
STANDBY BOND PURCHASE AGREEMENT

among

SACRAMENTO TRANSPORTATION AUTHORITY,

**DEUTSCHE BANK NATIONAL TRUST COMPANY,
as Trustee,**

**DEUTSCHE BANK NATIONAL TRUST COMPANY,
as Custodian**

and

BARCLAYS BANK PLC

Dated as of September [24], 2009

Relating to:

[\$106,100,000] Sacramento Transportation Authority
Measure A Sales Tax Revenue Bonds Series 2009__ (Limited Tax Bonds)

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STANDBY BOND PURCHASE AGREEMENT

This **STANDBY BOND PURCHASE AGREEMENT** is dated as of September [24], 2009, by and among **SACRAMENTO TRANSPORTATION AUTHORITY** (together with its successors and assigns permitted hereunder, the “Issuer”), a local transportation authority duly established and existing under the laws of the State of California, **DEUTSCHE BANK NATIONAL TRUST COMPANY**, in its capacity as trustee under the Indenture defined herein (together with its successors and assigns, the “Trustee”), **DEUTSCHE BANK NATIONAL TRUST COMPANY**, in its capacity as Custodian hereunder (together with its successors and assigns, the “Custodian”) and **BARCLAYS BANK PLC**, a Public Limited Company under the laws of England and Wales (together with its successors and assigns, the “Bank”).

WITNESSETH:

WHEREAS, the Issuer intends to issue its Sacramento Transportation Authority Measure A Sales Tax Revenue Bonds Series 2009A (Limited Tax Bonds) (the “Bonds”) pursuant to the terms of the Indenture, dated as of September 1, 2009 (the “General Indenture”), by and between the Issuer and Trustee, as supplemented by the First Supplemental Indenture, dated as of September 1, 2009 (the “First Supplemental Indenture” and collectively with the General Indenture, including such amendments, modifications or supplements permitted pursuant to its terms and the terms hereof, the “Indenture”);

WHEREAS, the Indenture provides that the Bonds may bear interest at a Daily Rate, Weekly Rate, Commercial Paper Rate, Index Rate, Term Rate or Fixed Rate (each as defined in the Indenture);

WHEREAS, pursuant to the terms of the Indenture and subject to the conditions described therein, the Bonds bearing interest at a Weekly Rate are subject to tender for purchase by the holders thereof at various times before the maturity thereof;

WHEREAS, the Issuer wishes to provide liquidity for the purchase of Bonds bearing interest at a Weekly Rate (the “Covered Rate”) tendered for purchase by the holders thereof pursuant to the terms of the Bonds and the Indenture that are not remarketed by the Remarketing Agent;

WHEREAS, the Bonds will initially bear interest at the Weekly Rate;

WHEREAS, the Bank is willing to purchase Eligible Bonds (as defined herein) tendered for purchase by the holders thereof and not remarketed, upon the terms and conditions set forth in this Standby Bond Purchase Agreement, including any and all amendments and supplements hereto permitted pursuant to the terms hereof (this “Agreement”); and

WHEREAS, in reliance upon, *inter alia*, the provisions hereof, the Bank is willing to enter into this Agreement with the Issuer, the Trustee and the Custodian.

NOW, THEREFORE, for valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Each capitalized term used herein and not otherwise defined herein shall have the meaning provided therefor in the caption of this Agreement, the Indenture or the Bonds, as applicable, unless the context otherwise requires. The following terms shall have the meanings indicated below or in the referenced Section of this Agreement, unless the context shall clearly indicate otherwise:

“*Accelerated Redemption Date*” shall have the meaning assigned to such term in Section 3.02(b).

“*Act*” means the Local Transportation Authority and Improvement Act, Division 19 (Section 180000 *et seq.*) of the Public Utilities Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented.

“*Additional Rights*” shall have the meaning assigned to such term in Section 6.17.

“*Affiliate*” means any other Person controlling or controlled by, or under common control with, the Issuer or the Bank, as applicable. For purposes of this definition, “control,” when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting rights, membership, the power to appoint members, trustees or directors, by contract or otherwise.

“*Agreement*” shall have the meaning assigned to such term in the recitals to this Agreement.

“*Alternate Liquidity Facility*” means a replacement standby bond purchase agreement or other liquidity facility meeting the requirements of an “*Alternate Liquidity Facility*” set forth in the Indenture.

“*Annual Debt Service*” has the meaning assigned such term on the date hereof in the General Indenture.

“*Assignee*” shall have the meaning assigned to such term in Section 9.05.

“*Authorized Denominations*” shall have the meaning assigned to such term in the First Supplemental Indenture.

“*Available Commitment*” as of any day, means the sum of the Available Principal Commitment and the Available Interest Commitment, in each case as of such day.

“*Available Interest Commitment*” initially means [_____]
Dollars (\$[_____]) (equal to [thirty-six] ([36]) days’ interest on the Bonds, computed as if the Bonds bore interest at the rate of twelve percent (12%) per annum), and thereafter shall mean such initial amount adjusted from time to time as follows:

(a) Decreased by an amount that bears the same proportion to such amount as the amount of a reduction in the Available Principal Commitment pursuant to the definition of “Available Principal Commitment” bears to the Available Principal Commitment prior to such reduction; and

(b) Increased by an amount that bears the same proportion to such amount as the amount of any increase in the Available Principal Commitment pursuant to clause (c) of the definition of “*Available Principal Commitment*” bears to the Available Principal Commitment prior to such increase; provided that after giving effect to such adjustment the Available Interest Commitment shall never exceed [_____] Dollars (\$[_____]).

Any adjustment pursuant to clauses (a) or (b) above shall occur simultaneously with the event requiring such adjustment.

“*Available Principal Commitment*” initially means [one hundred six million one hundred thousand] Dollars (\$[106,100,000]) and thereafter shall mean such initial amount adjusted from time to time as follows:

(a) Decreased by the amount of any reduction in the Available Principal Commitment pursuant to Section 2.03(a);

(b) Decreased by the principal amount of any Bonds purchased by the Bank pursuant to Section 2.01; and

(c) Increased by the principal amount of any Bonds previously purchased by the Bank pursuant to Section 2.01 or that are sold or deemed sold by a Bank Bondholder pursuant to Section 2.04(b) (regardless of the Purchase Price received for such Bonds).

Any adjustment pursuant to clauses (a), (b) or (c) above shall occur simultaneously with the occurrence of the events described in such clauses.

“*Bank*” shall have the meaning assigned to such term in the caption of this Agreement.

“*Bank Agreement*” means any credit agreement, letter of credit, reimbursement agreement, bond purchase agreement, liquidity agreement or other agreement or instrument (or any amendment, supplemental or modification thereto) entered into by the Issuer with any Person, directly or indirectly, or otherwise consented to by the Issuer, under which any Person or Persons undertakes to make loans, extend credit or liquidity to the Issuer or to purchase securities pursuant to such agreement in connection with any Bonds or Parity Obligations.

“*Bank Bond*” means each Bond purchased by the Bank under this Agreement, until such Bonds are remarketed in accordance with Section 2.04(b).

“*Bank Bond Cap Rate*” means the lesser of (i) the maximum non-usurious rate of interest on the relevant obligation permitted by applicable law and (ii) eighteen percent (18%) per annum.

“*Bank Bond CUSIP Number*” means _____.

“*Bank Bond Interest Payment Date*” means the first Business Day of each calendar month and any other date set forth in Section 3.01, provided that if any such date is not a Business Day, the Bank Bond Interest Payment Date shall be the next succeeding day which is a Business Day.

“*Bank Bondholder*” means the Bank (but only in its capacity as owner (which as used herein shall mean the beneficial owner if at the relevant time Bank Bonds are held in book entry form) of Bank Bonds pursuant to this Agreement) and any other Person to whom a Bank Bondholder has sold Bank Bonds pursuant to Section 2.04(a).

“*Bank Book-Entry Account*” shall have the meaning assigned to such term in Section 2.02(b).

“*Bank Rate*” means, for any Bank Bond, the rate per annum specified below with respect to each period:

Period	Bank Rate
(i) from and including the date on which the Bank has purchased such Bank Bond through and including the date which is one hundred twenty (120) days immediately succeeding the date on which the Bank has purchased such Bank Bond	the Base Rate
(ii) from and including the one hundred twenty-first (121st) day immediately succeeding the date on which the Bank has purchased such Bank Bond through and including the date which is one hundred eighty (180) days immediately succeeding the date on which the Bank has purchased such Bank Bond	the Base Rate plus two percent (2.00%) per annum
(iii) from and after the one hundred eighty-first (181st) day immediately succeeding the date on which the Bank has purchased such Bank Bond until the day such Bank Bond is paid in full, such Bank Bond is remarketed as provided in Section 2.04(b)	the Maximum Bank Bond Rate

Notwithstanding the foregoing, immediately upon the occurrence and during the continuation of an Event of Default or Rating Event, the Bank Rate shall be equal to the Default Rate; *provided* that at no time shall the Bank Rate be less than the applicable rate of interest on Eligible Bonds which are not Bank Bonds.

“*Base Rate*” means, for any day, a per annum rate equal to the highest of (a) the Fed Funds Rate plus five percent (5.00%) per annum, (b) the Prime Rate plus five percent (5.00%) per annum, and (c) LIBOR plus five percent (5.00%) per annum.

“*Bond Register*” means the bond register maintained by the Trustee or any other bond registrar in accordance with the Indenture.

“*Bonds*” shall have the meaning assigned to such term in the recitals to this Agreement.

“*Book-Entry Bonds*” means the Bonds so long as the book-entry system with DTC is used for determining beneficial ownership of the Bonds.

“*Business Day*” means any day other than (a) a day on which banks located in the cities in which the principal office of any of the Trustee or the Bank is located are required or authorized by law to close, (b) a day on which the New York Stock Exchange is closed, or (c) a day on which the payment system of the Federal Reserve System is not operational. For purposes of this definition, the Bank’s principal office shall be that office at which a Notice of Bank Purchase is to be presented hereunder.

“*Change of Law*” means the adoption, after the Effective Date, of or the change in, any law, rule, regulation, statute, treaty, guideline or directive of any Governmental Authority or any change after the Effective Date in the application, interpretation or enforcement of any of the foregoing.

“*Closing Date*” means September [24], 2009.

“*Code*” means the Internal Revenue Code of 1986, as amended from time to time, and all rules and temporary, proposed or final regulations from time to time promulgated thereunder.

“*Covenant Failure*” shall have the meaning assigned to such term in Section 8.01(d).

“*Covered Rate*” shall have the meaning assigned to such term in the recitals to this Agreement.

“*Custodian*” shall have the meaning assigned to such term in Section 2.02(c).

“*Debt*” means with respect to any Person, (a) all items that would be classified as a liability in accordance with generally accepted accounting principles, including, without limitation, (i) indebtedness or liability for borrowed money, or for the deferred purchase price of property or services (excluding trade accounts payable in the ordinary course of business), (ii) obligations as lessee under leases which should have been, or should be, recorded as capital leases in accordance with generally accepted accounting principles, (iii) all guarantees, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any other Person or otherwise to assure a creditor against loss and (iv) obligations secured by any mortgage, lien, pledge, security interest or other charge or encumbrance on property, whether or not the obligations have been assumed; and (b) obligations of such Person under Derivative Agreements.

“*Debt Service Coverage Ratio*” means, for any period of calculation, the ratio of Revenues to Annual Debt Service.

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

“*Default Rate*” means a per annum rate of interest equal to the Base Rate plus nine percent (9.00%).

“*Default Tender*” means a mandatory tender of the Bonds pursuant to Section 8.04(a) and Section 15.05 of the First Supplemental Indenture resulting from the Bank’s delivery of a Termination Notice to the Trustee and Remarketing Agent pursuant to Section 8.04(a) upon the occurrence of a Notice Termination Event.

“*Defaulted Interest*” means accrued interest on the Bonds which was not paid when due under the terms of the Indenture or any amounts accruing on amounts owed on the Bonds by reason of such amounts being not paid when due.

“*Derivative Agreement*” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross- currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc. or any International Foreign Exchange Master Agreement, including any such obligations or liabilities thereunder.

“*Determination of Taxability*” means (i) the receipt by any Bank Bondholder of a notice of deficiency issued by the Internal Revenue Service, or (ii) the delivery to any Bank Bondholder of a written opinion of nationally recognized bond counsel, in either case to the effect that interest paid or to be paid on a Bank Bond is or will be includable for Federal income tax purposes in the gross income of such Bank Bondholder including, without limitation, the includability of interests in the gross income of such Bank Bondholder based on the allegation or premise that such Bank Bondholder is not the owner of the Bank Bonds for Federal income tax purposes, but excluding the inclusion of interest on such Bank Bond as an item of tax preference for purposes of the calculation of an alternative minimum tax imposed on such Bank Bondholder.

“*Differential Interest Amount*” means, with respect to any Bank Bond, as applicable, the excess of (a) interest which has accrued and is payable on such Bank Bond at the Bank Rate, as determined in accordance with Section 3.01, up to but excluding the Sale Date less (b) the amount of interest on such Bank Bond (accrued at the rate such Bank Bonds would have borne if such Bank Bonds were not Bank Bonds) received by the Bank Bondholder on the Sale

Date as part of the Sale Price. “Differential Interest Amount” shall not include any Excess Interest Amount.

“Dollar” or “Dollars” shall mean the lawful currency of the United States.

“DTC” shall mean The Depository Trust Company.

“DTC Book-Entry Account” shall have the meaning assigned to such term in Section 2.02(b).

“Effective Date” means September [24], 2009.

“Eligible Bonds” means any Bonds Outstanding under and entitled to the benefits of the Indenture which bear interest at the Covered Rate and that are eligible to be tendered or deemed tendered for purchase pursuant to Sections 15.04 or 15.05 of the First Supplemental Indenture other than any such Bond which (a) is a Bank Bond or (b) is owned by or on behalf of or is held for the account or for the benefit of the Issuer.

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

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

“Event of Default,” in relation to this Agreement, shall have the meaning assigned to such term in Article VIII, and in relation to any Related Document, shall have the meaning set forth therein.

