costs of Issuance Fund" means the fund by that name established and administered under Section 4.03 hereof.

"County" means the County of San Mateo, California.

"Debt Service" means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled, and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking fund payment under Section 2.03(A)(ii)).

"Escrow Agreement" means the Escrow Agreement, dated as of July 1, 2013, by and between the City and the Escrow Bank by which the Escrow Fund is administered.

"Escrow Bank" means The Bank of New York Mellon Trust Company, N.A., in its capacity as the Escrow Bank under the Escrow Agreement.

"Escrow Fund" means the fund by that name established pursuant to Section 2 of the Escrow Agreement to provide for the refunding of the 2001 Bonds, as referred to in Section 4.02 hereof.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term "fair market value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the code, or (iii) the investment is a United States Treasury Security - State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

"Federal Securities" means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for funds held by the Fiscal Agent: (i) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the United States Department of the Treasury) and obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as stripped obligations and coupons; or (ii) any of the following obligations of the following agencies of the United States of America: (a) direct obligations of the Export-Import Bank, (b) certificates of beneficial ownership issued by the Farmers Home Administration, (c) participation certificates issued by the General Services Administration (d) mortgage-backed bonds or pass-through obligations

issued and guaranteed by the Government National Mortgage Association, (e) project notes issued by the United States Department of Housing and Urban Development, and (f) public housing notes and bonds guaranteed by the United States of America.

“Finance Director” means the Administrative Services Director of the City, or the person acting as chief financial officer of the City, or designee of either thereof.

“Fiscal Agent” means the Fiscal Agent appointed by the City and acting as an independent fiscal agent with the duties and powers herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 7.01 hereof.

“Fiscal Year” means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

“Formation Act” means the Municipal Improvement Act of 1913, as amended, being Division 12 of the California Streets and Highways Code.

“Interest Payment Dates” means March 2 and September 2 of each year, commencing March 2, 2014.

“List of Unpaid Reassessments” means the list on file with the Finance Director showing the amounts of the Reassessments upon each of the parcels in the Assessment District.

“Maximum Annual Debt Service” means the largest Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

“Officer’s Certificate” means a written certificate of the City signed by an Authorized Officer of the City.

“Original Purchaser” means City National Bank, as the first purchaser of the Bonds from the City.

“Outstanding” when used as of any particular time with reference to Bonds, means, subject to the provisions of Section 8.04, all Bonds except: (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of Section 9.03; (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the City pursuant to this Agreement or any Supplemental Agreement.

“Owner” or “Bond Owner” means the registered owner of any Outstanding Bond as shown on the Bond Register.

“Payment Fund” means the fund by that name established and administered under Section 4.05 hereof.

“Principal Office” means the principal office of the Fiscal Agent in San Francisco, California, located at such address as shall be specified in a written notice by the Fiscal Agent to the City under Section 9.06 hereof or such other office designated for payment, transfer or exchange of bonds.

“Prior Agreement” means the Fiscal Agent Agreement, dated as of July 1, 2001, between the City and The Bank of New York Western Trust Company, N.A. (formerly known

as BNY Western Trust Company), as fiscal agent, pursuant to which the 2001 Bonds were issued, as in effect on the Closing Date.

"Prior Resolution" means Resolution No. 95-26 adopted by the City Council of the City on May 22, 1995, declaring its intention to form the Assessment District and authorizing the issuance of assessment bonds.

"Project" means the improvements authorized to be financed by the City under the proceedings pursuant to the Prior Resolution, and any resolution of the City Council of the City in furtherance thereof or which amended or superseded the Prior Resolution.

"Reassessments" means the unpaid reassessments levied within the Assessment District by the City under the proceedings taken pursuant to the Act and the 2013 Resolution of Intention.

"Record Date" means the fifteenth (15th) day of the month immediately preceding the month in which the applicable Interest Payment Date occurs.

"Redemption Fund" means the fund by that name established and administered under Section 4.01 hereof.

"Reserve Fund" means the fund by that name established and administered under Section 4.04 hereof.

"Reserve Requirement" means, as of any date of calculation, an amount equal to \$250,000.00.

"Resolution of Issuance" means Resolution No. _____, adopted by the City Council of the City on June 3, 2013, authorizing, among other matters, the issuance of the Bonds.

"State" means the State of California.

"Supplemental Agreement" means an agreement the execution of which is authorized by a resolution which has been duly adopted by the Council of the City under the Bond Law and which agreement is amendatory of or supplemental to this Agreement, but only if and to the extent that such agreement is specifically authorized hereunder.

"2001 Bonds" means the Limited Obligation Refunding Bonds, City of Brisbane, Northeast Ridge Assessment District (Reassessment and Refunding of 2001), issued pursuant to the Prior Agreement.

"2013 Resolution of Intention" means Resolution No. _____, adopted by the City Council of the City on June 3, 2013.

ARTICLE II

THE BONDS

Section 2.01. Principal Amount; Designation. Bonds in the aggregate principal amount of Three Million Three Hundred Ninety-Five Thousand Dollars (\$3,395,000.00) are hereby authorized to be issued by the City under and subject to the terms of the Resolution of Issuance and this Agreement, the Act, the Bond Law and other applicable laws of the State of California. The Bonds shall be designated "Limited Obligation Refunding Bonds, City of Brisbane, Northeast Ridge Assessment District (Reassessment and Refunding of 2013)," and shall be secured by the Reassessments, and moneys in the Redemption Fund, the Payment Fund and the Reserve Fund.

Section 2.02. Terms of Bonds.

(A) Denominations. The Bonds shall be issued as fully registered Bonds without coupons in the denomination of \$5,000 or any integral multiple in excess thereof. Bonds shall be lettered and numbered in a customary manner as determined by the Fiscal Agent.

(B) Date of Bonds. The Bonds shall be dated the Bond Date.

(C) [intentionally omitted]

(D) Maturities. The Bonds shall mature and become payable on September 2, 2020, and shall bear interest at a rate of 3.050% per annum.

(E) Interest. The Bonds shall bear interest at the rates set forth above payable on the Interest Payment Dates in each year. Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated and registered on an Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Bond Date; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

(F) Method of Payment. Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent mailed by first class mail on an Interest Payment Date to the registered Owner thereof at such registered Owner's address as it appears on the Bond Register maintained by the Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon written instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds delivered to the Fiscal Agent prior to the applicable Record Date, with any such instructions to remain in effect until rescinded in writing by the respective Owner. The principal of the Bonds and any premium on the Bonds are payable in lawful money of the United States of America upon surrender of the Bonds at the Principal Office of the Fiscal Agent (subject to the provisions of Section 2.02(G) below). All Bonds paid by the Fiscal Agent pursuant this Section shall be canceled by the Fiscal Agent. The Fiscal

Agent shall destroy the canceled Bonds and, upon request of the City, issue a certificate of destruction of such Bonds to the City.

(G) Provisions Applicable While the Bonds Owned by Original Purchaser. Notwithstanding anything herein to the contrary, so long as the Bonds are owned by the Original Purchaser, (i) the Fiscal Agent shall pay principal of and interest and redemption premium on the Bonds when due by wire transfer in immediately available funds to the Original Purchaser in accordance with such wire transfer instructions as shall be filed by the Original Purchaser with the Fiscal Agent from time to time, (ii) payments of principal on the Bonds pursuant to the mandatory sinking payment redemption provisions of Section 2.03(A)(ii) shall be made without the requirement for presentation and surrender of the Bonds by the Original Purchaser, provided that principal of the Bond which is payable at maturity shall be made only upon presentation and surrender of the Bond at the office of the Fiscal Agent as provided in Section 2.03(C), and (iii) the Fiscal Agent shall not be required to give notice to the Original Purchaser of the sinking fund payments of the Bonds under Section 2.03(C).

Section 2.03. Redemption.

(A) (i) Each Bond, or any portion of the principal thereof in the principal amount of \$5,000 or any integral multiple of \$1.00 in excess thereof, may be redeemed and paid in advance of maturity from prepayments of Reassessments, on any Interest Payment Date in any year by giving at least 30 days notice to the Owner thereof in accordance with the Bond Law and by paying the principal amount thereof, plus interest to the date of redemption, unless sooner surrendered, in which event said interest will be paid to the date of payment, together with a redemption premium of one percent (1.0%) of the principal amount of Bonds being redeemed.

The Finance Director shall notify the Fiscal Agent of Bonds to be called for redemption upon prepayment of Reassessments in amounts sufficient therefor. The Fiscal Agent shall select Bonds for retirement by lot.

(ii) The Bonds are subject to mandatory redemption in part by lot, on September 2 in each year commencing September 2, 2014 from sinking fund payments made by the City from the Redemption Fund pursuant to Section 4.01, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on September 2 in the respective years, all as set forth in the following table; provided, however, if some but not all of the Bonds have been redeemed pursuant to subsection (i) above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis in integral multiples of \$1.00 as determined by the Finance Director, notice of which determination shall be given by the Finance Director to the Fiscal Agent.