“Event of Insolvency” means the occurrence of one or more of the following events:

(a) the Issuer shall (i) commence a voluntary case or other proceeding seeking liquidation, reorganization, arrangement, adjustment, winding-up, dissolution, composition or other similar relief with respect to itself or its indebtedness under any bankruptcy, insolvency, reorganization or other similar law for the relief of debtors now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official for it or a substantial part of its property, (ii) consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, (iii) make a general

assignment for the benefit of creditors, (iv) fail generally to pay or admit in writing its inability to pay its indebtedness as it becomes due, or (v) take any official action through its governing board to authorize any of the foregoing; or

(b) any of the following shall occur with respect to the Issuer: (i) an involuntary case or other proceeding shall be commenced in a court of competent jurisdiction against the Issuer seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and either (A) the Issuer shall consent in writing to such action or (B) such case shall not be dismissed within sixty (60) days, (ii) an order for relief shall be entered against the Issuer under the federal bankruptcy laws as now or hereafter in effect or pursuant to any other State or federal laws concerning insolvency or of similar purpose, (iii) a final and non-appealable debt moratorium, debt adjustment, debt restructuring or comparable extraordinary restriction with respect to the payment of principal or interest on the indebtedness of the Issuer shall be declared or imposed pursuant to a finding or ruling by the Issuer, the United States of America, the State, any instrumentality thereof or any other Governmental Authority of competent jurisdiction over the Issuer, or (iv) the issuance, under the laws of any state or under the laws of the United States of America, of an order of rehabilitation, liquidation or dissolution of the Issuer.

“*Event of Taxability*” shall have the meaning assigned to such term in Section 8.01(k).

“*Excess Interest Amount*” shall have the meaning assigned to such term in Section 3.03(b).

“*Extended Purchase Period*” shall have the meaning assigned to such term in Section 9.10.

“*Facility Fee*” shall have the meaning assigned to such term in the Fee Letter.

“*Facility Fee Payment Date*” means semi-annually on [the first Business Day of] each [_____] and [_____] commencing with the First Facility Fee Payment Date and on the last day of the Purchase Period.

“*Facility Fee Rate*” shall have the meaning assigned to such term in the Fee Letter.

“*FAST Eligible Bonds*” shall have the meaning assigned to such term in Section 2.02(b).

“*Fed Funds Rate*” means, for any day a fluctuating interest rate per annum equal to the weighted average (rounded to the next higher 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average (rounded to the next higher 1/100 of 1%) of the quotations for such day on such transactions received by the Bank from three Federal funds

brokers of recognized standing selected by the Bank. Each determination of the Fed Funds Rate by the Bank shall be conclusive and binding on the Issuer absent manifest error.

“Fee and Expense Obligation” shall have the meaning assigned to such term in the Indenture.

“Fee Letter” means the Fee Letter, dated the date hereof, by and among the Issuer, the Trustee and the Bank.

“Fee Payment Due Date” shall have the meaning assigned to such term in Section 2.06.

“Fee Period” shall have the meaning assigned to such term in the Fee Letter.

“Final Mandatory Redemption Date” shall have the meaning assigned to such term in Section 3.02(b).

“First Facility Fee Payment Date” means the Closing Date.

“Fiscal Quarter” means each fiscal quarter of the Issuer ending on March 31, June 30, September 30 and December 31 of each calendar year or such other fiscal quarters as may be adopted by the Issuer from time to time.

“Fiscal Year” means the fiscal year of the Issuer ending on June 30 of each calendar year or such other fiscal year as may be adopted by the Issuer from time to time.

“Governmental Authority” means any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasigovernmental, judicial, public or statutory instrumentality, authority, body, agency, bureau, court, central bank or comparable authority and shall include the Issuer.

[*“Hazardous Materials”* means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.]

“Immediate Rating Event” shall have the meaning assigned to such term in Article VIII.

“Immediate Termination Event” shall have the meaning assigned to such term in Section 8.02.

“Indemnified Party” shall have the meaning assigned to such term in Section 9.03(b).

“Indenture” shall have the meaning assigned to such term in the recitals to this Agreement.

“Initial Mandatory Redemption Date” shall have the meaning assigned to such term in Section 3.02(a).

“*Interest Component*” means that portion of the Purchase Price paid by the Bank for Tendered Bonds pursuant to Section 2.01 constituting accrued but unpaid interest on such Tendered Bonds.

“*Interest Payment Date*” shall have the meaning assigned to such term in the First Supplemental Indenture.

“*Issuer*” shall have the meaning assigned to such term in the caption of this Agreement.

“*LIBOR*” means the rate for deposit in U.S. Dollars for a period of three (3) months which appears on the Reuters Screen LIBOR01 Page as of 11:00 a.m., London time, on the day that is two (2) London Banking Days preceding any date of determination.

“*London Banking Days*” means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, England.

“*Margin Stock*” shall have the meaning assigned to that term in Regulation U promulgated by the Board of Directors of the Federal Reserve System, as now and hereafter from time to time in effect.

“*Material Adverse Change*” means the occurrence of any event or change resulting in a material and adverse change in the business, condition (financial or otherwise), operations or prospects of the Issuer or which materially and adversely affects the enforceability of this Agreement or the Related Documents or the ability of the Issuer to perform its obligations hereunder or thereunder.

“*Material Litigation*” shall have the meaning assigned to such term in Section 5.07.

“*Maximum Bank Bond Rate*” means a per annum rate equal to the highest of (a) twelve percent (12%) per annum, (b) one hundred and fifty percent (150%) of LIBOR and (c) one hundred and fifty percent (150%) of the yield on actively traded 30-year United States Treasury Bonds.

“*Maximum Lawful Rate*” means the maximum rate of interest on the relevant obligation permitted by applicable law without regard to any filing made by a lender with respect to notice of rates in excess of any statutory or regulatory threshold interest rate.

“*Moody’s*” means Moody’s Investors Service, Inc. or any successor thereto.

“*Notice of Bank Purchase*” means a written notice in the form of Exhibit A.

“*Notice of Extension*” shall have the meaning assigned to such term in Section 9.10.

“*Notice Rating Event*” shall have the meaning assigned to such term in Article VIII.

“*Notice Termination Date*” shall have the meaning assigned to such term in Section 8.04(a).

“*Notice Termination Event*” means shall have the meaning assigned to such term in Section 8.01.

“*Official Statement*” means the final Official Statement dated September [___], 2009 (including the cover page and all summary statements, appendices and other materials included or incorporated by reference or attached thereto), as amended or supplemented, or any other preliminary or final official statement of the Issuer or supplement to official statement or prospectus used with respect to the remarketing of the Bonds.

“*Outstanding*” when used with regard to the Bonds shall have the meaning assigned to such term in the Indenture.

“*Parity Obligations*” shall have the meaning assigned to such term in Section 1.02 of the General Indenture.

“*Participant*” means any bank or other financial institution that may purchase from the Bank a participation interest in this Agreement pursuant to a participation agreement between the Bank and the Participant.

“*Participated Obligations*” shall have the meaning assigned to such term in Section 9.11.

“*Payment Account*” shall have the meaning assigned to such term in Section 2.08(a).

“*Person*” means an individual, a corporation, a partnership, an association, an agency, an authority, a joint venture, a trust, a business trust, a limited liability company or any other entity or organization, including a governmental entity or political subdivision or an agency or instrumentality thereof.

“*Prime Rate*” means the rate established by the Bank, from time to time as its prime rate; the Bank may lend to its customers at rates that are at, above or below the Prime Rate.

“*Principal Component*” means that portion of the Purchase Price paid by the Bank for Tendered Bonds pursuant to Section 2.01 constituting the principal of such Tendered Bonds.

“*Purchase Date*” means a Business Day during the Purchase Period on which Eligible Bonds are tendered for purchase pursuant to the Indenture.

“*Purchase Notice*” shall have the meaning assigned to such term in Section 2.04(b).

“*Purchase Period*” means the period from the Closing Date to and including the earliest of the close of business on (a) the Stated Expiration Date, (b) the date on which no Bonds and no Bank Bonds are Outstanding and (c) the date on which the Available Commitment and the Bank’s obligation to purchase Eligible Bonds has been terminated in its entirety pursuant to this Agreement.

“*Purchase Price*” means an amount equal to 100% of the unpaid principal amount of any Tendered Bond, plus accrued and unpaid interest thereon from and including the Interest Payment Date next preceding the Purchase Date thereof, in each case, without premium to the

Purchase Date; provided, however, that if the Purchase Date is an Interest Payment Date, then the Purchase Price shall not include accrued and unpaid interest; and provided further that neither (a) the aggregate amount of the Purchase Price constituting the Interest Component nor (b) the aggregate amount of the Purchase Price constituting the Principal Component shall exceed the respective amount specified in Section 2.01.

“*Purchaser*” shall have the meaning assigned to such term in Section 2.04(b).

“*Rating*” shall have the meaning assigned to such term in Section 2.06(b).

“*Rating Agency*” means (i) S&P, (ii) Moody’s or (iii) any successor or additional rating agency that rates the Bonds at the written request of the Issuer with the written consent of the Bank.

“*Rating Event*” shall have the meaning assigned to such term in Article VIII.

“*Related Documents*” means this Agreement, the Fee Letter, the Bonds, the Indenture and [Agreement with Board of Equalization], as the same may be amended from time to time in accordance with their respective terms and the terms hereof.

“*Remarketing Agent*” means (i) Barclays Capital Inc., and its permitted successors and assigns, and (ii) any permitted successor to the foregoing under the Indenture and this Agreement.

“*Remarketing Agreement*” means (i) the Remarketing Agreement dated as of September __, 2009 between the Remarketing Agent and the Issuer, as amended, modified or supplemented from time to time in accordance with the terms thereof and hereof, and (ii) any other remarketing agreement relating to the Bonds entered into between a Remarketing Agent and the Issuer, as amended, modified or supplemented from time to time in accordance with the terms thereof and hereof.

“*Revenues*” shall have the meaning assigned to such term in the Indenture.

“*S&P*” means Standard and Poor’s Ratings Services, a division of the McGraw Hill Companies, Inc., or any successor thereto.

“*Sale Date*” shall have the meaning assigned to such term in Section 2.04(b) and shall not be earlier than the second Business Day following the Business Day on which a Bank Bondholder receives a Purchase Notice.

“*Sale Price*” shall have the meaning assigned to such term in Section 2.04(b).

“*Settlement Amount*” means, with respect to a Person and any Derivative Agreement, any amount payable by such Person under the terms of such Derivative Agreement in respect of, or intended to compensate the other party for, the value of such Derivative Agreement upon the early termination thereof.

“*State*” means the State of California.

“*Stated Expiration Date*” means October 1, 2010, as such date may be extended from time to time by the Bank by delivery of a written Notice of Extension to the Trustee and the Issuer in the form of Exhibit D; provided that if any such date is not a Business Day, the Stated Expiration Date shall be the next preceding Business Day.

“*Suspension Event*” shall have the meaning assigned to such term in Section 8.03.

“*Taxes*” shall have the meaning assigned to such term in Section 2.09.

“*Tendered Bonds*” means any Eligible Bonds that are tendered or deemed tendered to the Bank for purchase pursuant to Sections 15.04 or 15.05 of the Indenture.

“*Termination Fee*” shall have the meaning assigned to such term in Section 2.06(h).

“*Termination Notice*” means any notice given by the Bank pursuant to Section 8.04(a) which shall be in the form of Exhibit B.

“*Trustee*” shall have the meaning assigned to such term in the caption of this Agreement.

“*written*” or “*in writing*” means any form of written communication, electronic mail or a communication by means of facsimile device.

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

Section 1.03. Computation of Time Periods; Time Presumption. In this Agreement, in the computation of a period of time from a specified date to a later specified date, unless otherwise specified herein, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.” All references herein to times of the day shall be presumed to refer to New York City time unless otherwise specified.

Section 1.04. Interpretation. All words used herein shall be construed to be of such gender or number as the circumstances require. Reference herein to any document means such document as amended, modified or supplemented from time to time as permitted under its terms and the terms hereof. Reference herein to an Article, Exhibit or Section shall constitute a reference to such Article, Exhibit or Section of or to this Agreement unless otherwise specified.

Section 1.05. Relation to Other Documents. Nothing in this Agreement shall be deemed to amend or relieve the Issuer of any of its obligations under any Related Document. To the extent any provision of this Agreement conflicts with any provision of any Related Document to which the Issuer and the Bank are parties, the terms of this Agreement shall control.

ARTICLE II

COMMITMENT; FEES AND CERTAIN PAYMENTS

Section 2.01. Commitment to Purchase Bonds. The Bank hereby agrees, subject to the terms and conditions of this Agreement, to extend credit to the Issuer by advancing funds to the Trustee to purchase Tendered Bonds on behalf and for the account of the Bank from time to time during the Purchase Period at the Purchase Price. The Principal Component of the Purchase Price paid for any Tendered Bonds purchased on any Purchase Date shall be in an Authorized Denomination and shall not exceed the lesser of (i) 100% of the principal amount of such Tendered Bonds and (ii) the Available Principal Commitment (calculated in each case without giving effect to any purchase of Tendered Bonds by the Bank on such date) at 12:00 noon on such Purchase Date. The Interest Component of the Purchase Price paid for any Tendered Bonds purchased on any Purchase Date shall not exceed the lesser of (i) the accrued and unpaid interest on such Tendered Bonds (excluding Defaulted Interest and, if the Purchase Date is an Interest Payment Date, excluding all accrued interest) and (ii) the Available Interest Commitment (calculated in each case without giving effect to any purchase of Tendered Bonds by the Bank on such date) at 12:00 noon on such Purchase Date. Any Tendered Bonds so purchased shall thereupon constitute Bank Bonds and shall, from the date of such purchase and while they are Bank Bonds, bear interest at the Bank Rate and have other characteristics of Bank Bonds as set forth herein, in the Indenture and in the Bonds. Amounts drawn hereunder may only be used to pay the Purchase Price of Tendered Bonds and may not be used to pay the principal of and interest on the Bonds or for any other purpose.

Section 2.02. Method of Purchasing.

(a) *Notice of Purchase.* If, prior to 12:00 noon on any Purchase Date during the Purchase Period, the Bank receives a Notice of Bank Purchase from the Trustee (in accordance with and at the location specified in Section 9.04), the Bank shall, subject to satisfaction of the requirements of Sections 2.01 and 4.02, transfer to the Trustee not later than 2:30 p.m. on such Purchase Date, in immediately available funds, an amount equal to the aggregate Purchase Price of all Eligible Bonds tendered or deemed tendered for purchase on such date but not remarketed as specified in such Notice of Bank Purchase. For the avoidance of doubt, in no event shall the Trustee request funds from the Bank pursuant to a Notice of Bank Purchase in excess of the amount required to purchase the principal amount of Tendered Bonds (plus any accrued interest thereon) with respect to which the Remarketing Agent has not, as of 12:00 noon, arranged a remarketing. If a Notice of Bank Purchase is given by facsimile transmission, the Trustee shall promptly deliver an original of such Notice of Bank Purchase by postage prepaid, U.S. Mail; provided that the receipt of such original is not a condition to the Bank's obligation to purchase Tendered Bonds in accordance with the terms hereof. A Notice of Bank Purchase shall be irrevocable after receipt thereof by the Bank. The Bank shall have no responsibility for, nor incur any liability in respect of, any act, or any failure to act, by the Trustee or the Remarketing Agent that results in its failure to effect the purchase of Tendered Bonds by the Bank, with such funds pursuant to this Section 2.02.