Sinking Fund Payment Date (September 2)	Sinking Fund Payment Amount
2014	\$435,000
2015	455,000
2016	470,000
2017	485,000
2018	505,000
2019	520,000
2020 (maturity)	525,000

Redemption of Bonds pursuant to this Section 2.03(A)(ii) shall be subject to the provisions of clause (ii) of Section 2.02(G).

(iii) The provisions of Part 11.1 of the Bond Law are applicable to the advance payment of Reassessments and to the calling of the Bonds. The Finance Director shall advise the Fiscal Agent in writing of such provisions to the extent not specified herein.

(B) Notice to Fiscal Agent. The Finance Director shall give the Fiscal Agent written notice of the aggregate amount of Bonds to be redeemed pursuant to subsection (A)(i) not less than forty-five (45) days prior to the applicable redemption date, or such lesser number of days as the Fiscal Agent may allow.

(C) Redemption Procedure by Fiscal Agent. Except as otherwise provided in Section 2.02(G), the Fiscal Agent shall cause notice of redemption to be mailed to the respective Owners of any Bonds designated for redemption, at their addresses appearing on the Bond Register in the Principal Office of the Fiscal Agent; provided that, in any event, the failure to so mail or of any person or entity to receive any such notice, or any defect in any notice of redemption, shall not affect the validity of the proceeding for the redemption of such Bonds.

Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, shall designate the Bond numbers of the Bonds to be redeemed by giving the individual Bond number of each Bond to be redeemed or shall state that all Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption, shall state as to any Bond called in part the principal amount thereof to be redeemed, and shall require that such Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further interest on such Bonds, or the portion thereof to be redeemed, will not accrue from and after the redemption date.

Notwithstanding the foregoing, any notice of redemption of Bonds under Section 2.03(A)(i) may state that the redemption is conditioned upon receipt by the Fiscal Agent of sufficient moneys to redeem the Bonds on the anticipated redemption date, and that the redemption shall not occur if by no later than the scheduled redemption date sufficient moneys to redeem the Bonds have not been deposited with the Fiscal Agent. In the event that the Fiscal Agent does not receive sufficient funds by the scheduled redemption date to so redeem the Bonds to be redeemed, the Fiscal Agent shall send written notice to the owners of the Bonds to effect that the redemption did not occur as anticipated, and the Bonds for which notice of redemption was given shall remain Outstanding for all purposes of this Agreement.

Upon surrender of Bonds redeemed in part only, the City shall execute and the Fiscal Agent shall authenticate and deliver to the registered Owner, at the expense of the City, a new Bond or Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

(D) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the Bonds so called for redemption shall have been deposited in the Redemption Fund on the date fixed for redemption, such Bonds so called shall cease to be entitled to any

benefit under this Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in such notice.

All Bonds redeemed by the Fiscal Agent pursuant to this Section 2.03 shall be canceled by the Fiscal Agent. The Fiscal Agent shall destroy the canceled Bonds and, upon request of the City, issue a certificate of destruction of such Bonds to the City.

(E) Purchase of Bonds in Lieu of Redemption. In lieu of redemption under Section 2.03(A), moneys in the Redemption Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such Bonds were to be redeemed in accordance with this Agreement.

Section 2.04. Refunding of Bonds. The Bonds may be refunded by the City pursuant to Divisions 11 or 11.5 of the Bond Law upon the conditions as set forth in appropriate proceedings therefor. This Section shall not apply to or in any manner limit advancement of the maturity of any of the Bonds as provided in Parts 8, 9, 11, or 11.1 of the Bond Law, nor shall this Section 2.04 apply to or in any manner limit the redemption and payment of any Bond pursuant to subsequent proceedings providing for the payment of amounts to eliminate previously imposed fixed lien assessments, including the Reassessments.

Section 2.05. Form of Bonds. The Bonds, the form of Fiscal Agent's certificate of authentication and the form of assignment, to appear thereon, shall be substantially in the forms, respectively, set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Agreement, the Resolution of Issuance and the Bond Law.

Section 2.06. Execution of Bonds. The Bonds shall be executed on behalf of the City by the facsimile signatures of its Treasurer and its City Clerk who are in office on the Closing Date. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the owner, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the owner. Any Bond may be signed and attested on behalf of the City by such persons as at the actual date of the execution of such Bond shall be the proper officers of the City although at the nominal date of such Bond any such person shall not have been such officer of the City. Only such Bonds as shall bear thereon a certificate of authentication and registration in substantially the form set forth in Exhibit A, executed and dated by the Fiscal Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Agreement, and such certificate of authentication and registration of the Fiscal Agent shall be conclusive evidence that the Bonds registered hereunder have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Agreement.

Section 2.07. Transfer of Bonds. (A) Any Bond may, in accordance with the terms of this Section 2.07, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.09 hereof by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. Whenever any Bond or Bonds shall be surrendered for transfer, the City shall execute and the

Fiscal Agent shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount, maturity and interest rate in the denominations herein authorized.

(B) The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer shall be paid by the City. The Fiscal Agent shall collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer.

(C) The following shall apply to all transfers of the Bonds after the initial delivery of the Bonds, unless otherwise agreed by the City in its sole and absolute discretion by written notice of an Authorized Officer to the Fiscal Agent:

(i) the Bonds, in the form attached hereto as Exhibit A, shall be physical certificated instruments, and shall not be held in a book-entry only system or registered through The Depository Trust Company;

(ii) the Bonds shall only be transferred to an entity that is an Approved Institutional Buyer;

(iii) the Bonds may only be transferred in denominations of \$1,000 or any integral multiple of \$1.00 in excess thereof;

(iv) each transferee of the Bonds shall deliver to the City and the Fiscal Agent an investor's letter in the form of Exhibit B hereto; and

(iv) the Fiscal Agent shall not authenticate or register a Bond unless the conditions of this Section 2.07(C) have been satisfied.

Nothing contained in this Section 2.07(C) shall be deemed to limit or otherwise restrict the sale by any Owner of any participation interests in any Bond; provided that (a) such Owner is selling interests to one or more Approved Institutional Buyers; or (b) (I) such Owner shall remain the Owner of record of such Bond following the sale of any such participation interest; (II) the purchaser of the participation interest is an Approved Institutional Buyer; and (III) each purchaser of a participation interest shall provide an investor letter to the City and the Fiscal Agent substantially in the form of Exhibit B hereto.

(D) In no case shall a purchaser of a participation interest in any Bond be deemed to be an Owner of the Bonds, or have any rights of an Owner of the Bonds.

(E) Neither the City nor the Fiscal Agent shall be required to make a transfer of Bonds on or after a Record Date and before the next Interest Payment Date, or of any Bond after it has been called for redemption.

Section 2.08. Exchange of Bonds. Bonds may be exchanged at the Principal Office of the Fiscal Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such exchange shall be paid by the City. The Fiscal Agent shall collect from the Owner requesting such exchange any tax or other governmental charge required to be paid with respect to such exchange. Neither the City nor the Fiscal Agent shall be required to be make such exchange of Bonds after a Record Date and before the next Interest Payment Date, or of any Bond after it has been called for redemption.

Section 2.09. Bond Register. The Fiscal Agent will keep or cause to be kept, at its Principal Office sufficient books for the registration and transfer of the Bonds, called the Bond

Register, which books shall show the series number, date, maturity amount, rate of interest and last registered Owner of each Bond and shall at all times be open to inspection by the City during regular business hours on any Business Day, upon reasonable notice; and, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the ownership of the Bonds as hereinbefore provided.

The City and the Fiscal Agent will treat the Owner of any Bond whose name appears on the Bond Register as the absolute Owner of such Bond for any and all purposes, and the City and the Fiscal Agent shall not be affected by any notice to the contrary. The City and the Fiscal Agent may rely on the address of the Bondowner as it appears in the Bond Register for any and all purposes.

Section 2.10. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such authorized denominations as may be determined by the City, and may contain such reference to any of the provisions of this Agreement as may be appropriate. Every temporary Bond shall be executed by the City and authenticated by the Fiscal Agent upon the same conditions and in substantially the same manner as the definitive Bonds. If the City issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange for the definitive Bonds at the Principal Office of the Fiscal Agent or at such other location as the Fiscal Agent shall designate, and the Fiscal Agent shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary bonds shall be entitled to the same benefits under to this Agreement as definitive bonds authenticated and delivered hereunder.

Section 2.11. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the City, at the expense of the Owner of said Bond, shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like tenor and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent shall be canceled by it and destroyed by the Fiscal Agent who shall, upon request of the City, deliver a certificate of destruction thereof to the City.

If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent and, if such evidence be satisfactory to the Fiscal Agent and indemnity for the City and the Fiscal Agent satisfactory to the Fiscal Agent shall be given, the City, at the expense of the Owner, shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like tenor and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The City may require payment of a sum not exceeding the actual cost of preparing each new Bond delivered under this Section 2.11 and of the expenses which may be incurred by the City and the Fiscal Agent for the preparation, execution, authentication and delivery. Any Bond delivered under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the City whether or not the Bond so alleged to be lost, destroyed or stolen is at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Agreement with all other Bonds issued pursuant to this Agreement.

Section 2.12. Limited Obligation. All obligations of the City under this Agreement and the Bonds shall not be general obligations of the City, but shall be limited obligations, payable solely from the Reassessments and the funds pledged therefore hereunder. Neither the

faith and credit of the City nor of the State of California or any political subdivision thereof is pledged to the payment of the Bonds. The City hereby determines under Section 8769 of the Bond Law that it will not be obligated to advance available surplus funds from the City treasury to cure any deficiency in the Redemption Fund. The Bonds are payable solely from and secured solely by the Reassessments and the amounts in the Redemption Fund, the Reserve Fund and the Payment Fund.

Section 2.13. No Acceleration. The principal of the Bonds shall not be subject to acceleration hereunder. Nothing in this Section 2.13 shall in any way prohibit the prepayment or redemption of Bonds under Section 2.03 hereof, or the defeasance of the Bonds and discharge of this Agreement under Section 9.03 hereof.

Section 2.14. No Additional Bonds. The City shall not issue or incur any indebtedness payable from the Reassessments or the amounts in the Redemption Fund (including the Prepayment Account therein), the Payment Fund or the Reserve Fund established under this Agreement.

ARTICLE III

ISSUANCE OF BONDS

Section 3.01. Issuance and Delivery of Bonds. At any time after the execution of this Agreement, the City may issue the Bonds in the aggregate principal amount set forth in Section 2.01 hereof and deliver the Bonds to the Original Purchaser. Pursuant to the Resolution of Issuance, the Authorized Officers of the City are authorized and directed to deliver any and all documents and instruments necessary to cause the issuance of the Bonds in accordance with the provisions of the Act, the Bond Law, the Resolution of Issuance and this Agreement, and to do and cause to be done any and all acts and things necessary or convenient for delivery of the Bonds to the Original Purchaser and the disposition of the proceeds thereof as provided herein.

Section 3.02. Application of Proceeds of Sale of Bonds. The proceeds of the purchase of the Bonds by the Original Purchaser (being \$3,395,000.00) shall be paid to the Fiscal Agent, who shall forthwith deposit and remit, as applicable, such proceeds on the Closing Date as follows: (A) deposit \$103,685.29 to the Costs of Issuance Fund; (B) deposit \$250,000.00 to the Reserve Fund (being an amount equal to the Reserve Requirement); and (C) remit \$3,041,314.71 to the Escrow Bank, for deposit by the Escrow Bank in the Escrow Fund.

In addition to the foregoing, on the Closing Date the City shall transfer or cause to be transferred the following amounts for the following purposes:

(A) all amounts on deposit in the redemption fund created under the Prior Agreement (being \$599,071.46) shall be transferred to the Escrow Bank for deposit by the Escrow Bank in the Escrow Fund; and

(B) all amounts on deposit in the reserve fund created under the Prior Agreement (being \$356,805.71) shall be transferred to the Escrow Bank for deposit by the Escrow Bank in the Escrow Fund.

The Fiscal Agent may, in its discretion, establish a temporary fund or account in its books and records to facilitate transfers pursuant to this Section 3.02.

Section 3.03. Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be dependent upon the status of the Project or the performance by any person of such person's obligation with respect to the Project.

Section 3.04. Pledge of Reassessments. The Bonds shall be secured by a first pledge (which pledge shall be effected in the manner and to the extent herein provided) of all of the Reassessments and all moneys deposited in the Redemption Fund, the Reserve Fund and the Payment Fund. The Reassessments and all moneys deposited into said funds (except as otherwise provided herein) are hereby dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided herein and in the Bond Law until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose in accordance with Section 9.03.

Amounts in the Costs of Issuance Fund are not pledged to the repayment of the Bonds. The Project is not in any way pledged to pay the Debt Service on the Bonds. Any proceeds of condemnation or destruction of any portion of the Project are not pledged to pay the Debt Service on the Bonds and are free and clear of any lien or obligation imposed hereunder.

ARTICLE IV

ESTABLISHMENT OF FUNDS

Section 4.01. Redemption Fund.

(A) Establishment of Redemption Fund. The Redemption Fund is hereby established as a separate fund to be held by the Finance Director to the credit of which deposits shall be made as required by Section 4.03(B) and Section 5.01, and any other amounts required to be deposited therein by this Agreement or the Bond Law. Moneys in the Redemption Fund shall be held by the Finance Director for the benefit of the City and the Owners of the Bonds, and shall be disbursed for the payment of the principal of and interest and any premium on, the Bonds and as otherwise provided below.

Within the Redemption Fund the Finance Director shall establish a Prepayment Account into which shall be placed the proceeds of the prepayment of any Reassessment which occurs after the Closing Date and which Prepayment Account shall be administered in accordance with the provisions of Section 8767 of the Bond Law.

(B) Disbursements. (i) General. On or before each Interest Payment Date commencing March 2, 2014, the Finance Director shall withdraw from the Redemption Fund and remit to the Fiscal Agent, for deposit by the Fiscal Agent to the Payment Fund, an amount equal to the principal of, and interest and any premium, then due and payable on the Bonds (including any mandatory sinking fund payment due on the Bonds pursuant to Section 2.03(A)(ii)), less the amount of any transfer from the Reserve Fund to the Payment Fund in respect of such Interest Payment Date pursuant to Section 4.04(E). Prior to each such Interest Payment Date, the Finance Director shall determine if the amounts then on deposit in the Redemption Fund and any expected transfer to the Payment Fund under Section 4.04(E) are sufficient to pay the debt service due on the Bonds on such Interest Payment Date.

If there are insufficient funds in the Redemption Fund, together with the expected transfer to the Payment Fund under Section 4.04(E), to make the full amount of the transfer to the Fiscal Agent contemplated by the first sentence of this Section 4.01(B)(i) (being the principal, premium, if any, and interest due on the Bonds on the next Interest Payment Date), the Finance Director shall notify the Fiscal Agent that the Fiscal Agent will need to transfer from the Reserve Fund pursuant to Section 4.04(C) an amount necessary to cure such insufficiency (not to exceed the amount then on deposit in the Reserve Fund), and if, on any Interest Payment Date an insufficiency still exists, the Fiscal Agent shall apply the available funds in the Payment Fund in the manner provided in the Bond Law, as directed by the City in writing. Past due payments of principal and interest shall continue to bear interest at the rate of interest on the Bonds. In the event of any delinquency in payment of the Bonds, the Finance Director shall transfer to the Fiscal Agent, for deposit by the Fiscal Agent to the Payment Fund, the first available moneys in the Redemption Fund arising from the collection of delinquent Reassessments up to the delinquent amount then owing on the Bonds.

(ii) Redemption of Bonds. Funds placed in the Prepayment Account of the Redemption Fund shall be disbursed therefrom by the Finance Director to the Fiscal Agent, for deposit by the Fiscal Agent to the Payment Fund, to be

used by the Fiscal Agent pursuant to Section 4.05(B)(ii), together with funds transferred from the Reserve Fund to the Payment Fund under Section 4.04(D), for the call and redemption of Bonds on the redemption date determined under Section 2.03(A)(i) hereof.

(iii) Payment of Administrative Expenses. Funds placed in the Redemption Fund attributable to the administrative costs of prepayment of Reassessments and any amounts collected pursuant to Sections 8682 and 8682.1 of the Bond Law (as further described in Section 5.01(D) hereof) may be withdrawn from the Redemption Fund by the City from time to time to pay the costs of the City in complying with the provisions of this Agreement and the administration of the District.

(iv) Credits and Rebate. Any earnings on investments of funds in the Redemption Fund or the Prepayment Account not required to be disbursed under Section 4.01(B)(i) and (ii) above, shall be available for the payment of any rebate that may be owed under Section 5.15 hereof.

(v) Identification to Fiscal Agent of Amounts Transferred to Fiscal Agent. Whenever funds are transferred by the Finance Director to the Fiscal Agent pursuant to the foregoing subsections (i) and (ii), the Finance Director shall advise the Fiscal Agent as to the proper disposition by the Fiscal Agent of such funds under Section 4.05(B)(i) or (ii). In the absence of any such advice, the Fiscal Agent shall assume that amounts so transferred to it on any date are for disposition for the following purposes in the following order of priority: (a) for purposes described in Section 4.05(B)(i), and (b) for purposes described in Section 4.05(B)(ii).

(C) Investment. Moneys in the Redemption Fund and the Prepayment Account shall be invested and deposited in accordance with Section 6.01. Interest earnings and profits resulting from such investment and deposit shall be retained in the Redemption Fund and the Prepayment Account, respectively, to be used for the purposes of such fund and account.

Section 4.02. Escrow Fund. On the Closing Date, the Escrow Fund is to be established and held by the Escrow Bank under the Escrow Agreement. The purpose of the establishment of the Escrow Fund shall be to assure the payment and redemption of all of the 2001 Bonds on September 2, 2013, using the proceeds of the Bonds and funds held by the City with respect to the 2001 Bonds, all as specified in the Escrow Agreement.

Section 4.03. Costs of Issuance Fund.

(A) Establishment of Costs of Issuance Fund. The Costs of Issuance Fund is hereby established as a separate fund to be held by the Fiscal Agent to the credit of which a deposit shall be made as required by clause (A) of the first paragraph of Section 3.02. Moneys in the Costs of Issuance Fund shall be held by the Fiscal Agent for the benefit of the City and shall be disbursed as provided in subsection (B) of this Section 4.03 for the payment or reimbursement of Costs of Issuance.