(b) So long as the Bonds are issued in book-entry form and held by the Trustee as custodian of DTC pursuant to DTC's fast automated transfer program ("FAST Eligible Bonds"), concurrently with the Trustee's receipt from the Bank of funds in an amount equal to the Purchase Price for each purchase of Tendered Bonds by the Bank hereunder, the Trustee, as a participant of DTC (or any other successor securities depository) or an eligible transfer agent, shall make a direct registration electronic book-entry (A) crediting the DTC account designated by the Bank as its account in which to hold Bank Bonds purchased by it pursuant to Section 2.02(a) (each, the "Bank Book-Entry Account") by the principal amount of the Tendered Bonds purchased hereunder using the Bank Bond CUSIP Number; and (B) debiting the book-entry account of DTC for the Tendered Bonds (the "DTC Book-Entry Account") (thereby reducing the principal balance of the global certificate representing the Tendered Bonds) by the principal amount of the Tendered Bonds purchased hereunder by the Trustee on behalf and for the account of the Bank. So long as the Bonds are FAST Eligible Bonds, upon a successful remarketing of Bank Bonds in accordance with the terms of Section 2.04(b) (including, without limitation, the requisite two (2) Business Days' notice or such shorter period as agreed to by the Bank) and the Trustee's receipt from the Remarketing Agent of the amounts set forth in Section 2.04(b), the Trustee, as a participant of DTC (or any other successor securities depository) or an eligible transfer agent, shall make a direct registration electronic book-entry in its records (A) debiting the Bank Book-Entry Account of the Bank by the principal amount of the Bank Bonds so remarketed; and (B) crediting the DTC Book-Entry Account for such Bonds (thereby increasing the principal balance of the global certificate representing such Bonds) by the principal amount of the Bank Bonds so remarketed. The Trustee acknowledges that it is familiar with the procedures and requirements set forth in a notice from The Depository Trust Company, dated April 4, 2008, respecting "Variable Rate Demand Obligation ('VRDO') Failed Remarketings and Issuance of Bank Bonds," and agrees that, with respect to any and all Bank Bonds, it will follow the procedures and requirements set forth in such notice, as the same may be amended from time to time. To the extent that, following any amendment of such notice, the procedures and requirements therein should become inconsistent with any aspect of the provisions in this clause (b), the Trustee and the Bank shall promptly negotiate in good faith and agree upon amendments of this clause (b) so as to eliminate such inconsistency.

(c) If the Bonds are not FAST Eligible Bonds, concurrently with the receipt of the funds from the Bank in an amount equal to the Purchase Price for each purchase of Tendered Bonds by the Trustee on behalf and for the account of the Bank, the Trustee shall cause each Bank Bond to be registered in the name of the Bank and such Bank Bonds shall be held by the Trustee as the agent, bailee and custodian (in such capacity, the "Custodian") of the Bank for the exclusive benefit of the Bank. The Custodian acknowledges and agrees that:

(1) it is acting and will act with respect to Bank Bonds at the direction of the Bank for the exclusive benefit of the Bank and is not and shall not at any time be subject in any manner or to any extent to the direction or control of the Issuer (subsequent to the related assignment of the Bank

Bonds from the Issuer to the Bank) or any other Person with respect to the Bank Bonds;

(2) it shall act in strict accordance with this Agreement and in accordance with any lawful written instructions delivered to the Custodian from time to time pursuant hereto by the Bank;

(3) under no circumstances shall the Custodian deliver possession of the Bank Bonds to, or cause Bank Bonds to be registered in the name of, the Issuer (subsequent to the related assignment to the Bank), the Remarketing Agent or any Person other than the Bank except in accordance with the express terms of this Agreement, or otherwise upon the written instructions of the Bank;

(4) if, while this Agreement is in effect, the Custodian shall become entitled to receive or shall receive any payment in respect of any Bank Bonds held for the Bank, the Custodian shall accept the same as the Bank's agent and shall hold the same in trust on behalf of the Bank and shall deliver the same forthwith to the Bank's Payment Account;

(5) upon the remarketing of any Bank Bonds and the Trustee's receipt from the Remarketing Agent of the amounts set forth in Section 2.04(b), the Custodian shall release Bank Bonds in a principal amount equal to the principal amount so remarketed to the Remarketing Agent for such Bonds in accordance with the terms of the Indenture;

(6) except as provided above, the Custodian agrees that it will not, without the prior written consent of the Bank, sell, assign, transfer, exchange or otherwise dispose of, or grant any option with respect to, Bank Bonds, and will not create, incur or permit to exist any pledge, lien, mortgage, hypothecation, security interest, charge, option or any other encumbrance or take any other action, except as set forth in this Agreement or directed by the Bank, with respect to the Bank Bonds, or any interest therein, or any proceeds thereof;

(7) the Custodian shall deliver to the Bank such information as may be in the possession of the Custodian with respect to Bank Bonds held by the Custodian pursuant to this Section 2.02(c); and

(8) if the Custodian is holding Bank Bonds, the Custodian, at its own expense, shall maintain and keep in full force and effect: fidelity insurance; theft of documents insurance; forgery insurance; and errors and omissions insurance (which may be maintained by self-insurance); all such insurance shall be in amounts, with standard coverage and subject to deductibles that are customary for insurance typically maintained by a bank or other financial institution acting as custodian.

Upon written notice to the Bank and release and delivery to the Bank or its designee of any Bank Bonds then held by the Custodian pursuant to this Section 2.02(c), the Custodian shall have the right to terminate its obligations in its capacity as Custodian with respect to such Bank Bonds. The Bank shall have the option to terminate the custodial relationship described herein at any time upon written notice to the Custodian and, upon such termination, the Custodian will release and deliver to the Bank or its designee any Bank Bonds then held by the Custodian hereunder. The Bank may also from time to time request that the Custodian release and deliver to the Bank all or a portion of the Bank Bonds then held by the Custodian without termination of the custodial relationship described herein, and upon receipt of any such request in writing, the Custodian will release and deliver such Bank Bonds to the Bank or its designee.

The Custodian may rely and shall be protected in acting upon any document believed by it to be genuine and to have been signed or presented by the proper person or persons. Anything herein to the contrary notwithstanding, the Custodian shall have no liability hereunder for any act or omission except as shall result from its gross negligence or willful misconduct.

To the extent permitted by law, the Issuer hereby agrees, no later than thirty (30) days following the delivery to the Issuer of an invoice for such amount, to (i) pay the Custodian a reasonable fee for the services to be rendered hereunder which shall be included in the fee paid by the Issuer for trustee services, and (ii) pay or reimburse the Custodian for all reasonable out-of-pocket expenses, disbursements and advances, incurred or made by it in connection with the performance of its obligations hereunder.

The Custodian shall be deemed to resign at any time that the Trustee resigns, in accordance with the Indenture. Any successor Trustee appointed under the Indenture shall also be the successor Custodian hereunder.

(d) ***Remittance of Extra Funds.*** In the event that any amounts paid by the Bank to the Trustee pursuant to Section 2.02(a) shall not be used to pay the Purchase Price of Tendered Bonds as provided herein, the Trustee shall immediately return such funds to the Bank. Until such funds are returned, the Trustee shall hold such funds in trust for the benefit of and the account of the Bank. The Available Principal Commitment shall not be reduced pursuant to clause (b) of the definition of such term by the amount so returned to the Bank. To the extent any such amounts are not returned to the Bank in immediately available funds by 4:30 p.m. on the same day on which the Bank paid such amounts, such amounts shall bear interest, at a rate equal to the Fed Funds Rate from the date disbursed until the first (1st) day immediately following such disbursement, and thereafter at the Bank Rate until the date returned to the Bank (but in any event for not less than one (1) day), payable by the Issuer on demand and in any event on the date on which such funds are returned.

Section 2.03. Mandatory Reduction of Commitment.

(a) Upon (i) any redemption, repayment, defeasance or other payment or deemed payment of all or any portion of the principal amount of the Bonds pursuant to

the Indenture so that such Bonds shall cease to be Outstanding (as defined in and pursuant to the Indenture) or (ii) the conversion of the interest rate borne by any Bonds to an interest rate other than the Covered Rate, the aggregate Available Principal Commitment shall, **upon receipt by the Bank of written notice of such occurrence from the Issuer or the Trustee**, be reduced by the principal amount of the Bonds so redeemed, repaid, defeased or otherwise paid, deemed paid or so converted, as specified in such written notice. Upon the reduction of the Available Principal Commitment to zero pursuant to this Section 2.03(a), the Available Interest Commitment shall automatically be reduced to zero and the Purchase Period shall automatically terminate; provided that, the Bank shall, on the effective date of any such automatic termination resulting from the events described in clause (ii) above, have transferred funds requested by the Tender Agent pursuant to a Notice of Bank Purchase, if any, properly delivered in accordance with this Agreement and subject to the conditions to such transfer set forth herein, in respect of Eligible Bonds tendered prior to the effectiveness of such conversion.

(b) The Available Commitment and the Purchase Period shall automatically terminate on the date on which an Alternate Liquidity Facility has become effective pursuant to the Indenture and Section 6.09 of this Agreement. The Bank shall, on the effective date of any such Alternate Liquidity Facility, transfer funds requested by the Tender Agent pursuant to a Notice of Bank Purchase, if any, properly delivered in accordance with this Agreement and subject to the conditions to such transfer set forth herein.

Section 2.04. Sale of Bank Bonds.

(a) **Sales by Bank; Right to Sell Bank Bonds.** The Bank expressly reserves the right to sell any Bank Bond or the beneficial interest therein at any time pursuant to the terms of this Agreement. The Bank agrees that such sales (other than sales made pursuant to Section 2.04(b) or to Assignees pursuant to Section 9.05) will be made only to institutional investors. The Bank agrees to promptly notify the Trustee, the Issuer and the Remarketing Agent in writing of any such sale (other than a sale made pursuant to Section 2.04(b)) and to notify the transferee that (i) so long as such Bond remains a Bank Bond, the Bank is not obligated to purchase it hereunder, (ii) there is no short-term investment rating assigned to such Bond so long as it remains a Bank Bond, (iii) such Bank Bond may not be sold except pursuant to Section 2.04(b) or to an institutional investor executing a written agreement acknowledging the restrictions on transfer imposed by this Section 2.04 and (iv) such Bond is subject to sale, and may cease to be a Bank Bond, as provided in this Section 2.04. The Bank shall provide the Trustee and the Issuer with the written agreement of each transferee (A) acknowledging the terms of this Agreement relating to its purchase of Bonds, (B) agreeing not to sell such purchased Bond except for sales to the Bank, sales to a purchaser identified by the Remarketing Agent pursuant to Section 2.04(b) and sales to institutional investors which agree to be bound by the sale restrictions of this Section 2.04(a) and (C) acknowledging that such transferee has no right to tender such purchased Bond for purchase under the Indenture.

(b) **Sales by Remarketing Agent.** Prior to 11:00 a.m. on any Business Day on which any Bank Bondholder holds Bank Bonds, the Remarketing Agent may deliver a notice (a "Purchase Notice") to such Bank Bondholder as registered on the bond register maintained by the Trustee or DTC and to the Bank, stating that it has located a purchaser (each, a "Purchaser") for some or all of such Bank Bonds and that such Purchaser desires to purchase such Bank Bonds on a Business Day (a "Sale Date") which shall be at least two (2) Business Days after the date on which the Purchase Notice is received by the Bank Bondholder (unless the Bank Bondholder agrees in writing to a shorter period). The Bank Bonds to be purchased shall be in an Authorized Denomination and at a price equal to the principal amount thereof plus unpaid accrued interest thereon to the Sale Date at the interest rate to be borne by the Bonds after such sale (or, in the event that not all of the Bonds are Bank Bonds, at the interest rate borne by Eligible Bonds which are not Bank Bonds) (the "Sale Price"). Notwithstanding the foregoing, upon receipt of such Purchase Notice, the Bank Bondholder can elect, by notice to the Remarketing Agent and at its sole discretion, to purchase such Bank Bonds at the Sale Price. If the Bank Bondholder does not make such election, the Remarketing Agent shall sell the Bank Bonds to the Purchaser at the Sale Price. If less than all Bank Bonds are remarketed on any date, the Bank Bonds having the highest aggregate amount of Excess Interest Amount payable with respect thereto shall be deemed to be remarketed first.

If a Bank Bondholder sells such Bank Bonds to a Purchaser, the Trustee shall, upon receipt by the Trustee of the Sale Price and the Differential Interest Amount, if any, in trust for such Bank Bondholder, cause the beneficial ownership thereof to be credited to the account of the Remarketing Agent at DTC by 1:00 p.m. on the Sale Date, and such Bond shall thereupon no longer be considered a Bank Bond. When Bank Bonds are purchased in accordance with this Section 2.04(b), the Trustee shall, upon receipt by the Bank Bondholder of the Sale Price and the Differential Interest Amount, if any, notify the Issuer, the Remarketing Agent and the Bank that such Bonds are no longer Bank Bonds. The Trustee shall not cause the transfer of any such Bank Bonds or beneficial interests therein, or reregister the same, pursuant to the instructions of the Remarketing Agent until the Trustee has received the Sale Price from the Remarketing Agent and the Differential Interest Amount from the Issuer for transfer, in each case, to the Bank Bondholder.

The Bank will give telephonic notice (promptly confirmed in writing) to the Issuer and the Trustee not later than 10:00 a.m. on each Sale Date of the Differential Interest Amount owed by the Issuer hereunder as a result of any sale of Bank Bonds pursuant to this Section 2.04(b); provided, however, that the Issuer's obligations to make payments in respect of any Differential Interest Amount (together with accrued interest thereon, if applicable) shall not be discharged or reduced in any way as a result of the Bank's failure to deliver any such notice. Absent manifest error, the Bank's determination of any of the foregoing amounts shall be binding upon the Issuer and the Trustee.

(c) **Continuing Obligations.** Following any sale of Bank Bonds by the Remarketing Agent pursuant to Section 2.04(b) from such Sale Date (i) the Bank Bonds shall cease to bear interest at the Bank Rate and shall bear interest at the rate determined by the Remarketing Agent for Bonds which are not Bank Bonds in accordance with the

Indenture, (ii) the Bank Bondholder shall retain the right to receive payment from the Issuer of such interest, (iii) the Issuer shall cause the principal of and interest on such Bank Bonds to be paid in accordance with the Indenture and (iv) the Bank Bondholder shall retain the right to receive payment from the Issuer of such principal. Following any sale of Bank Bonds pursuant to Section 2.04(b), the Bank and any other Bank Bondholders shall retain the right to receive payment of any accrued Excess Interest Amount and interest thereon as provided herein and any other amounts then due and owing under this Agreement.

(d) **No Warranty or Recourse.** Any sale of a Bank Bond pursuant to this Section 2.04 shall be without recourse to the seller and without representation or warranty of any kind by the seller.