(B) Disbursement. Amounts in the Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance as set forth in an Officer's Certificate containing respective amounts to be paid to the designated payees and delivered to the Fiscal Agent concurrent with the delivery of the Bonds. The Fiscal Agent shall pay all Costs of Issuance upon receipt of an invoice from any such payee which requests payment in an amount which is

less than or equal to the amount set forth with respect to such payee in such Officer's Certificate, or upon receipt of an Officer's Certificate requesting payment of a Cost of Issuance not listed on the initial Officer's Certificate delivered to the Fiscal Agent on the Closing Date. The Fiscal Agent shall maintain the Costs of Issuance Fund for a period of 90 days from the Closing Date or until otherwise directed by the Finance Director to close the Costs of Issuance Fund, whichever is earlier, and then shall transfer any moneys remaining therein, including any investment earnings thereon, to the Finance Director for deposit by the Finance Director in the Redemption Fund. Following such transfer, the Costs of Issuance Fund shall be closed.

(C) Investment. Moneys in the Costs of Issuance Fund shall be invested and deposited in accordance with Section 6.01 hereof. Pending its closing under subsection (B) above, interest earnings and profits resulting from said investment shall be retained by the Fiscal Agent in the Costs of Issuance Fund to be used for the purposes of such fund.

Section 4.04. Reserve Fund.

(A) Establishment of Reserve Fund. The Reserve Fund is hereby established as a separate fund to be held by the Fiscal Agent to the credit of which a deposit shall be made as required by clause (B) of the first paragraph of Section 3.02, and deposits shall be made as provided in the second paragraph of Section 5.01(A). Moneys in the Reserve Fund shall be held by the Fiscal Agent for the benefit of the City and the owners of the Bonds as a reserve for the payment of principal of and interest and any premium on, the Bonds.

As provided in the second paragraph of Section 5.01(A), the City shall transfer to the Fiscal Agent for deposit by Fiscal Agent in the Reserve Fund proceeds from redemption or sale of properties with respect to which payment of delinquent Reassessments and interest thereon was made from the Reserve Fund, except as provided in the last sentence of Section 4.01(B)(i) with respect to amounts needed to pay past due debt service on the Bonds.

(B) Use of Fund. Except as otherwise provided in this Section 4.04, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Payment Fund in the event of any deficiency at any time in the Payment Fund of the amount then required for payment of the principal of, and interest and any premium on, the Bonds or, in accordance with the provisions of Section 4.04(D), for the purpose of redeeming Bonds from the Payment Fund or, in accordance with Section 5.15, for the purpose of paying rebate to the federal government.

(C) Transfer Due to Deficiency in Payment Fund. Transfers shall be made from the Reserve Fund to the Payment Fund in the event of a deficiency in the Payment Fund, with respect to amounts owing on the Bonds in accordance with Section 4.05(B)(i).

(D) Prepayment of Reassessments. Whenever, after the issuance of the Bonds, a Reassessment is prepaid, in whole or in part, as provided in the Bond Law, the Finance Director shall direct the Fiscal Agent to transfer from the Reserve Fund to the Payment Fund an amount equal to the product of the ratio of the original amount of the Reassessment so paid to the original amount of all unpaid Reassessments, times the then amount, if any, on deposit in the Reserve Fund. Any amount so transferred shall be applied by the Fiscal Agent as provided in Section 4.05(B)(ii).

(E) Transfer of Excess of Reserve Requirement. Whenever, on any Interest Payment Date, or on any other date when requested by the Finance Director, the amount in the Reserve Fund exceeds the then Reserve Requirement, the Fiscal Agent shall transfer on or before such Interest Payment Date an amount equal to the excess from the Reserve Fund to the Payment Fund to be used to pay Debt Service on the Bonds.

(F) Transfer When Balance Exceeds Outstanding Bonds. Whenever the balance in the Reserve Fund is sufficient to retire all the Outstanding Bonds, whether by advance retirement or otherwise, collection of the principal and interest on the Reassessments shall be discontinued. In such event, the Finance Director shall direct the Fiscal Agent to transfer from the Reserve Fund to the Payment Fund, on the next succeeding Interest Payment Date, an amount sufficient together with any amount transferred from the Redemption Fund to the Payment Fund on such Interest Payment Date, to pay the Debt Service due on the Bonds on such Interest Payment Date. In the event that the amount then in the Reserve Fund exceeds the amount to be transferred to the Payment Fund pursuant to the preceding sentence, the excess shall be transferred by the Fiscal Agent to the City to be disposed of by the City as provided in Section 8885 of the Bond Law.

Notwithstanding the foregoing, no amounts shall be transferred from the Reserve Fund pursuant to this Section 4.04(F) until after (i) the calculation of any amounts due to the federal government pursuant to Section 5.15 following payment of the Bonds and withdrawal of any such amount from the Reserve Fund for purposes of making such payment to the federal government, and (ii) payment of any fees and expenses due to the Fiscal Agent.

(G) Investment. Moneys in the Reserve Fund shall be invested and deposited in accordance with Section 6.01. Interest earnings and profits resulting from said investment shall be retained in the Reserve Fund subject to the provisions of Section 4.04(E) hereof.

Section 4.05. Payment Fund.

(A) Establishment of Payment Fund. The Payment Fund is hereby established as a separate fund to be held by the Fiscal Agent, to the credit of which deposits shall be made as required by Section 4.01(B) and 4.04. Moneys in the Payment Fund shall be held by the Fiscal Agent for the benefit of the Owners of the Bonds, and shall be disbursed as provided in subsection (B) of this Section to pay the principal of, premium, if any, and interest due on the Bonds.

(B) Disbursements.

(i) Scheduled Debt Service Payments. Amounts transferred to the Fiscal Agent pursuant to Section 4.01(B)(i) and 4.04(E) and (F) shall be remitted, on the Interest Payment Date with respect to which the transfer was made, by the Fiscal Agent to the Owners of the Bonds in respect of the scheduled principal of and interest due on the Bonds on such Interest Payment Date. In the event that, on any date on which payment of Debt Service is due on the Bonds, the amount then on deposit in the Payment Fund is not sufficient to pay the full amount of the Debt Service then due, the Fiscal Agent shall withdraw the amount of the insufficiency from the Reserve Fund pursuant to Section 4.04(C) (not to exceed, in any event, the amount then on deposit in the Reserve Fund), and use the amount so withdrawn to make the payment then due on the Bonds.

(ii) Redemption of Bonds From Prepayments of Reassessments. Amounts transferred to the Fiscal Agent pursuant to Section 4.01(B)(ii), together with amounts transferred by the Fiscal Agent to the Payment Fund from the Reserve Fund pursuant to Section 4.04(D), shall be remitted, on the redemption date with respect to which the transfers were made, by the Fiscal Agent to the Owners of the Bonds to be redeemed pursuant to Section 2.03(A)(i) in respect of the redemption price due on such Bonds.

(C) No Investments. Moneys in the Payment Fund shall be held therein by the Fiscal Agent uninvested.

ARTICLE V

COVENANTS OF THE CITY

Section 5.01. Collection of Reassessments. The City shall comply with all requirements of the Act, the Bond Law and this Agreement to assure the timely collection of the Reassessments, including, without limitation, the enforcement of delinquent Reassessments. Any funds received by the City in and for the Assessment District, including, but not limited to, collections of Reassessments upon the secured tax rolls, collections of delinquent Reassessments and penalties thereon, through foreclosure proceedings and the prepayment of Reassessments or portions thereof, shall be deposited into the Redemption Fund. To that end, the following shall apply:

(A) The Reassessments as set forth on the List of Unpaid Reassessments on file with the Finance Director together with the interest thereto, shall be payable in annual series corresponding in number to the number of mandatory sinking fund payments on the Bonds issued. An annual proportion of each Reassessment shall be payable in each year preceding the date of mandatory sinking fund payments on the Bonds issued sufficient to pay the Bonds when due and such proportion of each Reassessment coming due in any year, together with the annual interest thereon, shall be payable in the same manner and at the same time and in the same installments as the general taxes on real property are payable, and become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interests after delinquency as do the general taxes on real property.

All sums received from the collection of the Reassessments and of the interest and penalties thereon shall be transmitted by the City to the Finance Director, to be placed in the Redemption Fund; provided that (i) any prepayments of Reassessments shall be placed in the Prepayment Account established under and administered in accordance with Section 4.01(A) and 4.01(B)(ii) hereof, and (ii) amounts representing the collection of delinquent Reassessments (whether by foreclosure or otherwise) shall, after deduction of the costs of collection, be transferred to the Redemption Fund only in the amount of any then delinquency in the payment of the principal of or interest on the Bonds and otherwise shall be transferred to the Fiscal Agent for deposit by the Fiscal Agent to the Reserve Fund.

(B) The Finance Director shall, before the final date on which the Auditor will accept the transmission of the Reassessments for the parcels within the Assessment District for inclusion on the next tax roll, prepare or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the installments of the Reassessments on the next secured tax roll. The Finance Director is hereby authorized to employ consultants to assist in computing the installments of the Reassessments hereunder and in reconciling Reassessments billed to amounts received as provided in this Section 5.01(C).

(C) The Reassessments shall be payable and be collected in the same manner and at the same time and in the same installments as the general taxes on real property are payable, and have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property.

(D) In addition to any amounts authorized pursuant to Section 8682 of the Bond Law to be included with the annual amounts of Reassessment installments as aforesaid, the City, pursuant to Section 8682.1 of the Bond Law, may cause to be

entered on the Reassessment roll on which taxes will next become due, opposite each lot or parcel of land within the Assessment District in the manner set forth in said Section 8682, each lot's pro rata share of the estimated annual expenses of the City in connection with the administrative duties thereof for the Bonds, including, but not limited to, the costs of registration, authentication, transfer and compliance with the provisions of this Article V, which amounts shall be placed in the Redemption Fund.

(E) Delinquent Reassessments shall be subject to foreclosure pursuant to Section 5.02 hereof.

Section 5.02. Foreclosure. Notwithstanding the following provisions of this Section 5.02, the City shall not be obligated to commence and prosecute an action in the superior court to foreclose the lien of any Reassessment installment which has been billed, but which has not been paid, if the amount in the Reserve Fund is then equal to the Reserve Requirement.

Otherwise, the City hereby covenants with and for the benefit of the Owners of the Bonds that it will order, and cause to be commenced, and thereafter diligently prosecute an action in the superior court to foreclose the lien of any Reassessment or installment thereof which has been billed, but has not been paid, pursuant to and as provided in Sections 8830 and 8835, inclusive of the Bond Law and subject in any event to the conditions specified in this Section 5.02. The City Attorney shall commence, or cause to be commenced, such foreclosure proceedings and is hereby authorized to employ counsel to conduct any such foreclosure proceedings. The following conditions shall apply to the foreclosure proceedings which shall be commenced within 60 days of the making of any of the following determinations, which determinations shall be made not later than August 1 of each Fiscal Year, provided that the City may undertake foreclosure proceedings sooner than specified below:

(A) If the Finance Director determines that there is a delinquency in the payment of a Reassessment or Reassessments totaling \$500.00 or more for any single parcel of land in the Assessment District.

(B) If the Finance Director determines that the total amount of delinquent Reassessments for the prior Fiscal Year for the entire Assessment District, less the total delinquencies under subsection (A) above, exceeds five percent (5%) of the total Reassessments due and payable in the prior Fiscal Year, foreclosure shall be commenced, against each parcel of land in the Assessment District with delinquent Reassessments for the prior Fiscal Year or prior Fiscal Years.

Section 5.03. Punctual Payment. The City will punctually pay or cause to be paid the principal of, and interest and any premium on, the Bonds when and as due in strict conformity with the terms of this Agreement and any Supplemental Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Agreement and all Supplemental Agreements and of the Bonds.

Section 5.04. Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the City shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the City, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have so extended or funded.

Section 5.05. Against Encumbrance. The City will not encumber, pledge or place any charge or lien upon any of the unpaid Reassessments or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, except as permitted by this Agreement, the Act or the Bond Law. The City shall not issue any additional bonds secured by the Reassessments or any other assessments authorized under the Prior Resolution.

Section 5.06. Books and Accounts. The City will keep, or cause to be kept, proper books of record and accounts, separate from an other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Redemption Fund and the Reassessments, which records shall be subject to inspection by the Fiscal Agent upon reasonable prior notice on any Business Day.

Section 5.07. Protection of Security and Rights of Owners. The City will preserve and protect the security of the Bonds and the rights of the Owners thereto, and will warrant and defend their rights to such security against all claims and demands of all persons. From and after the delivery of any of the Bonds by the City, the Bonds shall be incontestable by the City.

Section 5.08. Yield of the Bonds. In determining the yield of the Bonds to comply with Sections 5.13 and 5.15 hereof, the City will take into account the redemption price of the Bonds (including premium, if any) in advance of maturity based on the reasonable expectations of the City, as of the Closing Date, regarding prepayments of Reassessments and use of prepayments for redemption of the Bonds, without regard to whether or not prepayments are received or Bonds redeemed.

Section 5.09. Further Assurances. The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Agreement, and for the better assuring and confirming unto the Owners of the rights and benefits provided in this Agreement.

Section 5.10. Private Activity Bond Limitation. The City shall assure that the proceeds of the 2001 Bonds and of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of section 141(b) of the Code.

Section 5.11. Private Loan Financing Limitation. The City shall assure that the proceeds of the 2001 Bonds and of the Bonds are not so used as to cause the Bonds to satisfy the private loan financing test of section 141(c) of the Code.

Section 5.12. Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

Section 5.13. No Arbitrage. The City shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of the 2001 Bonds and of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

Section 5.14. Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the owners

of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds.

Section 5.15. Rebate Requirement. The City shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, as applicable to the Bonds and the 2001 Bonds. The City may use investment earnings on amounts in the Redemption Fund or amounts in the Reserve Fund to satisfy any rebate liability to the federal government.

Section 5.16. Continuing Disclosure Obligation. The City shall provide to each registered Bond Owner the following:

(A) Promptly following the approval of the same by the City Council each year that the Bonds are Outstanding, a copy of the City's audited financial statements.

(B) Within 270 days of the end of each Fiscal Year, the City shall provide each registered Bond Owner with the following information regarding the Assessment District:

(i) the aggregate amount of the Reassessments levied on parcels in the Assessment District during the most recent Fiscal Year;

(ii) the amount of any delinquency in payment of the Reassessments so levied as of the August 1 following the Fiscal Year in which the Reassessments were levied, including a listing of each parcel with a delinquent Reassessment, the amount of the respective delinquent Reassessment and any action being taken by the City in respect of the delinquency; and

(iii) the amount then on deposit in the Reserve Fund.

ARTICLE VI

INVESTMENTS; DISPOSITION OF INVESTMENT PROCEEDS; LIABILITY OF THE CITY

Section 6.01. Deposit and Investment of Moneys in Funds. Subject in all respects to the provisions of Section 6.02, moneys in any fund or account created or established by this Agreement and held by the Finance Director or the Fiscal Agent shall be invested by the Finance Director or the Fiscal Agent, respectively, in Authorized Investments. The following shall apply to such investments:

(A) The Finance Director or the Fiscal Agent, as applicable, shall invest any such moneys described in the definition of Authorized Investments herein. Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account, subject, however, to the requirements of this Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts.

(B) The Finance Director or the Fiscal Agent, as applicable, may act as principal or agent in the acquisition or disposition of any investment. Neither the Finance Director nor the Fiscal Agent, as applicable, shall incur any liability for losses arising from any investments made pursuant to this Section. For purposes of determining the amount on deposit in any fund or account held hereunder, all Authorized Investments or investments credited to such fund or account shall be valued at Fair Market Value. The Fiscal Agent shall have no duty in connection with the determination of the Fair Market Value of any investment other than to follow: (i) its normal practices in the purchase, sale and determining the value of Authorized Investments; and (ii) the investment directions of the City.

(C) The Fiscal Agent shall invest any moneys held by it in the Payment Fund or the Costs of Issuance Fund in Authorized Investments, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least two (2) Business Days in advance of the making of such investments or, in the absence of any such Officer's Certificate in Authorized Investments described in clause (v) of the definition of Authorized Investments in Section 1.03; provided, however, that any such investment shall be made by the Fiscal Agent only if, prior to the date on which such investment is to be made, the Fiscal Agent shall have received an Officer's Certificate specifying a specific money market fund into which the funds shall be invested and, if no such Officer's Certificate is so received, the Fiscal Agent shall hold such moneys uninvested.

(D) The Fiscal Agent may act as principal or agent in the acquisition or disposition of any investment.

(E) Investments in any funds or accounts held by the Fiscal Agent may at the discretion of the Fiscal Agent be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Fiscal Agent hereunder, provided that the Fiscal Agent shall at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in this Agreement.

(F) The Fiscal Agent shall sell or present for redemption any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and the Fiscal Agent shall not be liable or responsible for

any loss resulting from the acquisition or disposition of such investment security in accordance herewith.

(G) The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Fiscal Agent will furnish the City periodic cash transaction statements which include detail for all investment transactions made by the Fiscal Agent hereunder; provided, however, that the City retains its rights to, upon written request to the Fiscal Agent, receive brokerage confirmation on any investment transaction requested by the City.

Section 6.02. Acquisition, Disposition and Valuation of Investments.

(A) Except as otherwise provided in subsection (B) of this Section 6.02, the City covenants that all investments of amounts deposited in any funds or accounts created by this Agreement, or otherwise containing gross proceeds of the Bonds (as defined by section 148 of the Code) shall be acquired, disposed of and valued (as of the date that valuation is required by this Agreement or the Code) at Fair Market Value.

(B) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of section 149 of the Code).