Section 2.05. Rights of Bank Bondholders. Upon purchasing Bank Bonds, Bank Bondholders shall be entitled to and, where necessary, shall be deemed assigned all rights, privileges and security accorded bondholders as provided in the Bonds and the Indenture, other than the right to tender such Bond for purchase pursuant to the Indenture and have such Bond purchased with amounts drawn hereunder. Upon purchasing Bank Bonds, as provided herein, Bank Bondholders shall be recognized by the Issuer and the Trustee as the true and lawful owners of the Bank Bonds, free from any claims, liens, security interests, equitable interests and other interests of the Issuer or the Trustee, except as otherwise provided herein and except as such interests might exist under the terms of the Bonds with respect to all holders thereof.

Section 2.06. Fees and Payments. The Issuer hereby agrees to pay the following fees to the Bank, each of which shall be payable on the day which is thirty (30) days following the delivery by the Bank to the Issuer and the Trustee of an invoice for such amount (the “Fee Payment Due Date”); provided that any Termination Fee payable by the Issuer to the Bank shall be payable on or prior to the date of termination regardless of the date of delivery of the invoice therefor. Any fee not paid by the Issuer by the third (3rd) Business Days next following the Fee Payment Due Date shall bear interest at the Default Rate from such third (3rd) Business Day until the day such fee is received by the Bank. Failure by the Bank to deliver any such invoice shall not modify the liability of the Issuer for any such fees; provided that such fees shall not become due and payable and interest shall not accrue thereon except as set forth in the preceding sentence.

(a) **Facility Fee.** The Issuer hereby agrees to pay to the Bank a Facility Fee, on each Facility Fee Payment Date, determined and payable in accordance with the provisions of the Fee Letter (which shall be fully earned when due and non-refundable when paid) with respect to the commitment of the Bank hereunder. The terms of the Fee Letter shall be deemed incorporated by reference into this Agreement and all references herein to this “Agreement” shall be deemed to include the Fee Letter.

(b) **Facility Fee Rate Modifications.** The Facility Fee Rate set forth in the Fee Letter shall increase or decrease, as applicable, by each amount set forth in this Section 2.06(b).

(i) Ratings. In the event that the unenhanced long-term rating of the Bonds (the “Rating”) is reduced to or below a rating level indicated in the table below, the Facility Fee Rate shall increase by the amount set forth therein corresponding to such reduced rating level and each amount set forth for a rating level higher than such reduced rating level, such that the Facility Fee Rate increases are cumulative:

RATING LEVEL	RATING		FACILITY FEE RATE INCREASE
	MOODY'S	S&P	
I	A1/A2/A3	A+/A/A-	0.50%
II	Baal	BBB+	1.00%

In the event that a Rating is subsequently increased to or above a rating level indicated in the table above, the Facility Fee Rate shall decrease by the amount set forth therein corresponding to such increased rating level and each amount set forth for a rating level lower than such increased rating level, such that the Facility Fee Rate decreases are cumulative; provided that in no event shall the Facility Fee Rate be less than the original Facility Fee Rate set forth in the Fee Letter.

In the event of a split Rating between the Rating Agencies, the Rating shall be the lower rating of such Rating Agencies. In the event that there is no longer a Rating by one or more of the Rating Agencies set forth above for any reason, including without limitation, a withdrawal (other than solely as a result of the Issuer having purchased, for its own account, all of the Bonds and only for so long as all such Bonds are held by the Issuer), suspension, failure to maintain or unavailability of any such Rating, the Facility Fee Rate shall increase by 3.00% per annum above the Facility Fee Rate in effect on the date of such event.

For purposes of illustration only, if the Ratings are downgraded to A1 as determined by Moody’s and BBB+ as determined by S&P, the Facility Fee Rate shall increase by 1.50% (the sum of 1.00% corresponding to the increase attributable to the lower Rating and 0.50% corresponding to the increase attributable to the Rating level above such Rating). If S&P then upgrades its Rating to A-, the Facility Fee Rate shall decrease by 1.00%, and, after such upgrade, the Facility Fee Rate shall then be 0.50% higher than the original Facility Fee Rate.

Any change in the Facility Fee Rate resulting from a change in rating shall be and become effective as of and on the date of the written announcement of the change in such rating. In addition, each such change in the Facility Fee due to a change in ratings set forth above shall be added

to or subtracted from the Facility Fee payable on the next Facility Fee Payment Date; provided however, if such rating change shall occur in the Fee Period immediately preceding the Stated Expiration Date or earlier termination of this Agreement, the amount payable in connection with any such adjustment in the Facility Fee shall be due and payable on the Stated Expiration Date or the date of such earlier termination of this Agreement.

Each reference to a Rating above is a reference to the rating category of the Rating Agencies as presently determined by the respective Rating Agency and in the event of the adoption any new or changed rating system by any Rating Agency, the Rating from the applicable Rating Agency shall be deemed to refer to the rating category under the new system which most closely approximates the applicable rating category as in effect on the date of this Agreement.

(ii) Notice Termination Event; Suspension Event. In the event of the occurrence of a Notice Termination Event (other than a Notice Rating Event) or a Suspension Event and during the continuance thereof, the Facility Fee Rate shall increase by 3.00% above the Facility Fee Rate in effect on the date of the occurrence thereof.

(c) **Trustee Transfer Fee.** Upon each transfer of this Agreement in accordance with its terms or appointment of a successor Trustee under the Indenture or Custodian hereunder, the Issuer agrees to pay to the Bank, a trustee transfer fee equal to the sum of two thousand five hundred Dollars (\$2,500) in connection with such transfer or appointment, together with the reasonable costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) which the Bank may incur by reason of or in connection with such transfer or appointment.

(d) **Amendment/Waiver/Consent Fee.** In respect of any amendment, waiver or consent requested by the Issuer, the Issuer shall pay to the Bank a reasonable fee as agreed to by the Issuer and the Bank in light of the nature of such amendment, waiver or consent for the Bank's consideration thereof, together with, in each case, the reasonable costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) which the Bank may incur by reason of or in connection with said amendment, waiver or consent.

(e) **Purchase Fee.** Upon each advance of funds hereunder to purchase Tendered Bonds, the Issuer agrees to pay to the Bank a purchase fee of five hundred Dollars (\$500), payable to the Bank on the Fee Payment Due Date immediately following the purchase of such Tendered Bonds. The Bank shall include the requirement of the Issuer to pay such purchase fee in its invoice for the Facility Fee payable to the Bank on such Facility Fee Payment Date.

(f) **Administration.** The Issuer shall pay all of the Bank's reasonable out-of-pocket expenses (including, without limitation, reasonable fees and expenses of counsel for the Bank) arising in connection with the preparation, execution, delivery and

enforcement of or preservation of rights in connection with, any workout, restructuring or default under or other event related to the Bank's rights under this Agreement, the Bonds and the other Related Documents.

(g) **Bond Transfer Fees.** The Issuer agrees to pay to the Bank, on each Purchase Date or Sale Date, as applicable, an amount equal to any charge imposed on the Bank pursuant to the Indenture, or by the Trustee or DTC, in connection with the transfer or exchange of Bonds. The Trustee agrees to give the Bank and the Issuer timely written notice of each such charge, including the amount thereof.

(h) **Termination Fee.** Subject to the following, the Issuer shall have the right to terminate this Agreement at any time and for any reason so long as the Issuer satisfies the conditions of this Section 2.06(h). Upon any termination of this Agreement, the Issuer agrees to pay all accrued and unpaid fees and any other fees owed to the Bank through and including the date of termination and all outstanding principal (whether matured or unmatured) of and all accrued but unpaid interest on Bank Bonds. If the Issuer terminates or reduces the Available Commitment on or before the Stated Expiration Date (including, without limitation, any extended Stated Expiration Date pursuant to Section 9.10), the Issuer shall pay to the Bank on the date of any such termination the sum of (x) a fee (a "Termination Fee") in an amount equal to the product of (A) the then applicable Facility Fee Rate, (B) the average Available Commitment during the period from the Effective Date (or previous Stated Expiration Date) through such date of termination, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such termination to and including the Stated Expiration Date and the denominator of which is 360, and (y) all other amounts due and owing the Bank under this Agreement; provided, however, that no such Termination Fee will be payable if the Issuer requests in writing to the Bank that this Agreement be terminated (A) as a result of a downgrade of the short-term rating on the Bonds as a result of a downgrade of the Bank's senior unsecured short-term ratings below either "A-1" by S&P or "P-1" by Moody's or (B) for any other reason and the Bank consents in writing to such request. No termination of this Agreement pursuant to this Section 2.06(h) shall become effective unless all amounts payable by the Issuer to the Bank pursuant to this Section 2.06(h) have been paid in full and the Issuer has either (i) entered into an Alternate Liquidity Facility with a liquidity provider in accordance with the terms of the Indenture and Section 6.09 on or prior to the date of such termination, (ii) refunded or defeased the Bonds in full, (iii) caused the Bonds to be converted to bear interest at an interest rate other than the Covered Rate; or (iv) taken any and all such other action in connection with the termination of this Agreement as may be required by the provisions of the Indenture.

Section 2.07. Yield Protection.

(a) **Reserves.** If after the Effective Date, the Bank or any Participant shall have determined that the adoption or implementation of any change in any law, rule, treaty or regulation or any policy, guideline, or directive of, or any change in the enforcement, interpretation, implementation, or administration thereof by any Governmental Authority or compliance by the Bank or any Participant with any request or directive of any Governmental Authority (in each case, whether or not having the force of law) shall at

any time (i) impose, modify or deem applicable any reserve, special deposit or similar requirement (including, without limitation, pursuant to Regulation D of the Board of Governors of the Federal Reserve System) against credits or commitments to extend credit extended by, or assets (funded or contingent) of, deposits with or for the account of, or other acquisitions of funds or bonds by the Bank or any Participant, (ii) subject credits or commitments to extend credit extended by the Bank or any Participant to any assessment or other cost imposed by the Federal Deposit Insurance Corporation or any successor thereto or the Financial Services Authority or any successor thereto, (iii) change the basis of taxation of payments to the Bank or any Participant of any amounts payable hereunder (except for taxes on the overall net income of the Bank or any Participant), or (iv) impose on the Bank or any Participant any other or similar condition regarding this Agreement, the commitment or obligations of the Bank or any Participant hereunder or the purchase or holding of Bank Bonds, and the result of any event referred to in clause (i), (ii), (iii) or (iv) above shall be to increase the cost to the Bank or any Participant of agreeing to issue, issuing or maintaining the Available Commitment, the making, funding or maintaining (or agreeing to fund or maintain) purchases of Eligible Bonds hereunder or its holding Bank Bonds or to reduce the amount of any sum received or receivable by the Bank or any Participant hereunder or under the Fee Letter, then, the Issuer shall pay to the Bank, for its account, or that of any such Participant as may be applicable, such additional amount or amounts as will compensate the Bank or such Participant for such increased costs or reductions in amount. Such increased compensation shall be reduced or eliminated if, as determined by the Bank, the event causing such increase ceases to exist.

(b) **Capital Charges.** If after the Effective Date, the Bank or any Participant shall have determined that the adoption or implementation of any change in any law, rule, treaty or regulation or any policy, guideline, or directive of, or any change in the enforcement, interpretation, implementation, or administration thereof by any Governmental Authority or compliance by the Bank or any Participant with any request or directive of any such Governmental Authority (whether or not having the force of law) shall impose, modify or deem applicable any capital adequacy or similar requirement (including, without limitation, a request or requirement that affects the manner in which the Bank or any Participant allocates capital resources to its commitments (including its obligations under standby bond purchase agreements)) that either (i) affects or would affect the amount of capital to be maintained by the Bank or such Participant or (ii) reduces or would reduce the rate of return on the Bank's or such Participant's capital to a level below that which the Bank or such Participant could have achieved but for such circumstances (taking into consideration the policies of the Bank or such Participant with respect to capital adequacy) then, upon demand by the Bank for its own account or that of such Participant as may be applicable, the Issuer shall pay to the Bank for its own account, or such Participant, as applicable, such additional amounts as will compensate the Bank or such Participant for such event such that the Bank or such Participant shall enjoy the same economic benefit that the Bank or such Participant would have enjoyed if such event had not occurred. Such increased compensation shall be reduced or eliminated if, as determined by the Bank, the event causing such increase ceases to exist.

(c) All payments of amounts referred to in clauses (a) and (b) above shall be payable by the Issuer to the Bank on the day which is thirty (30) days following the delivery by the Bank to the Issuer and the Trustee of an invoice for such amount. Any amount not paid by the Issuer by the third (3rd) Business Days next following such thirtieth (30th) day shall bear interest at the Bank Rate from such third (3rd) Business Day until the day such amount is received by the Bank. Failure by the Bank to deliver any such invoice shall not modify the liability of the Issuer for any such amount; provided that such amount shall not become due and interest shall not accrue thereon except as set forth in the preceding sentence. A certificate as to such increased cost, increased capital, or reduction in return incurred by the Bank or any Participant as a result of any event mentioned in clause (a) or (b) of this subsection setting forth, in reasonable detail, the basis for calculation and the amount of such calculation shall be submitted by the Bank to the Issuer simultaneously with such invoice for payment and shall be conclusive as to the amount thereof absent manifest error. In making the determinations contemplated by the above referenced certificate, the Bank or any such Participant may make such reasonable estimates, assumptions, allocations and the like that the Bank or such Participant in good faith determines to be appropriate. The obligations of the Issuer under this Section 2.07(c) shall survive the termination of this Agreement for a period of one year from the date of termination of this Agreement; provided that any invoice presented to the Issuer prior to the expiration of such one year period shall continue to be due and payable after the termination of this Agreement until paid in full by the Issuer.

(d) **Third Party Beneficiaries.** The benefits of this Section 2.07 shall be available to each Assignee and each Participant; provided, however, that no Assignee or Participant shall be entitled to receive (nor shall the Bank be entitled to receive on behalf of any Assignee or Participant) any greater payment under this Section 2.07 than the Bank would have been entitled to receive without regard to any such assignment or participation unless any such assignment or participation is made with the express written consent of the Issuer.

Section 2.08. Computations; Payments; Default Interest.

(a) **Method of Payment.** Except as may be otherwise provided herein, interest on amounts owed hereunder or with respect to Bank Bonds shall be computed on the basis of a year of 365 days and the actual number of days elapsed. Any payments received by the Bank later than 3:30 p.m. on any day shall be deemed to have been paid on the next succeeding Business Day. All payments by or on behalf of the Issuer to the Bank hereunder shall be fully earned when due and nonrefundable when paid and made in lawful currency of the United States of America and in immediately available funds. All such payments, unless otherwise directed by the Bank in writing, shall be made to the Bank's account (the "Payment Account") at Barclays Bank PLC, ABA# 026002574, Credit to Account No.: 050019104, Reference Sacramento Transportation Authority, or such other account of the Bank as the Bank may specify in writing to the Issuer and the Trustee. If any payment due hereunder is due on a day that is not a Business Day, then such amount shall be due on the next succeeding Business Day and such extension of time shall in such case be included in the computation of the payment due hereunder.