Section 6.03. Liability of City. The City shall not incur any responsibility in respect of the Bonds or this Agreement other than in connection with the duties or obligations explicitly provided herein or in the Bonds. The City shall not be liable to any Owner in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Fiscal Agent herein or of any of the documents executed by the Fiscal Agent in connection with the Bonds, or as to the existence of a default thereunder. Under this Agreement, the following shall apply to the City:

(A) In the absence of bad faith, the City, including the Finance Director, may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City and conforming to the requirements of this Agreement; and the City, including the Finance Director, shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts other than to the extent of money improperly obtained or retained by the City;

(B) No provision of this Agreement shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to (i) imposing and collecting the Reassessments and transferring the same to the Fiscal Agent; (ii) defending the validity of the Reassessments and the Bonds and the proceedings related thereto, and (iii) the foreclosure proceedings for delinquent Reassessments and the payment of fees and costs of the Fiscal Agent, in each case as required under this Agreement) in the performance of any of its obligations hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it;

(C) The City may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant,

bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel, who may be the City Attorney, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith;

(D) The City shall not be bound to recognize any person as the Owner of a Bond unless duly registered and until such Bond is submitted for inspection, if required, and his title thereto satisfactory established, if disputed; and

(E) Whenever in the administration of its duties under this Agreement the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Fiscal Agent or other expert retained by the City for the purposes hereof, and such certificate shall be full warrant to the City for any action taken or suffered under the provisions of this Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

Section 6.04. Employment of Agents by City. In order to perform its duties and obligations hereunder, the City Finance Director may employ such persons or entities as he deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it with reasonable care and in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities.

ARTICLE VII

THE FISCAL AGENT

Section 7.01. Appointment of Fiscal Agent. The Bank of New York Mellon Trust Company, N.A., at its office in Los Angeles, California, is hereby appointed Fiscal Agent and Paying Agent for the Bonds. The Fiscal Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Fiscal Agent. With respect to the appointment of the Fiscal Agent, the following shall apply:

(A) At any time and with or without cause, the City may remove the Fiscal Agent initially appointed and any successor thereto, and may appoint a successor or successor's thereto, but any Fiscal Agent shall be a national banking association, bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000) and subject to supervision or examination by federal or state authority. If such national banking association, bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 7.01, combined capital and surplus of such national banking association, bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(B) The Fiscal Agent may at any time resign by giving written notice to the City and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, the City shall promptly appoint a successor Fiscal Agent, satisfying the requirements of Section 7.01(A) above, by an instrument in writing. Any resignation or removal of the Fiscal Agent shall become effective only upon acceptance of appointment by a successor Fiscal Agent.

(C) If no appointment of a successor Fiscal Agent shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Fiscal Agent shall have given to the City written notice or after a vacancy in the office of the Fiscal Agent shall have occurred by reason of its inability to act, the Fiscal Agent or any Bond Owner may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent.

(D) If, by reason of the judgment of any court, the Fiscal Agent is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the Fiscal Agent hereunder shall be assumed by and vest in the Finance Director of the City in trust for the benefit of the Owners. The City covenants for the direct benefit of the Owners that its Finance Director in such case shall be vested with all of the rights and powers of the Fiscal Agent hereunder, and shall assume all of the responsibilities and perform all of the duties of the Fiscal Agent hereunder, in trust for the benefit of the Owners of the Bonds.

(E) Any company into which a successor Fiscal Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Fiscal Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under the preceding paragraphs of this Section 7.01 shall be the successor to such Fiscal Agent without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

The Fiscal Agent shall give the Finance Director written notice of any such succession hereunder.

Section 7.02. Liability of Fiscal Agent. With respect to the liability of the Fiscal Agent, the following shall apply:

(A) The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the City, and the Fiscal Agent assumes no responsibility for the correctness of the same, makes no representations as to the validity or sufficiency of this Agreement or of the Bonds, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Fiscal Agent assumes no responsibility or liability for any information, statement or recital in any official statement or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

(B) In the absence of bad faith, the Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and conforming to the requirements of this Agreement; but in the case of any such certificates or opinions by which any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement. Except as provided above in this paragraph, Fiscal Agent shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Agreement, upon any resolution, order, notice, request, consent or waiver, certificate, statement, affidavit, or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of this Agreement, and the Fiscal Agent shall not be under any duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument.

(C) The Fiscal Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts.

(D) No provision of this Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(E) The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the request or direction of any of the Owners pursuant to this Agreement unless such Owners shall have offered to the Fiscal Agent reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(F) The Fiscal Agent may become the owner of the Bonds with the same rights it would have if it were not the Fiscal Agent.

(G) The Fiscal Agent may execute any of the powers hereof and perform any of its duties by and through attorneys, agents, receivers, consultants or employees and shall not be responsible for any loss or damage resulting from any action or nonaction

exercised reasonably and in good faith in reliance on the opinion or advice of such attorneys, agents, receivers, consultants or employees. The Fiscal Agent may pay reasonable compensation to all attorneys, agents, receivers, consultants and employees as may reasonably be employed in connection with the discharge of its duties hereunder, and shall be entitled to reimbursement therefor.

(H) At any and all reasonable times, the Fiscal Agent and its duly authorized agents, attorneys, experts, accountants and representatives shall have the right fully to inspect all books, papers and records of the City pertaining to the Bonds and to make copies of any such books, papers and records such as may be desired but which is not privileged by statute or law.

(I) The right of the Fiscal Agent to perform any discretionary act enumerated or contemplated in this Agreement shall not be construed as a duty.

(J) The Fiscal Agent has no obligation or liability to the Owners for the payment of principal of, redemption price, or interest on the Bonds from its own funds.

(K) Whether or not herein expressly provided, every provision of this Agreement relating to the conduct or affecting the liability of or affording protection to the Fiscal Agent shall (i) be subject to the provisions of this Section 7.02, (ii) apply to the Fiscal Agent in its capacity as Escrow Bank, and (iii) extend to the directors, officers and employees of the Fiscal Agent.

(L) The Fiscal Agent shall not be required to give any bonds or surety in respect of the execution of the duties created hereby or the powers granted hereunder.

(M) The Fiscal Agent shall have no duty or obligation whatsoever to enforce the collection of Reassessments or other funds to be deposited with it hereunder, or as to the correctness of any amounts received, and its liability shall be limited to the proper accounting for such funds as it shall actually receive.

(N) The Fiscal Agent may consult with counsel, who may be counsel of or to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

(O) The Fiscal Agent agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that the Fiscal Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority elects to give the Fiscal Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Fiscal Agent in its discretion elects to act upon such instructions, the Fiscal Agent's reasonable understanding of such instructions shall be deemed controlling. The Fiscal Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Fiscal Agent, including without limitation the risk of interception and misuse by third parties.

(P) The Fiscal Agent shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of god or of the public enemy or terrorists, acts of a government, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Fiscal Agent.

Section 7.03. Information; Books and Accounts. The Fiscal Agent shall provide to the City such information relating to the Bonds, the funds held by the Fiscal Agent and the transactions performed by the Fiscal Agent hereunder as the City shall reasonably request, including but not limited to quarterly statements reporting transactions by the Fiscal Agent.

The Fiscal Agent will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Fiscal Agent, in which complete and correct entries shall be made of all transactions made by it relating to the expenditure of amounts disbursed from the Reserve Fund, the Costs of Issuance Fund and the Payment Fund. Such books of record and accounts shall, upon reasonable notice, at all times during business hours on any Business Day be subject to the inspection of the City and the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

Section 7.04. Notice to Fiscal Agent. The Fiscal Agent may conclusively rely, without undertaking any investigation or inquiry, and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The Fiscal Agent may consult with counsel, who may be counsel to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. The Fiscal Agent shall not be bound to recognize any person as the Owner of a Bond unless and until such person is the registered Owner of such Bond and such Bond is submitted for inspection, if required, and such Owner's title thereto satisfactorily established, if disputed. Whenever in the administration of its duties under this Agreement the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the City, and such certificate shall be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of this Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 7.05. Compensation; Indemnification. The City shall pay to the Fiscal Agent from time to time reasonable compensation for all services rendered as Fiscal Agent under this Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of the Fiscal Agent's in house or other attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Agreement, but the Fiscal Agent shall not have a lien therefor on any funds at any time held by it under this Agreement. The City further agrees, to the extent permitted by applicable law, to indemnify

and save the Fiscal Agent, its officers, employees, directors and agents harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or willful misconduct. The obligation of the City under this Section shall survive resignation or removal of the Fiscal Agent under this Agreement and payment of the Bonds and discharge of this Agreement, but any monetary obligation of the City arising under this Section shall be limited solely to amounts on deposit in the Redemption Fund.

ARTICLE VIII

MODIFICATION OR AMENDMENT OF THIS AGREEMENT

Section 8.01. Amendments Permitted. This Agreement and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.04. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the City of any pledge or lien upon the Reassessments superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Act, the Resolution of Issuance, the laws of the State of California or and this Agreement), or reduce the percentage of Bonds required for the amendment hereof.

This Agreement and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners (except as provided in the next sentence), only to the extent permitted by law and only for any one or more of the following purposes:

(A) to add to the covenants and agreements of the City in this Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;

(B) to make modifications not adversely affecting any outstanding series of Bonds in any material respect;

(C) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Agreement, or in regard to questions arising under this Agreement, as the City may deem necessary or desirable and not inconsistent with this Agreement, and which shall not adversely affect the rights of the Owners of the Bonds; or

(D) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds.