(b) **Default Interest.** The Issuer agrees to pay the Bank, no later than the thirtieth (30th) day following the delivery by the Bank to the Issuer and the Trustee of an invoice for such amount, interest on any and all amounts owed by the Issuer under this Agreement and the Fee Letter (other than interest on principal of and interest on Bank Bonds, which shall be due and payable as provided herein) from the earlier of (i) the third (3rd) Business Day next following the thirtieth (30th) day following the delivery by the Bank to the Issuer and the Trustee of an invoice for such amount and (ii) the occurrence of an Event of Default, until payment thereof in full, at a fluctuating interest rate per annum (computed on the basis of a year of 365 days and the actual number of days elapsed) equal to the Default Rate. The obligations of the Issuer under this Section 2.08(b) shall survive the termination of this Agreement.

Section 2.09. Withholding. All payments by or on behalf of the Issuer under this Agreement and the Fee Letter shall be made without counterclaim, setoff, condition or qualification, and free and clear of, and without deduction or withholding for, or by reason of any present or future taxes, levies, imposts, deductions or charges of any nature whatsoever; excluding, however, taxes imposed on or measured by the net income or capital of the Bank by any jurisdiction or any political subdivision or taxing authority thereof or therein (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being referred to as "Taxes"). If requested, the Bank, any Assignee and any Participant, from time to time, shall provide the Issuer, the Trustee and the United States Internal Revenue Service (to the extent such information and forms may be lawfully provided by the Bank or such Assignee or Participant) with such information and forms as may be required by the Treasury Regulations Section 1.1441 (C.F.R.) or any other such information and forms as may be necessary to establish that the Issuer is not subject to any withholding obligation under Section 1442 or other comparable provisions of the Code. If as a result of a Change of Law, the Issuer shall be required by law to withhold or deduct any Taxes imposed by the United States or any political subdivision thereof from or in respect of any sum payable hereunder to the Bank, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.09) the Bank receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Issuer shall make such deductions and (iii) the Issuer shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the Issuer shall make any payment under this Section 2.09 to or for the benefit of the Bank with respect to Taxes and if the Bank shall claim any credit or deduction for such Taxes against any other taxes payable by the Bank to any taxing jurisdiction in the United States, then the Bank shall pay to the Issuer an amount equal to the amount by which such other taxes are actually reduced; provided, however, that the aggregate amount payable by the Bank pursuant to this sentence shall not exceed the aggregate amount previously paid by the Bank with respect to such Taxes.

Section 2.10. Application of Payments. Payments (other than remarketing proceeds) received by the Bank from the Issuer under this Agreement shall be applied, first, to any fees, costs, charges or expenses payable by the Issuer to the Bank under this Agreement and the Fee Letter; second, to past due interest; third, to current interest; and fourth, to principal.

Section 2.11. Covenant of Trustee. The Trustee shall cause the amounts advanced hereunder to be used only to pay the Purchase Price due and payable on any Purchase Date in connection with any Tendered Bonds.

ARTICLE III

BANK BONDS

Section 3.01. Payments. Notwithstanding anything to the contrary contained in any Bank Bond, the Issuer agrees that, with respect to each Bank Bond, (a) the Issuer shall pay to the Bank (i) the Interest Component, if any, and (ii) interest on the Interest Component computed at a rate per annum equal to the Bank Rate from each Purchase Date to but excluding, and the Interest Component and such interest shall be due and payable on, the earliest of (A) the Bank Bond Interest Payment Date next succeeding each such Purchase Date, (B) the Sale Date or the date such Bank Bond is paid at maturity or redeemed or (C) the last day of the Purchase Period and (b) the Issuer shall pay to the Bank interest on the unpaid principal amount of such Bank Bond computed at a rate per annum equal to the Bank Rate, subject to the provisions of Section 3.03 below, from and including each Purchase Date or any later date such interest has been paid pursuant to this paragraph to but excluding, and such interest shall be due and payable on (A) each Bank Bond Interest Payment Date, (B) the date of redemption of such Bank Bond (to the extent of the interest accrued on the amount being redeemed), (C) each Sale Date (to the extent of the interest accrued on the amount being sold or deemed sold after a credit for any interest included in the Sale Price, and as provided in Section 2.04(b)), (D) the date the Purchase Period is terminated pursuant to the terms hereof and (E) the maturity date of such Bank Bond (whether by acceleration or otherwise). In the event any Bank Bond is remarketed or otherwise transferred by the Bank before payment in full of the funds provided by the Bank hereunder with respect thereto, together with interest thereon at the Bank Rate, the provisions of this Article III shall continue to apply to such indebtedness until all sums owing for all periods during which the same was a Bank Bond are paid. To the extent permitted by the Indenture, all or any portion of the Bank Bonds may be optionally redeemed at any time without penalty, but only in Authorized Denominations. The obligation of the Issuer to make the payments described in this Section 3.01 shall be reduced to the extent that such obligations are paid pursuant to the Indenture or as part of the Sale Price. All Issuer obligations with respect to a Bank Bond (including the payment of the Interest Component with interest thereon) shall be due and payable in full on the earliest of (a) the date such Bank Bond is remarketed and sold or deemed sold by the Bank or a Bank Bondholder to a Purchaser pursuant to Section 2.04(b), (b) the date of redemption of such Bank Bond pursuant to Section 3.02, (c) the date the interest rate borne by the Bonds is converted to a rate other than the Covered Rate, (d) the date of the delivery of an Alternate Liquidity Facility or (e) such earlier date pursuant to Section 8.04.

Section 3.02. Mandatory Redemption.

(a) **Conditions to Mandatory Redemption.** Subject to Section 8.04(d) hereof, Bank Bonds shall be subject to mandatory redemption in full on the one hundred twentieth (120th) day following the first Purchase Date on which such Bonds are purchased hereunder (such one hundred twentieth (120th) day, the “Initial Mandatory Redemption Date”) unless on the Initial Mandatory Redemption Date all of the following

conditions are satisfied (in which case the Bank Bonds shall be subject to mandatory redemption as set forth in Section 3.02(b)):

- (1) No Notice Termination Event (other than an Event of Taxability) or Suspension Event or the occurrence of any event or the existence of any condition which with the giving of notice, the passage of time, or both, would constitute a Notice Termination Event (other than an Event of Taxability) or Suspension Event shall have occurred and be continuing; and
- (2) the representations and warranties contained in Article V of this Agreement are true and correct in all material respects on and as of the Initial Mandatory Redemption Date as though made on and as of such date.

(b) ***Mandatory Redemption of Bank Bonds.*** The Issuer agrees that, subject to Section 8.04(d) hereof, Bank Bonds shall be subject to mandatory redemption in full on the Initial Mandatory Redemption Date as described in Section 3.02(a) unless the conditions set forth in Section 3.02(a) are satisfied on the Initial Mandatory Redemption Date, in which event the Bank Bonds shall be subject to mandatory redemption in equal semi-annual principal installments, the first such installment being payable on the first Business Day of [_____] or [_____], whichever date occurs first on or following the one hundred eightieth (180th) day following the first Purchase Date on which such Bonds are purchased hereunder and on each such semi-annual date thereafter so that such Bank Bonds are paid in full on the last such semi-annual date to occur on or prior to the three (3) year anniversary of such first redemption payment under this Section 3.02(b) (the last such semi-annual date, the “Final Mandatory Redemption Date”); provided, further, however, that if, on any date following the Initial Mandatory Redemption Date, the conditions set forth in Section 3.02(a) are not satisfied, the Bank Bonds shall be subject to mandatory redemption in full on the earlier to occur of the one hundred eightieth (180th) day following such date and the Final Mandatory Redemption Date (such earlier date, the “Accelerated Redemption Date”), provided further however that from the date that such condition set forth in Section 3.02(a) is not satisfied until such mandatory redemption in full, the Issuer shall pay to the Bank any amortizations due during such period.

Section 3.03. Bank Bond Cap Rate; Excess Interest Amount.

(a) If the amount of interest payable hereunder with respect to any Bank Bond for any period in accordance with terms hereof exceeds the amount of interest that would be payable for such period if interest for such period had been calculated at the Bank Bond Cap Rate, then interest for such period shall be payable in an amount calculated at the Bank Bond Cap Rate for such period.

(b) Any interest that would have been due and payable for any period but for the operation of Section 3.03(a) shall accrue and be payable as provided in this paragraph (b) and shall in the aggregate constitute the “Excess Interest Amount.” If there is any

accrued and unpaid Excess Interest Amount as of any date then any amounts owed to the Bank hereunder with respect to which interest is payable, together with the Bank Bonds, if any, shall bear interest at the Bank Bond Cap Rate, until payment to the Bank of the entire Excess Interest Amount.

(c) The Excess Interest Amount shall bear interest at the Bank Rate from the day such amount would have been paid to the Bank but for the operation of Section 3.03(a) until such amount is received by the Bank. All amounts of interest payable on a Bond which is a Bank Bond, including without limitation, the Excess Interest Amount (and interest thereon), for so long as such Bond shall remain a Bank Bond, shall constitute interest on such Bond.

(d) Notwithstanding the foregoing, on the date on which no amount (other than the Excess Interest Amount) owed to the Bank hereunder remains unpaid and no Bank Bonds are outstanding, the Issuer shall pay to the Bank a fee equal to any accrued and unpaid Excess Interest Amount.

ARTICLE IV

CONDITIONS PRECEDENT

Section 4.01. Conditions to Closing. This Agreement shall become effective on the Effective Date provided that each of the conditions enumerated in this Section 4.01 has been fulfilled to the reasonable satisfaction of the Bank.

(a) **Documents.** The following documents shall be delivered to the Bank, in each case in form and substance satisfactory to the Bank and its counsel, on or prior to the Closing Date:

(1) A true and complete original executed counterpart of this Agreement and the Fee Letter.

(2) Certified copies of the resolutions of the Issuer approving this Agreement, the other Related Documents and the other matters contemplated hereby and thereby (which certificate shall state that such resolutions are in full force and effect on the Closing Date).

(3) A copy of the current Official Statement.

(4) Specimen copies of the Bonds.

(5) [Originals (or copies certified to be true copies by the Issuer) of all governmental and regulatory approvals, if any, at the time required to be obtained by the Issuer with respect to this Agreement, the Fee Letter and the transactions contemplated hereby, together with a list of any approvals still to be received, if any.]

(6) A certificate of an authorized officer of the Issuer, dated the Closing Date, certifying the names and true signatures of the officers thereof authorized to sign this Agreement, the Fee Letter and the other documents to be delivered by it hereunder.

(7) A certificate of an authorized officer of the Trustee, together with a certified copy of the signing resolutions of the Trustee, dated the Closing Date, evidencing the signatures and office of officers executing this Agreement and the other Related Documents and authorized to execute and deliver a Notice of Bank Purchase hereunder, and with respect to such other matters as the Bank may require.

(8) Opinions of each of William Burke on behalf of the Sacramento County Counsel Office and Orrick Herrington & Sutcliffe LLP, counsel to the Issuer and bond counsel, respectively. *[Please provide drafts of all opinions.]*

(9) A copy of the Related Documents delivered prior to the Closing Date and an executed original of each of the Related Documents delivered on the Closing Date.

(10) [Copies of the legal opinions rendered in connection with the issuance of the Bonds and the delivery of the Related Documents, confirmed as of the Closing Date, either addressed to the Bank or rendered in conjunction with a reliance letter stating that the Bank is entitled to rely thereon as if said opinions were addressed to them.][*Please provide drafts of all opinions.*]

(11) A certificate signed by a duly authorized officer of the Issuer, dated the Closing Date, stating that: (i) the representations and warranties of the Issuer contained in Article V and in the Related Documents are correct on and as of the Closing Date as though made on and as of such date; (ii) no petition by or against the Issuer has at any time been filed under the United States Bankruptcy Code or under any similar act; (iii) no default has occurred and is continuing, or would result from the execution and performance of this Agreement or the other Related Documents; and (iv) all conditions to the issuance of the Bonds have been satisfied and the Issuer has duly executed and delivered the Bonds to the Trustee.

(12) Written confirmation that the Bonds have received long-term credit ratings of at least “Aa3” from Moody’s and “AA-” from S&P.

(13) Satisfactory written evidence that (i) a CUSIP number has been obtained and reserved from CUSIP Services for the Bank Bonds and (ii) the Bank Bonds (and their related CUSIP number) shall have been assigned a long-term rating of at least investment grade by at least one (1) of the Rating Agencies.

(14) A certificate from the Issuer to the effect that (i) the Issuer’s audited financial statements as of June 30, 2008 including the balance sheet of the Issuer as of such date and the related statements of the results of the operations of the Issuer for the period then ended, all examined and reported on by _____,

as heretofore delivered to the Bank, correctly and fairly present the financial condition of the Issuer as of June 30, 2008 and have been prepared in accordance with generally accepted accounting principles consistently applied except as stated in the notes thereto and (ii) since June 30, 2008 there has been no Material Adverse Change (in the reasonable judgment of the Issuer) in the condition, financial or otherwise, of the Issuer except as otherwise disclosed in the Official Statement or disclosed to the Bank in writing.

(15) Such other documents, instruments, approvals and, if requested by the Bank, certified duplicates of executed originals thereof, and opinions as the Bank may reasonably request.

(b) **Representations.** On the Effective Date, (i) there shall exist no Event of Default and there shall exist no Rating Event and (ii) all representations and warranties made by the Issuer herein or in any of the other Related Documents to which it is a party shall be true and correct with the same effect as though such representations and warranties had been made at and as of such time.

(c) **Certain Payments.** The Issuer shall have paid or shall cause to be paid all fees and expenses of the Bank or its agents (including, without limitation, amounts due under the Fee Letter and attorneys' fees and expenses described in Section 9.03(a)) payable on the Closing Date. The Bank shall deliver an invoice for such amounts on the Closing Date to the Issuer.

Section 4.02. Conditions Precedent to Bank's Obligation to Purchase Tendered Bonds. The obligation of the Bank to purchase Tendered Bonds hereunder on any Purchase Date is subject to the satisfaction of all of the following conditions, unless specifically waived in writing by the Bank with respect to a Purchase Date:

(a) No Immediate Termination Event or Suspension Event shall have occurred and be continuing; and

(b) The Bank shall have received a Notice of Bank Purchase during the Purchase Period in the manner described in Section 2.02.