Notwithstanding the foregoing, at any time that there is only one registered Owner of all of the Outstanding Bonds, any amendment to this Agreement shall require the prior written consent of the Bondowner, such consent to not be unreasonably withheld or delayed.

No amendment may modify any of the rights or increase any of the obligations of the Fiscal Agent without its written consent.

Section 8.02. Owners' Meetings. The City may at any time call a meeting of the Owners. In such event the City is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof and to fix and adopt rules and regulations for the conduct of said meeting.

Section 8.03. Procedure for Amendment with Written Consent of Owners. The City and the Fiscal Agent may at any time adopt a Supplemental Agreement amending the provisions of the Bonds or of this Agreement or any Supplemental Agreement, to the extent

that such amendment is not permitted by Section 8.01 hereof, to take effect when and as provided in this Section 8.03. With respect to such Supplemental Agreement under this Section 8.03, the following shall apply:

(A) A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, shall be mailed by first class mail, by the Fiscal Agent to each Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request shall not affect the validity of the Supplemental Agreement when assented to as in this Section provided;

(B) Such Supplemental Agreement shall not become effective unless there shall be filed with the Fiscal Agent the written consents of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 8.04) and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 9.04. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Fiscal Agent prior to the date when the notice hereinafter in this Section provided for has been mailed; and

(C) After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Agreement, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Agreement, stating in substance that the Supplemental Agreement has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section but failure to mail copies of said notice shall not affect the validity of the Supplemental Agreement or consents thereto). Proof of the mailing of such notice shall be filed with the Fiscal Agent. A record, consisting of the papers required by this Section 8.03 to be filed with the Fiscal Agent, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Agreement shall become effective upon the filing with the Fiscal Agent of the proof of matters therein of such notice, and the Supplemental Agreement shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

Section 8.04. Disqualified Bonds. Bonds owned or held for the account of the City, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in this Article VIII, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Article VIII; provided, however, that for the purposes of any vote, consent or other action or any calculation only Bonds which the Fiscal Agent knows to be so owned or held shall be disregarded. Upon request, the City shall specify to the Fiscal Agent those Bonds disqualified pursuant to this Section 8.04.

Section 8.05. Effect of Supplemental Agreement. From and after the time any Supplemental Agreement becomes effective pursuant to this Article VIII, this Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under this Agreement of the City and all Owners of Bonds Outstanding shall

thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Agreement shall be deemed to be part of the terms and conditions of this Agreement for any and all purposes.

Section 8.06. Endorsement or Replacement of Bonds Issued After Amendment. The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article VIII shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon request of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Principal Office of the Fiscal Agent or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed and delivered. In that case, upon request of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the Principal Office of the Fiscal Agent without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 8.07. Amendatory Endorsement of Bonds. The provisions of this Article VIII shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Benefits of Agreement Limited to Parties. Nothing in this Agreement, expressed or implied, is intended to give to any person other than the City, the Fiscal Agent and the Owners any right, remedy, claim under or by reason of this Agreement. Any covenants, stipulations, promises or agreements in this Agreement contained by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Fiscal Agent.

Section 9.02. Successor is Deemed Included in All Reference to Predecessor. Whenever in this Agreement or any Supplemental Agreement either the City or the Fiscal Agent is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Agreement contained by or on behalf of the City or the Fiscal Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 9.03. Discharge of Agreement. Subject to the provisions of Section 2.04 hereof, if the City shall pay and discharge the entire indebtedness on all Bonds Outstanding in any one or more of the following ways:

(A) by well and truly paying or causing to be paid the principal of and interest and any premium on, all Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with the amounts then on deposit in the funds provided for in Sections 4.01 and 4.04 is fully sufficient to pay all Bonds Outstanding, including all principal, interest and redemption premiums; or

(C) by irrevocably depositing with the Fiscal Agent, in trust, cash and Federal Securities in such amount as the City shall determine, as confirmed by Bond Counsel or an independent certified public accountant, which will, together with the interest to accrue thereon and moneys then on deposit in the funds provided for in Sections 4.01 and 4.04, be fully sufficient to pay and discharge the indebtedness on all Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption shall have been given as in this Agreement provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then, at the election of the City, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Reassessments and other funds provided for in this Agreement and all other obligations of the City under this Agreement with respect to all Bonds Outstanding shall cease and terminate, except only the obligations of the City under Sections 5.10 through 5.15 hereof and the obligations of the City to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon and all amounts owing to the Fiscal Agent pursuant to Section 7.05 hereof; and thereafter Reassessments shall not be deposited to the Redemption Fund. Notice of such election shall be filed with the Fiscal Agent. Any funds thereafter held by the City which are not required for said purpose shall be used by the City as provided in the Act and the Bond Law.

Section 9.04. Execution of Documents and Proof of Ownership by Owners. Any request, declaration or other instrument which this Agreement may require or permit to be

executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys appointed in writing. Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The ownership of registered bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books. Any consent request, declaration or other instrument or writing of the then registered Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Fiscal Agent in good faith and in accordance therewith.

Section 9.05. Waiver of Personal Liability. No Councilmember, officer, agent or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 9.06. Notices to and Demand on City and Fiscal Agent. Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the Fiscal Agent to or on the City may be given or served by: (i) personal delivery, overnight delivery by a recognized courier or delivery service, (ii) mailed by registered or certified mail, return receipt requested, postage prepaid, or (iii) electronic transmission, which includes fax machine, email with an imaged or scanned attachment (such as a .pdf) or other similar electronic transmission, addressed as follows (if given pursuant to the preceding clause (i) or (ii)):

City of Brisbane
50 Park Lane
Brisbane, California 94005
Attention: Administrative Services Director
Fax: (415) 467-4989
Email: sschillinger@ci.brisbane.ca.us

Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the City to or on the Fiscal Agent may be given or served by: (i) personal delivery, overnight delivery by a recognized courier or delivery service, (ii) mailed by registered or certified mail, return receipt requested, postage prepaid, or (iii) electronic transmission, which includes fax machine, email with an imaged or scanned attachment (such as a .pdf) or other similar electronic transmission, addressed as follows (if given pursuant to the preceding clause (i) or (ii)):

The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 400
Los Angeles, CA 90071
Attention: Corporate Trust
Fax: (213) 630-6240
Email: fe.tuzon@bnymellon.com

The City and the Fiscal Agent may designate any further or different addresses, facsimile numbers, or email addresses to which subsequent notices, certificates or other communications shall be sent.

Section 9.07. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Agreement shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Agreement. The City hereby declares that it would have adopted this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Agreement may be held illegal, invalid or unenforceable.

Section 9.08. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any moneys held by the Fiscal Agent in trust for the payment and discharge of the principal of, and the interest and any premium on, the Bonds which remains unclaimed for two (2) years after the date when payments of principal, interest and any premium have become payable, shall be repaid by the Fiscal Agent to the City as its absolute property free from any trust, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the City for the payment of the principal of, and interest and any premium on, such Bonds.

Section 9.09. Applicable Law. This Agreement shall be governed by and enforced in accordance with the laws of the State applicable to contracts made and performed in the State.

Section 9.10. Conflict with Bond Law or the Act. In the event of a conflict between any provision of this Agreement with any provision of the Bond Law or the Act, the provision of the Bond Law or the Act shall prevail over the conflicting provision of this Agreement.

Section 9.11. Conclusive Evidence of Regularity. Bonds issued pursuant to this Agreement shall constitute conclusive evidence of the regularity of all proceedings under the Act and the Bond Law relative to their issuance and the levy of the Reassessments.

Section 9.12. Payment on Business Day. In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Agreement is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no additional interest shall accrue from such Interest Payment Date until such Business Day.

Section 9.13. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the City has caused this Agreement to be executed in its name and the Fiscal Agent has caused this Agreement to be executed in its name, all as of the date first written above.

CITY OF BRISBANE, CALIFORNIA

By: _____
Clayton L. Holstine,
City Manager

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Fiscal Agent

By: _____
Authorized Officer

02014.06:j12121

EXHIBIT A

FORM OF BOND

**United States of America
State of California
County of San Mateo**

No. _____

\$3,395,000.00

**LIMITED OBLIGATION REFUNDING BOND,
CITY OF BRISBANE,
NORTHEAST RIDGE ASSESSMENT DISTRICT
(REASSESSMENT AND REFUNDING OF 2013)**

INTEREST RATE	MATURITY DATE	BOND DATE
3.05%	September 2, 2020	July 9, 2013

REGISTERED OWNER: CITY NATIONAL BANK

PRINCIPAL AMOUNT: THREE MILLION THREE HUNDRED NINETY-FIVE THOUSAND DOLLARS

Under and by virtue of the Improvement Bond Act of 1915, Division 10 (commencing with Section 8500) of the California Streets and Highways Code and the Refunding Act of 1984 for 1915 Improvement Act Bonds, Division 11.5 of the California Streets and Highways Code (collectively, the "Act"), the City of Brisbane, County of San Mateo, State of California (the "City"), will, out of the redemption fund for the payment of the bonds issued upon the unpaid portion of reassessments more fully described in proceedings taken pursuant to Resolution of Intention No. _____ adopted by the City Council of the City on June 3, 2013, pay to the Registered Owner named above or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, in lawful money of the United States of America and in like manner will pay interest from the interest payment date next preceding the date on which this bond is authenticated, unless this bond is authenticated and registered on an interest payment date, in which event it shall bear interest from such interest payment date, or if this bond is authenticated prior to an interest payment date and after the close of business on the 15th day of the month preceding the interest payment date, in which case it will bear interest from such interest payment date, or unless this bond is authenticated and registered prior to February 15, 2014, in which event it shall bear interest from the dated date above until payment of the principal amount shall have been discharged, at the rate per annum stated above, payable semiannually on March 2 and September 2 in each year commencing on March 2, 2014.