ARTICLE V

REPRESENTATION AND WARRANTIES

The Issuer represents and warrants as follows:

Section 5.01. Existence and Power. The Issuer (i) is a local transportation authority duly organized and validly existing under the laws of the State, (ii) has full power and authority to own its properties and carry on its business as now conducted, and (iii) has full power and authority to execute (or adopt, if applicable), deliver and perform its obligations under this Agreement and the other Related Documents and to execute, deliver and perform its obligations under the Bonds.

Section 5.02. Regulatory Authority. The Issuer is duly authorized to conduct its business and activities under all applicable laws, rulings, regulations and ordinances and the departments, agencies and political subdivisions governing it or regulating its business and activities, and the Issuer has obtained all material and requisite approvals of the State and of federal, regional and local governmental bodies required to be obtained prior to the date of delivery of the Bonds, and the execution and delivery of this Agreement and the other Related Documents.

Section 5.03. Noncontravention. The execution and delivery by the Issuer of this Agreement and the other Related Documents and the performance of its obligations hereunder and thereunder, will not violate any existing law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Issuer or any of its assets, or result in a breach of any of the terms of, or constitute a default under or result in the creation or imposition of any lien on, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Issuer is a party or by which it or any of its property is bound, except for the lien on the Revenues set forth in the Indenture, or the Act or any of the rules or regulations applicable to it or its property or any decree or order of any court or other governmental body.

Section 5.04. Due Authorization. The execution, delivery and performance by the Issuer of this Agreement and the other Related Documents are within its corporate power and authority, and have been duly authorized by all necessary action and will not contravene any provision of the Act.

Section 5.05. Valid and Binding Obligations. This Agreement and the other Related Documents are valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies applicable to local transportation authorities in the State of California.

Section 5.06. Official Statement. As of the Effective Date, the information contained in the Official Statement is correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. The Issuer makes no representation as to information in the Official Statement relating to the Bank and provided by the Bank for inclusion therein, information in the Official Statement relating to the Remarketing Agents or the other liquidity providers and provided by the Remarketing Agents or the other liquidity providers, as applicable, for inclusion therein and information in the Official Statement relating to the DTC and provided by DTC for inclusion therein.

Section 5.07. Pending Litigation and Other Proceedings. There is no action, suit or proceeding by or before any court, arbitrator or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, pending or, to the Issuer's knowledge, threatened action or proceeding affecting or involving the Issuer or any of its business, properties, revenues or assets before any court, governmental agency or arbitrator which, if adversely determined, could result in a Material Adverse Change (in the reasonable judgment of

the Issuer) since the last day of the period reported in the financial statements of the Issuer received by the Bank and described in Section 5.09, or otherwise adversely affect (A) the validity or enforceability of this Agreement, the Bonds or the other Related Documents, (B) the validity, enforceability or perfection of the pledge of and lien on the Revenues under the Indenture, (C) the status of the Issuer as a local transportation authority created and validly existing under the laws of the State or (D) the exemption of interest on the Bonds from federal income tax (any such action, suit or proceeding being herein referred to as “Material Litigation”).

Section 5.08. Insurance. The Issuer currently maintains insurance with respect to its business, operations, assets and properties against such risks, in such amounts, with such companies and with such deductibles as is customarily carried by and insures against such risks as are customarily insured against by entities with business, operations, assets and properties of like size, location and character to those of the Issuer. Such obligation may be satisfied by self-insurance if such self-insurance is permitted pursuant to the terms of the Indenture and satisfies all criteria specified therein.

Section 5.09. Financial Statements. As of the Effective Date, the balance sheet of the Issuer as of June 30, 2008 and the related statement of revenues and expenses and changes in financial position for the years then ended and the auditors’ reports with respect thereto and the balance sheets of the Issuer as of June 30, 2008 and the related statements of revenues and expenses and change in financial position for the period then ended, copies of which have heretofore been furnished to the Bank, are complete and correct and fairly present the financial condition, changes in financial position and results of operations of the Issuer at such dates and for such periods, and were prepared in accordance with generally accepted accounting principles. Since June 30, 2008 there has been no Material Adverse Change (in the reasonable judgment of the Issuer) in the business, assets, revenues, properties, condition (financial or otherwise) or operations, present or prospective, of the Issuer not otherwise disclosed in the Official Statement or disclosed to the Bank in writing.

Section 5.10. Complete and Correct Information. The revenue statement presented to the board of the Issuer found on its public website was and continues to be complete and correct in all material respects. No fact is known to the Issuer which materially and adversely affects or in the future may (so far as it can foresee) materially and adversely affect the business, revenues, properties, assets or liabilities, financial condition, results of operations of the Issuer, or any of its business prospects which has not been set forth in the financial statements referred to in Section 5.09 or in such information, reports, papers and data or otherwise disclosed in writing to the Bank by the Issuer. When taken in the aggregate, no statement made by the Issuer in connection with the negotiation, preparation or execution of this Agreement or any other Related Document contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein not misleading.

Section 5.11. Pending Legislation and Decisions. As of the Effective Date, there is no amendment, or to the best knowledge of the Issuer, proposed amendment to the Constitution of the State or any State law or any administrative interpretation of the Constitution of the State or any State law, or any legislation that has passed either house of the legislature of the State, or any proposition or referendum (or proposed proposition or referendum) or other ballot initiative or any legislation that has passed either house of the State legislature or any judicial decision

interpreting any of the foregoing, which would materially adversely affect the issuance of any of the Bonds, the security for any of the Bonds or the Issuer's obligations under this Agreement or under any of the other Related Documents, or the Issuer's ability to pay when due its obligations under this Agreement, any of the Bonds, and the other Related Documents or the effect of which could reasonably be expected to result in a Material Adverse Change.

Section 5.12. Bond. Each Bond (including all Bank Bonds) has been or will be duly and validly issued under the Indenture and entitled to the benefits thereof.

Section 5.13. Default. No Default has occurred and is continuing with respect to the Issuer.

Section 5.14. Employee Benefit Plan Compliance. The Issuer has no funding deficiency with respect to any employee benefit plan and is otherwise in compliance with terms of any such plan in which the Issuer or any of its employees participate in. Neither the Issuer nor any employee benefit plan maintained by the Issuer is subject to the Employee Retirement Income Security Act of 1974, as amended.

Section 5.15. Security for Bonds, this Agreement and the Fee Letter. The Indenture creates the pledge of and lien and charge upon the Revenues which it purports to create to secure the Bonds (including the Bank Bonds) and the obligations of the Issuer to the Bank hereunder and under the Fee Letter, in each case as and to the extent provided therein. Except as provided in the Indenture, the Issuer has not pledged or granted a lien, security interest or other encumbrance of any kind on the Revenues. Bonds and Bank Bonds constitute Parity Obligations. All fees, expenses and indemnification payments payable by the Issuer to the Bank hereunder and amounts payable by the Issuer to the Bank pursuant to Section 2.07 hereof constitute Fee and Expense Obligations.

Section 5.16. No Immunity. The Issuer is subject to the filing of claims, service of process and suit for damages in connection with its obligations under this Agreement pursuant to and in accordance with the procedural laws of the State of California applicable to the Issuer.

Section 5.17. Usury. The terms of this Agreement and the other Related Documents regarding the calculation and payment of interest and fees do not violate any applicable usury laws.

Section 5.18. Federal Reserve Board Regulations. The Issuer will not use any part of the proceeds of the Bonds or the funds advanced hereunder and has not incurred any indebtedness to be reduced, retired or purchased by the Issuer out of such proceeds, for the purpose of purchasing or carrying any Margin Stock, and the Issuer does not own and will not acquire any such Margin Stock.

Section 5.19. Investment Company Act. The Issuer is not an "investment company" or a company "controlled" by an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended.

Section 5.20. Related Documents. Each of the Related Documents is in full force and effect. No Event of Default and no event which, with the giving of notice, the passage of time or

both, would constitute an Event of Default, presently exists under any of the Related Documents. Neither the Issuer nor any other party under the other Related Documents has waived or deferred performance of any material obligation under any such Related Document.

Section 5.21. [Environmental Laws. The Issuer and its property (i) have not become subject to any Environmental Liability nor does it know of any basis for any Environmental Liability, (ii) have not received notice to the effect that any of the Issuer's property or its operations are not in compliance with any of the requirements of any Environmental Laws or any applicable federal, state or local health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, and (iii) to the best of the knowledge of the Issuer, is in compliance with all Environmental Laws and has obtained and maintains or complies with any permit, license or other approval required under any Environmental Law, in each of (i), (ii) and (iii) above, except with respect to any matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Change.]

Section 5.22. No Existing Right to Accelerate. As of the Effective Date, no Person, including, without limitation, a credit facility provider or a liquidity provider, either of which provides credit enhancement or liquidity support to any Bonds has a right under any indenture or any supplemental indenture relating to any Bonds or any other document or agreement relating to any Bonds to direct the Trustee or any other Person to declare the principal of and interest on any Bonds to be immediately due and payable.

Section 5.23. No Affiliates. The Issuer has no Affiliates.

ARTICLE VI

AFFIRMATIVE COVENANTS

During the Purchase Period and so long as any obligation is owed to the Bank hereunder, the Issuer covenants and agrees as follows, unless specifically waived in writing by the Bank:

Section 6.01. Compliance With Laws and Regulations. The Issuer shall comply with all laws, ordinances, orders, rules and regulations of duly constituted public authorities which are applicable to it, its revenues, assets or properties.

Section 6.02. Reporting Requirements. The Issuer shall keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of the Issuer on a consolidated or combined basis in accordance with generally accepted accounting principles consistently applied. The Issuer shall furnish to the Bank two (2) copies of each of the following:

(a) **Annual Financial Statements.** As soon as available, and in any event within two hundred ten (210) days after the close of each Fiscal Year of the Issuer, the complete audited financial statements of the Issuer including the balance sheet as of the end of such Fiscal Year and the related statements of revenues, expenses and cash flows and changes in fund balance for such Fiscal Year, setting forth in each case in

comparative form the corresponding figures for the preceding Fiscal Year all in reasonable detail, certified and prepared by an independent certified public accountant in accordance with generally accepted accounting principles, consistently applied and accompanied by a certification from the Executive Director, the Chief Financial Officer of the Issuer addressed to the Bank stating that no Event of Default or Rating Event has occurred which was continuing at the end of such Fiscal Year or on the date of his/her certification, or, if such an Event of Default or Rating Event has occurred and was continuing at the end of such Fiscal Year or on the date of his/her certification, indicating the nature of such event and the action which the Issuer proposes to take with respect thereto.

(b) **Quarterly Financial Statements.** As soon as available, and in any event within sixty (60) days after the last day of each Fiscal Quarter, the unaudited financial statements of the Issuer as presented to the board of the Issuer including the balance sheet as of the end of such quarter and a statement of income and expenses, all in reasonable detail and certified, subject to year end adjustment, by the [SPECIFY AUTHORIZED OFFICER] of the Issuer.

(c) **Certificate of Compliance.** Simultaneously with the delivery of each set of financial statements referred to in Section 6.02(a), a certificate signed by the [SPECIFY AUTHORIZED OFFICER] of the Issuer stating that (i) under his/her supervision the Issuer has made a review of its activities during the preceding annual period for the purpose of determining whether or not the Issuer has complied with all of the terms, provisions and conditions of this Agreement and the other Related Documents and (ii) to the best of his/her knowledge no Default has occurred with respect to the Issuer in the performance or observance of any of the terms, covenants, provisions or conditions of this Agreement or any of the other Related Documents, or if a Default shall have occurred with respect to the Issuer, such certificate shall specify each such Default, the nature and status thereof and any remedial steps taken or proposed to correct each such Default.

(d) **Other Reports.** Promptly upon request by the Bank, copies of any financial statement or report furnished to any other holder of long term securities of the Issuer pursuant to the terms of any long term indenture, loan or credit or similar agreement and not otherwise required to be furnished to the Bank pursuant to any other clause of this Section 6.02.

(e) **Budget.** As near as practicable to the beginning of each Fiscal Year, an annual budget of the Issuer for such upcoming Fiscal Year.

(f) **Amendments.** Promptly after the adoption thereof, copies of any amendments or supplements to the Act of the Issuer and copies of any amendments to the Related Documents.

(g) **Indenture Information.** Copies of all notices, certificates, opinions and other reports or documents required to be filed by the Issuer pursuant to the Indenture.

The Issuer shall provide the Bank written notice of any change in the identity of the Trustee or the Remarketing Agent.

(h) ***Other Information.*** Such other information with respect to the business, properties, revenues, assets or the condition or operations, financial or otherwise, of the Issuer as the Bank may from time to time reasonably request.

Section 6.03. Notices.

(a) ***Notice of Default.*** As promptly as practical, but in no event later than three (3) Business Days, after the date the Issuer shall have obtained knowledge of the occurrence of an Event of Default, Rating Event or breach of this Agreement or the Indenture, the Issuer shall provide notice of the same to the Bank and, in either case, provide to the Bank the written statement of the Issuer setting forth the details of each such event and the action which the Issuer proposes to take with respect thereto.

(b) ***Certain Notices.*** The Issuer shall furnish to the Bank a copy of any notice, certification or demand (other than any notice, certification or demand which is purely operational in nature) given by the Remarketing Agent or the Trustee to the Issuer or by the Issuer to the Remarketing Agent or the Trustee under or in connection with any of the Related Documents, in each case promptly after the receipt or simultaneously with the giving of the same.

(c) ***Rating Notices.*** The Issuer shall promptly give written notice to the Bank of any suspension, withdrawal or downgrade by any of the Rating Agencies of the unenhanced long-term rating on the Bonds or any other Parity Obligations.

(d) ***Offering Circulars and Material Event Notices.*** Promptly after (i) the filing of a material event notice or other filing required to be filed pursuant to Securities and Exchange Commission Rule 15c2-12 or pursuant to any continuing disclosure agreement entered into by the Issuer relating to an adverse (including preliminary) determination as to the tax-exempt status of the Bonds or other events affecting the tax-exempt status of the Bonds as required by the provisions of said Rule or (ii) the issuance by the Issuer of any indebtedness of other obligation payable from Revenues senior to or on a parity with the Bonds with respect to which a final official statement or other offering circular has been prepared by the Issuer, the Issuer shall, in each case (i) and (ii), provide the Bank with a copy of such notice, official statement or offering circular, as applicable.

(e) ***Notice of Adverse Change.*** The Issuer shall provide to the Bank written notice as soon as possible of (i) the filing of actions, suits and proceedings before any court, arbitrator or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, against the Issuer, where the amount claimed is in excess of five million Dollars (\$5,000,000), (ii) any action, suit, proceeding, inquiry or investigation before or by any court, public board or body pending or threatened wherein an unfavorable decision, ruling or finding could result in a Material Adverse Change (in

the reasonable judgment of the Issuer) or (iii) any other event which, in the reasonable judgment of the Issuer, is likely to result in a Material Adverse Change.

(f) **Other Notices.** The Issuer shall promptly give written notice to the Bank of any material dispute which may exist between the Issuer and any of the Remarketing Agent or the Trustee or any dispute in connection with any transaction contemplated under this Agreement or any other Related Document.

Section 6.04. Further Assurances. The Issuer shall, upon the request of the Bank, from time to time, execute and deliver and, if necessary, file, register and record such further financing statements, amendments, confirmation statements and other documents and instruments and take such further action as may be reasonably necessary to effectuate the provisions of this Agreement and the other Related Documents. Except to the extent it is exempt therefrom, the Issuer will pay or cause to be paid all filing, registration and recording fees incident to such filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgment of such instruments of further assurance, and all federal or state fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Agreement, the other Related Documents and such instruments of further assurance.

Section 6.05. Right of Entry. The Issuer shall permit the duly authorized representatives of the Bank during normal business hours and upon reasonable prior notice to enter the premises of the Issuer, or any parts thereof, to examine and copy the Issuer's financial and corporate books, records and accounts, and to discuss the affairs, finances, business and accounts of the Issuer with the Issuer's officers and employees.

Section 6.06. Payment of Obligations; Removal of Liens. The Issuer shall pay (a) all indebtedness and obligations of the Issuer in accordance with the terms thereof and (b) all assessments or other governmental charges as the same respectively become due, all taxes, assessments (general or special) and governmental charges of any kind whatsoever that may be at any time lawfully assessed or levied against or with respect to any of its or its businesses, property, revenues and assets or any interest thereon and promptly discharge or cause to be discharged all liens, encumbrances and charges on such businesses, property, revenues and assets.

Section 6.07. Related Obligations. The Issuer shall promptly pay all amounts payable by it under this Agreement and under the other Related Documents according to the terms hereof or thereof and shall duly observe, perform and fulfill each of its obligations under this Agreement and under the provisions of each of the other Related Documents. Such provisions of such other Related Documents, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety without giving effect to any expiration, amendment, supplement or termination of the Related Documents to which the Bank has not given its express written consent.

Section 6.08. Insurance. The Issuer will at all times maintain insurance with respect to its business, operations, assets and properties against such risks, in such amounts, with such

companies and with such deductibles as is customarily carried by and insures against such risks as are customarily insured against by entities with business, operations, assets and properties of like size, location and character to those of the Issuer. Such obligation may be satisfied by self-insurance if such self-insurance is permitted pursuant to the terms of the Indenture and satisfies all criteria specified therein.

Section 6.09. Alternate Liquidity Facility.

(a) The Issuer agrees to use its best efforts to obtain an Alternate Liquidity Facility to replace this Agreement (such replacement to occur on or before any mandatory purchase date established pursuant to the Indenture) or cause the Bonds to be converted to bear interest at interest rate mode other than the Covered Rate in the event that (i) the Bank shall determine not to extend the Stated Expiration Date pursuant to the terms hereof, (ii) the Issuer terminates this Agreement pursuant to the terms hereof or (iii) the Bank shall furnish a Termination Notice to the Trustee.

(b) The Issuer agrees that any Alternate Liquidity Facility will require, as a condition to the effectiveness of the Alternate Liquidity Facility, that the provider of Alternate Liquidity Facility provide funds to the extent necessary, in addition to other funds available, on the date the Alternate Liquidity Facility becomes effective, for the purchase of all Bank Bonds at par plus accrued interest (at the Bank Rate) through the date of such purchase. On such date any and all amounts owed to the Bank hereunder or under the Indenture or the Bonds shall be payable in full to the Bank.

(c) The Issuer shall not permit an Alternate Liquidity Facility to become effective with respect to less than all of the outstanding Bonds without the prior written consent of the Bank.

Section 6.10. Employee Benefit Plan Compliance. The Issuer shall, in a timely fashion, comply in all material respects with all requirements under any employee benefit plan in which the Issuer or any of its employees participate.

Section 6.11. Disclosure of Participants. The Issuer agrees to permit the Bank to disclose any information received by the Bank in connection herewith to any Participant, including without limitation the financial information described in Section 6.02.

Section 6.12. Sovereign Immunity. The Issuer irrevocably agrees that it will not claim any immunity on the grounds of sovereignty or other similar grounds from claims and suits for damages in connection with the obligations under this Agreement.

Section 6.13. Proceeds of Bonds. The proceeds of the Bonds will be used by the Issuer solely for the purposes described in the Indenture.

Section 6.14. Conversions; Defeasance; Redemption. The Issuer (a) shall promptly furnish, or cause to be furnished, to the Bank, not later than its furnishing the same to the Remarketing Agent, a copy of any written notice furnished by the Issuer to the Remarketing Agent pursuant to the Indenture indicating a proposed conversion of the interest rate on the Bonds; (b) shall not permit a conversion of the Bonds to Bonds bearing an interest rate other than

the Covered Rate without the prior written consent of the Bank if, after giving effect to such conversion, any Bonds remain as Bank Bonds or the Issuer has any outstanding payment obligation to the Bank hereunder; and (c) upon any redemption of the Bonds, shall cause Bank Bonds to be redeemed prior to other Bonds. In addition, the Issuer will not defease, nor allow the defeasance of, the Bonds without having contemporaneously satisfied all of its obligations hereunder.

Section 6.15. Taxes and Liabilities. The Issuer shall pay all its indebtedness and other obligations promptly and in accordance with their terms and pay and discharge or cause to be paid and discharged promptly all taxes, assessments and governmental charges or levies imposed upon it or upon its income and profits, or upon any of its property, real, personal or mixed, or upon any part thereof, before the same shall become in default, which default could result in a Material Adverse Change (in the opinion of the Bank).

Section 6.16. Book Entry Eligibility. The Issuer covenants that at all times from and including the Effective Date until and including the date of maturity of the Bonds, the Issuer shall use commercially reasonable efforts to cause the Bonds to be eligible for, and to be registered with, DTC's book-entry delivery services and that such registration with DTC shall not be discontinued without the Bank's prior written consent.

Section 6.17. Terms Under Other Credit Facilities. In the event that the Issuer shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement or Derivative Agreement with any Person, which such Bank Agreement or Derivative Agreement provides such Person with additional or more restrictive events of default (including, without limiting the foregoing, any event of default that would occur, pursuant to the terms of such Bank Agreement or Derivative Agreement, as a result of the breach or violation of any covenant of the Issuer contained therein, to the extent that any such covenant is in addition to or more restrictive than the covenants of the Issuer contained herein) (collectively, the "Additional Rights") than are provided to the Bank in this Agreement, then, upon the occurrence of an event of default (without regard to a waiver of such event of default) under such agreement (or amendment thereto) caused by such Additional Rights such Additional Rights shall automatically be deemed to be incorporated into this Agreement and the Bank shall have the benefits of such Additional Rights; provided, however, that such Additional Rights shall automatically be deemed to be incorporated into this Agreement and the Bank shall have the benefits of such Additional Rights only from and after the occurrence of an event of default under the related Bank Agreement or Derivative Agreement caused by the Additional Rights or a failure by the Issuer to comply with such Additional Rights. If requested by the Bank, the Issuer shall promptly, upon the occurrence of an event of default (without regard to a waiver of such event of default) under the related Bank Agreement or Derivative Agreement caused by such Additional Rights, enter into an amendment to this Agreement to include such Additional Rights, provided that the Bank shall maintain the benefit of such Additional Rights even if the Issuer fails to provide such amendment. If the Issuer shall amend the Bank Agreement or Derivative Agreement such that it no longer provides for such Additional Rights, then, without the consent of the Bank, this Agreement shall automatically no longer contain the Additional Rights and the Bank shall no longer have the benefits of any of the Additional Rights.

Section 6.18. Right to Accelerate. In the event that the Issuer shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement, which such Bank Agreement includes the right to accelerate the payment of the principal of or interest on any series of bonds (including, without limiting the foregoing, any provision which provides for the term-out of obligations of the Issuer in a manner similar to Section 3.02 but which provides a shorter payment period than that specified in Section 3.02), the Bank shall be deemed to have the right to accelerate the payment of the principal of and interest on any Bank Bonds (and all other obligations due and owing hereunder) under the same terms and conditions as set forth under any such Bank Agreement. If requested by the Bank, the Issuer shall promptly, upon the occurrence of the Issuer entering into an agreement (or amendment thereto) which provides for the right to accelerate any bonds, enter into an amendment to this Agreement to include such provision, provided that the Bank shall maintain the benefit of such provision even if the Issuer fails to provide such amendment. The release, termination or other discharge of such other documentation which provides for acceleration of any bonds shall be effective to amend, release, terminate or discharge (as applicable) such provision as incorporated by reference herein without the consent of the Bank.

Section 6.19. [Preservation of Existence, Ownership, Etc.] The Issuer shall (a) preserve and maintain its corporate existence, right (charter and statutory) and franchises, trade names and licenses, (b) qualify and remain qualified to do business in each jurisdiction in which such qualification is necessary in view of the Issuer's business or operations and (c) preserve all of the property of the Issuer used or useful in the conduct of the Issuer's business or operations and keep the same in good repair, working order and condition, and from time to time make, or cause to be made, all needful and proper repairs, renewals and replacements, betterments and improvements thereto, so that the business carried in connection therewith may be properly and advantageously conducted at all times.]

Section 6.20. Bank Bonds. The Tendered Bonds purchased pursuant to Article II will be transferred to or held for the benefit of the Bank, free and clear of all liens, security interests or claims of any Person other than the Bank, except for consensual liens or other security interests as may be created by the Bank.

Section 6.21. Incorporation of Covenants. The Issuer hereby makes to the Bank the same covenants made by the Issuer in each Related Document, which covenants, together with the related definitions of terms contained therein, are hereby incorporated by reference with the same effect as if each and every such covenant and definition were set forth herein in its entirety. No amendment to or waiver of such covenants or definitions made pursuant to the relevant Related Documents shall be effective to amend such covenants and definitions as incorporated by reference herein without the prior written consent of the Bank.

Section 6.22. Annual Debt Service Coverage Ratio. The Issuer shall cause the Debt Service Coverage Ratio of the Issuer to be not less than 2.00:1.00 at the end of each Fiscal Year. Such calculation shall be performed by the Issuer based on the final quarterly statement presented to the board of the Issuer. The Issuer shall deliver to the Bank a certificate certifying such calculation as soon as available but in any event within sixty (60) days after the end of each Fiscal Year. In addition, the Bank may request that the Issuer recalculate the Debt Service Coverage Ratio based on the final audited financial statements of the Issuer, at which time the

Issuer shall deliver to the Bank a certificate certifying such calculation within three (3) days of any such request.

Section 6.23. Maintenance of Ratings.

(a) The Issuer shall use its best efforts to provide information reasonably requested by any Rating Agency in a timely manner and shall take all action reasonably required by any Rating Agency (including, without limitation, the payment of any customary fees within (30) days of the date such fees are due to such Rating Agency) in order to maintain published long-term ratings (without regard to any third-party credit enhancement) of the Bonds by at least two (2) Rating Agencies at all times.

(b) In the event that the Issuer shall fail, for any reason, to provide such information reasonably requested or to take any such action reasonably required by any Rating Agency (including, without limitation, the failure to pay any customary fees within thirty (30) days of the date such fees are due), the Issuer shall immediately disclose such failure to the Municipal Securities Rulemaking Board for general publication. In addition, the Issuer shall provide relevant disclosure to the Municipal Securities Rulemaking Board (for general publication) not less than thirty (30) days prior to any request by the Issuer that any Rating Agency withdraw, suspend or otherwise cease to publish any long-term rating (without regard to any third-party credit enhancement) of the Bonds.

ARTICLE VII

NEGATIVE COVENANTS

Section 7.01. Compliance With Laws, Etc. The Issuer shall not violate any laws, rules, regulations, or governmental orders to which it is subject and of which it is aware after diligent inquiry, which violation involves a reasonable likelihood of resulting in a Material Adverse Change (in the opinion of the Bank).

Section 7.02. Amendments. The Issuer shall not amend, modify or supplement, nor agree to any amendment or modification of, or supplement to, any of the Related Documents or its without the prior written consent of the Bank. Notwithstanding the foregoing, the Issuer may issue additional Parity Obligations, Subordinate Obligations and Fee and Expense Obligations, each in accordance with the terms of the Indenture without the consent of the Bank provided that such Parity Obligations, Subordinate Obligations and Fee and Expense Obligations are issued by a supplemental indenture which does not otherwise amend or modify any term or provision of any Related Document.

Section 7.03. Certain Information. The Issuer shall not include in an offering document for the Bonds any information concerning the Bank that is not supplied in writing, or otherwise approved, by the Bank, expressly for inclusion therein.

Section 7.04. Disposition of Assets. The Issuer shall not dissolve nor shall it sell, lease, assign, transfer or otherwise dispose of all or a substantial portion of its properties and assets comprising the Revenues other than in accordance with the Indenture and applicable law.

Section 7.05. Consolidation or Merger. The Issuer shall not consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into it or acquire all or substantially all of the property and assets of any other Person if, at the time of such consolidation, merger, or acquisition the resulting or surviving entity fails to assume all the obligations of the Issuer under this Agreement or the benefits of any Related Document fail to extend to the performance by such resulting or surviving entity of the Issuer's obligations under this Agreement.

Section 7.06. Trustee; Remarketing Agent. The Issuer shall not remove or replace the Trustee or the Remarketing Agent or appoint a successor Trustee or Remarketing Agent without the prior written consent of the Bank. If the position of Trustee or Remarketing Agent becomes vacant, the Issuer shall promptly appoint a successor which is reasonably acceptable to the Bank, which shall be rated at least A2 as determined by Moody's and A as determined by S&P and have minimum capital of \$500,000,000.

Section 7.07. Accounting Methods and Fiscal Year. The Issuer shall not adopt, permit or consent to any change in accounting practices other than as required by generally accepted accounting principles. The Issuer will not adopt, permit or consent to any change in its Fiscal Year unless it provides prior written notice of such change to the Bank.

Section 7.08. Exempt Status. The Issuer shall not take any action or omit to take any action that, if taken or omitted, could result in the Bonds being considered "arbitrage bonds" within the meaning of the Code or otherwise adversely affect the exclusion of interest on any Bond from the gross income of the holder thereof for purposes of Federal income taxation under the Code.

Section 7.09. Voluntary Redemption or Conversion. The Issuer shall not voluntarily redeem any Bonds pursuant to the Indenture prior to redeeming Bank Bonds in full or if, after giving effect to such redemption, there would be any unpaid Excess Interest Amount owing under this Agreement or any other amount in respect of such Bank Bonds which shall not have been paid in full. In accordance with the provisions of the Indenture, the Issuer may convert any Bonds to another mode, upon notice to, but without the prior written consent of, the Bank. In addition, the Issuer shall not convert any Bonds to a rate other than Covered Rate pursuant to the Indenture if, after giving effect to such conversion, there would be any unpaid amounts owing under this Agreement or any other amount in respect of such Bank Bonds which shall not have been paid in full.