Both the principal hereof and redemption premium hereon are payable upon surrender at the office of The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent"), in Los Angeles, California, or such other place as designated by the Fiscal Agent and the interest hereon is payable by check mailed by first class mail to the registered owner hereof on the respective Interest Payment Date at the owner's address as it appears on the records of the Fiscal Agent as of the 15th day immediately preceding each interest payment date (the "Record Date"), or by wire transfer made on such Interest Payment Date upon written instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds delivered to the Fiscal Agent prior to the applicable Record Date.

This bond will continue to bear interest after maturity at the rate above stated; provided it is presented at maturity and payment thereof is refused upon the sole ground that there are not sufficient moneys in said redemption fund with which to pay same. If it is not presented at maturity, interest thereon will run until maturity.

This bond is one of an annual series of bonds of like date, tenor, and effect, issued by the City of Brisbane under the Act, the Resolution of Issuance (as defined in the Fiscal Agent Agreement hereafter referenced) and the Fiscal Agent Agreement, dated as of July 1, 2013, between the City and the Fiscal Agent (the "Fiscal Agent Agreement") for the purpose of providing means for refunding the prior bonds described in the proceedings, and is secured by the moneys in said redemption fund and by the unpaid portion of said reassessments made for the payment of the bonds, and, including principal and interest, is payable exclusively out of said fund.

This bond is transferable by the registered owner hereof, in person or by the owner's attorney duly authorized in writing, at the office of the Agent, subject to the terms and conditions provided in the Resolution of Issuance and the Fiscal Agent Agreement, including the payment of certain charges, if any, upon surrender and cancellation of this bond and the other provisions of Section 2.07 of the Fiscal Agent Agreement. Upon such transfer, a new registered bond or bonds, of any authorized denomination or denominations, of the same maturity, and for the same aggregate principal amount, will be issued to the transferee in exchange therefor.

Bonds shall be registered only in the name of an individual (including joint owners), a corporation, a partnership, or a trust.

Neither the City nor the Fiscal Agent shall be required to make such exchange or registration of transfer of bonds after a Record Date and before the next interest payment date, or any bond after the bond has been called for redemption.

The City and the Fiscal Agent may treat the registered owner hereof as the absolute owner for all purposes, and the City and the Fiscal Agent shall not be affected by any notice to the contrary.

This bond or any portion of it in the amount of \$5,000 or any integral multiple of \$1.00 in excess thereof, may be redeemed and paid in advance of maturity upon the second day of March or September in any year by giving at least 30 days' notice to the registered owner hereof at the registered owner's address as it appears on the registration books of the Fiscal Agent and by paying principal and accrued interest together with a premium in the amount specified in the Fiscal Agent Agreement. Notice of any such redemption may be conditioned upon receipt of sufficient funds to pay the redemption price of the bonds to be redeemed, as permitted by the Fiscal Agent Agreement.

The bonds are also subject to mandatory redemption from sinking fund payments on each September 2 commencing September 2, 2014 in part by lot at a redemption price equal to the principal amount of the bonds of such maturity to be redeemed, together with accrued interest to the date of redemption, without premium, as follows:

Redemption Date (September 2)	Principal Amount to be Redeemed
2014	\$435,000
2015	455,000
2016	470,000
2017	485,000
2018	505,000
2019	520,000
2020 (maturity)	525,000

The bonds are subject to refunding under the procedures of Division 11 (commencing with Section 9000) or Division 11.5 (commencing with Section 9500) of the Streets and Highways Code subject to the conditions set forth in the Fiscal Agent Agreement.

This bond is a Limited Obligation Refunding Bond because, under the Resolution of Issuance and the Fiscal Agent Agreement, the City is not obligated to advance funds from the City treasury to cover any deficiency which may occur in the redemption fund for the Bonds; however, the City is not prevented, in its sole discretion, from so advancing funds.

This bond shall not be entitled to any benefit under the Act, the Resolution of Issuance or the Fiscal Agent Agreement, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Fiscal Agent.

IN WITNESS WHEREOF, the City of Brisbane, California has caused this bond to be signed in facsimile by the City Treasurer and by the City Clerk, all as of the Bond Date shown above.

CITY OF BRISBANE

By: _____
City Treasurer

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the bonds described in the within mentioned Resolution of Issuance and the Fiscal Agent Agreement.

Dated: July __, 2013

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Fiscal Agent

By _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)
the within mentioned Bond and hereby irrevocably constitute(s) and appoint(s)
_____, attorney,

to transfer the same on the registration books of the Agent, with full power of
substitution in the premises.

Dated:

Signature Guaranteed:

Note Signature(s) must be guaranteed by an
eligible guarantor.

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

EXHIBIT B
FORM OF INVESTOR'S LETTER

City of Brisbane, California

The Bank of New York Mellon Trust Company, N.A.,
as Fiscal Agent

Re: Limited Obligation Refunding Bonds, City of Brisbane, Northeast Ridge
Assessment District (Reassessment and Refunding of 2013)

Ladies and Gentlemen:

The undersigned (the "Purchaser"), being the purchaser of \$_____ principal amount of the above-referenced bonds (the "Bonds") issued pursuant to the Fiscal Agent Agreement, dated as of July 1, 2013 (the "Agreement"), between the City of Brisbane, California (the "City") and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent") does hereby certify, represent and warrant for the benefit of the City and the Fiscal Agent that (capitalized terms used below have the meanings given to them in the Agreement):

(a) The Purchaser is an Approved Institutional Buyer.

(b) The Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of tax-exempt obligations, and is capable of evaluating the merits and risks of its investment in the Bonds. The Purchaser is able to bear the economic risk of, and an entire loss of, an investment in the Bonds.

(c) The Purchaser is acquiring the Bonds solely for its own account for investment purposes, and does not presently intend to make a public distribution of, or to resell or transfer, all or any part of the Bonds.

(d) The Purchaser understands that the Bonds have not been registered under the United States Securities Act of 1933, as amended, or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

(e) The Purchaser understands that the Bonds are payable solely from the Reassessments and amounts in the Payment Fund under the Agreement. The Purchaser has been provided an opportunity to ask questions of, and the Purchaser has received answers from, representatives of the City regarding the terms and conditions of the Bonds and the status of the Assessment District. The Purchaser has obtained all information requested by it in connection with the issuance of the Bonds as it regards necessary to evaluate all merits and risks of its investment in the Bonds. The Purchaser has reviewed the documents executed in conjunction with the issuance of the Bonds, including, without limitation, the Agreement.

(f) The Purchaser has authority to purchase the Bonds and to execute this letter. The individual who is signing this letter on behalf of the Purchaser is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the certificates, representations and warranties contained herein by execution of this letter on behalf of the Purchaser.

(g) In entering into this transaction, the Purchaser has not relied upon any representations or opinions of the City or the Fiscal Agent relating to the legal consequences or other aspects of its investment in the Bonds, nor has it looked to, nor expected, the Issuer to undertake or require any credit investigation or due diligence reviews relating to the Assessment District.

(h) The Purchaser understands that the Bonds are not secured by any pledge of any moneys received or to be received by the City (other than the Reassessments), the State of California or any political subdivision thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the City, the State of California or any political subdivision thereof; that no right will exist to have taxes levied by the State of California or any political subdivision thereof for the payment of principal and interest on the Bonds; and that the liability of the City with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Agreement.

(i) The Purchaser has been informed that the Bonds (i) have not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, (ii) will not be listed on any stock or other securities exchange, and (iii) will carry no rating from any rating service.

(j) The Purchaser acknowledges that it has the right to sell and transfer the Bonds, subject to compliance with the transfer restrictions set forth in Section 2.07 of the Agreement, including the requirement for the delivery to the City and the Fiscal Agent of an investor's letter in the same form as this Investor's Letter, including this paragraph. Failure to comply with the provisions of Section 2.07 of the Agreement shall cause the purported transfer to be null and void. The Purchaser agrees to indemnify and hold harmless the City with respect to any claim asserted against the City that arises with respect to any sale, transfer or other disposition of the Bonds by the Purchaser or any transferee thereof in violation of the provisions of the Agreement.

(k) The Purchaser acknowledges that the Bonds are exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission.

The Purchaser acknowledges that the sale of the Bonds to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressees hereto.

Dated: _____, _____

[PURCHASER]

By: _____

Name: _____

Title: _____