Section 7.10. Liens, etc. The Issuer shall not create or suffer to exist any lien upon or with respect to any of the funds or accounts created under the Indenture except those liens specifically permitted under the Indenture.

ARTICLE VIII

EVENTS OF DEFAULT, RATING EVENTS AND REMEDIES

The occurrence of any of the events set forth in Sections 8.01 (other than the event set forth in Section 8.01(h)), 8.02 (other than the event set forth in Section 8.02(e)) and 8.03 shall

constitute an event of default (each, an “Event of Default”). Upon the occurrence of an Event of Default or Rating Event, the Bank may exercise those rights and remedies provided in Section 8.04. In the event that the occurrence of any event set forth in Sections 8.01, 8.02 or 8.03 constitutes an Event of Default under any other of Sections 8.01, 8.02 and/or 8.03, such Event of Default shall first be deemed to be an Event of Default under Section 8.02 (if such event is an Event of Default under Section 8.02), and shall next be deemed to be an Event of Default under Section 8.03 (if such event is an Event of Default under Section 8.03). The event set forth in Section 8.01(h) shall constitute a “Notice Rating Event” and the event set forth in Section 8.02(e) shall constitute an “Immediate Rating Event” and a Notice Rating Event and an Immediate Rating Event shall collectively constitute “Rating Events”. In the event that the occurrence of a Notice Rating Event shall also constitute an Immediate Rating Event, such Rating Event shall be deemed to be an Immediate Rating Event.

Section 8.01. Events of Default and Rating Event not Resulting in Immediate Termination. Each of the following events shall also constitute a “Notice Termination Event”:

(a) **Payments.** The Issuer shall fail to pay when due any amounts owed by the Issuer to the Bank pursuant to this Agreement or the Fee Letter and any such failure is not cured within three (3) Business Days.

(b) **Representations.** Any representation or warranty made by or on behalf of the Issuer in this Agreement or in any other Related Document or in any certificate or statement delivered hereunder or thereunder shall prove to have been incorrect or untrue in any material respect when made or deemed to have been made.

(c) **Covenants.** The Issuer shall fail to perform the covenants in Sections 6.13 or 6.14 or the Issuer shall fail to comply with the negative covenants in Article VII.

(d) **Other Covenants.** The Issuer shall fail to perform or observe any term, covenant or agreement (other than ones described in any other paragraph of this Section 8.01) contained in this Agreement or in any other Related Document on its part to be performed or observed (each a “Covenant Failure”) which failure continues for thirty (30) days or more; provided that such Covenant Failure shall not constitute an Event of Default hereunder until such failure continues for sixty (60) days if (i) the Issuer provides satisfactory evidence to the Bank that such Covenant Failure is able to be cured within sixty (60) days of the occurrence of the Covenant Failure, (ii) the Issuer provides reasonable assurances to the Bank that the Covenant Failure will be cured within sixty (60) days of the occurrence of the Covenant Failure and (iii) the Issuer provides satisfactory evidence to the Bank that the Issuer has commenced the process required to cure such Covenant Failure within ten (10) days of the occurrence of such Covenant Failure.

(e) **Default.** Default by the Issuer in the payment of any amount due in respect of any Debt owed to the Bank or default by the Issuer in the payment of any amount due in respect of any other Debt in an aggregate amount in excess of five million Dollars (\$5,000,000), as and when the same shall become due, or default under any mortgage, agreement or other instrument under or pursuant to which such Debt is

incurred or issued, and continuance of such default beyond the period of grace, if any, allowed with respect thereto, or the occurrence of any act or omission by the Issuer under any such mortgage, agreement or other instrument which results in such Debt becoming, or being capable of becoming, immediately due and payable (or, with respect to any Derivative Agreement, which results in such Derivative Agreement being terminated early or being capable of being terminated early).

(f) **Invalidity.** Any provision of this Agreement, the Bonds or any other Related Document shall cease to be valid and binding, or the Issuer shall contest any such provision, or the Issuer or any agent or trustee on behalf of the Issuer, shall deny that it has any further liability under any provision of this Agreement, the Bonds or any other Related Document.

(g) **Other Documents.** The occurrence of any default beyond the grace period, if any, allowed with respect thereto, under any Related Document other than this Agreement.

(h) **Downgrade.** The unenhanced long-term rating of the Bonds or any other obligations of the Issuer secured on a parity basis with the Bonds shall be (i) withdrawn, suspended or reduced below “A3” by Moody’s, or (ii) withdrawn, suspended or reduced below “A-” by S&P.

(i) **Financial Emergency.** There shall be appointed or designated with respect to the Issuer, an entity such as an organization, board, commission, authority, agency or body to monitor or declare a financial emergency or similar state of financial distress with respect to it or there shall be declared by it or by any legislative or regulatory body with competent jurisdiction over it, the existence of a state of financial emergency or similar state of financial distress in respect of it.

(j) **Change in Maximum Lawful Rate.** The Maximum Lawful Rate applicable to Bank Bonds or Bonds shall be reduced at any time.

(k) **Event of Taxability.** A ruling, assessment, notice of deficiency or technical advice by the Internal Revenue Service shall be rendered to the effect that interest on the Bonds is includable in the gross income of the holder(s) or owner(s) of such Bonds and either (i) the Issuer, after it has been notified by the Internal Revenue Service, shall not challenge such ruling, assessment, notice or advice in a court of law during the period within which such challenge is permitted or (ii) the Issuer shall challenge such ruling, assessment, notice or advice and a court of law shall make a determination, not subject to appeal or review by another court of law, that such ruling, assessment, notice or advice is correctly rendered.

Section 8.02. Events of Default and Rating Event Resulting in Immediate Termination. Each of the following events shall also constitute an “Immediate Termination Event.”

(a) **Event of Insolvency.** An Event of Insolvency shall have occurred with respect to the Issuer.

(b) **Payment Default.** Any failure, wholly or partially, (i) to make timely any payment of principal of, interest on or redemption premium, if any, required to be made on the Bonds (including Bank Bonds), or (ii) to make timely payments or repayments of any Parity Obligations.

(c) **Contest of Validity.** A senior officer of the Issuer shall (i) claim that the General Indenture or the First Supplemental Indenture is not valid or binding on the Issuer or (ii) repudiate its obligations under this Agreement, the Bonds, the General Indenture or the First Supplemental Indenture or its obligation to pay or repay any Parity Obligations.

(d) **Invalidity.** Any court of competent jurisdiction or other governmental entity with jurisdiction shall have ruled pursuant to a final judgment or order, or any other Governmental Authority having jurisdiction shall find or rule, that this Agreement, the Indenture or the Bonds or any provision hereof or thereof with respect to the payment of principal or interest on the Bonds (including Bank Bonds) or with respect to the security therefor is null and void, invalid, unenforceable or not binding on the Issuer.

(e) **Downgrade.** The unenhanced rating of the Bonds or any rated Parity Obligations shall be (i) withdrawn, suspended or reduced below “Baa3” by Moody’s and (ii) withdrawn, suspended or reduced below “BBB-” by S&P.

(f) **Judgments.** One or more final, unappealable judgments, writs or warrants of attachment against the Issuer for the payment of money or attachments against the property of the Issuer, the operation or result of which, individually or in the aggregate, equal or exceed \$5,000,000 shall remain unpaid, unstayed, undischarged, unbonded or undismissed for a period of sixty (60) days;

Section 8.03. Events of Default Resulting in Immediate Suspension. Each of the following Events of Default shall also constitute a “Suspension Event.”

(a) **Involuntary Bankruptcy Proceeding.** (i) An involuntary case or other proceeding shall be commenced against the Issuer seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official for it or any substantial part of its property and (ii) such case has not be dismissed and (iii) fewer than sixty (60) days have elapsed since the commencement of such case or proceeding.

(b) **Initiation of Legal Proceedings.** The Issuer shall initiate any legal proceedings to seek an adjudication that this Agreement, the Bonds, the General Indenture or the First Supplemental Indenture or its obligation to pay or repay any Parity Obligations is not valid or not binding on the Issuer.

Section 8.04. Remedies. Upon the occurrence of an Event of Default or Rating Event hereunder, the Bank may take one or more of the following actions:

(a) **Notice of Termination.** Upon the occurrence of a Notice Termination Event, the Bank may give written notice in the form of Exhibit B (a “Termination Notice”) of such Event of Default or Rating Event to the Issuer and the Trustee stating that this Agreement shall terminate thirty (30) days after such notice is delivered by the Bank to the Trustee (a “Notice Termination Date”) and directing that the Bonds be called for Default Tender. The Available Commitment, the Purchase Period and the obligation of the Bank to purchase Eligible Bonds shall terminate thirty (30) days after such notice is delivered by the Bank to the Trustee, and on such date the Available Commitment shall terminate and the Bank shall be under no obligation hereunder to purchase Eligible Bonds.

(b) **Immediate Termination of Bank Obligation to Purchase.** Upon the occurrence of any Immediate Termination Event, the Purchase Period and the obligation of the Bank to purchase Eligible Bonds shall immediately terminate without notice or demand, and thereafter the Bank shall be under no obligation to purchase Eligible Bonds. Upon such Immediate Termination Event, the Bank shall promptly give written notice of the same to the Trustee and the Issuer; provided, that the Bank shall incur no liability of any kind by reason of its failure to give such notice, and such failure shall in no way affect the termination of the Available Commitment and the Bank’s obligation to purchase Eligible Bonds pursuant to this Agreement. The Trustee shall immediately notify all Bondholders of the termination of the Available Commitment and the obligation of the Bank to purchase the Eligible Bonds.

(c) **Suspension of Bank Obligation to Purchase.** Upon the occurrence of a Suspension Event, the obligation of the Bank to purchase Eligible Bonds shall immediately be suspended without notice or demand and thereafter the Bank shall be under no obligation to purchase Eligible Bonds until the Available Commitment is reinstated as described in this Section 8.04(c). Promptly upon the Bank’s obtaining knowledge of any such Suspension Event, the Bank shall give written notice of the same to the Issuer and the Trustee of such suspension; provided, however, that the Bank shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the suspension of the Bank’s obligations under this Agreement. In the event such Suspension Event is cured prior to becoming an Immediate Termination Event, the Bank’s obligations shall be automatically reinstated and the terms of this Agreement will continue in full force and effect (unless this Agreement shall otherwise have terminated or have been suspended by its terms or in accordance with this Section 8.04).

(d) **Issuer Obligations and Bank Rights Following Immediate Termination Event, Notice Termination Event or Suspension Event.** Upon the occurrence of an Event of Default, (i) all amounts owed to the Bank hereunder, under the Fee Letter and under any Bank Bonds shall bear interest at the Default Rate until paid, and (ii) the Bank shall have all remedies provided at law or equity, including, without limitation, the right of set-off and specific performance. Immediately upon the occurrence of an Immediate Termination Event, the Bank may by written notice to the Issuer declare all amounts owed to the Bank hereunder, under the Fee Letter and with respect to the Bank Bonds to be immediately due and payable whereupon such amounts shall be immediately due and

payable (provided, that the obligations of the Issuer hereunder and under the Bank Bonds shall be and become automatically and immediately due and payable without such notice upon the occurrence of an Event of Insolvency). On or following a Notice Termination Event or Suspension Event, (i) the Bank may by written notice to the Issuer declare all amounts payable to the Bank hereunder (other than amounts payable with respect to the Bank Bonds) and under the Fee Letter to be due and payable on the Notice Termination Date and (ii) other than with respect to an Event of Taxability, all amounts payable with respect to the Bank Bonds shall automatically become due and payable in full on the Initial Mandatory Redemption Date or the Accelerated Redemption Date, as applicable, as set forth in Section 3.02. The Bank shall promptly provide written notice to the Trustee and the Issuer of any acceleration of the amounts due hereunder.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Obligations Absolute. The obligations of the Issuer under this Agreement and the Fee Letter shall be absolute, unconditional and irrevocable and shall be paid or performed strictly in accordance with the terms of this Agreement and the Fee Letter under all circumstances whatsoever, including, without limitation, the following circumstances:

- (a) to the extent permitted by applicable law, any lack of validity or enforceability of this Agreement or any other Related Document or any other agreement or instrument delivered in connection herewith or therewith;
- (b) any amendment to, waiver of, consent to or departure from the terms of any Related Document;
- (c) the existence of any claim, set off, defense or other right that the Issuer may have at any time against the Trustee, the Remarketing Agent, the Bank or any other Person, whether in connection with this Agreement, the other Related Documents or otherwise;
- (d) any statement or any other document presented under this Agreement or any other Related Document proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever; or
- (e) any other circumstances or happening whatsoever, whether or not similar to any of the foregoing.

Section 9.02. Liability of the Bank. With respect to the Bank, the Issuer assumes any and all risks with respect to the acts or omissions of each of itself, the Trustee and the Remarketing Agent in connection with this Agreement or any amounts made available by the Bank hereunder. Neither the Bank nor any of the officers, directors, employees or agents thereof shall be liable or responsible for any of the following: (a) the use that may be made of this Agreement or any amounts made available by the Bank hereunder or for any acts or omissions of the Issuer, the Trustee or the Remarketing Agent in connection therewith; (b) the validity,

sufficiency or genuineness of documents (except for the validity and enforceability of the Bank's obligations hereunder), or of any endorsement(s) thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by the Bank against presentation of documents which do not comply with the terms hereof, including failure of any documents to bear any reference or adequate reference to this Agreement; or (d) any other circumstances whatsoever in making or failing to make payment hereunder, except only that the Issuer shall have a claim against the Bank, and the Bank shall be liable to the Issuer, to the extent, but only to the extent, of any direct, as opposed to consequential or punitive damages (the right to receive consequential or punitive damages being hereby waived), suffered by the Issuer which are determined by a final and nonappealable judgment of a court of competent jurisdiction to be caused by (i) the Bank's willful misconduct or gross negligence in determining whether documents presented hereunder comply with the terms hereof or (ii) the Bank's willful failure to pay hereunder after the presentation to it by the Trustee (or a successor trustee under the Indenture in accordance with its terms) of a Notice of Bank Purchase strictly complying with the terms and conditions hereof; provided, however, that the maximum amount of damages recoverable by the Issuer as provided above is expressly limited to the Available Commitment. In furtherance and not in limitation of the foregoing, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

Section 9.03. Expenses; Indemnification; Taxes, Etc.

(a) *Expenses.* The Issuer agrees to pay on demand all of the out of pocket expenses (including, without limitation, reasonable fees of counsel for the Bank in the amount of [TO FOLLOW] plus disbursements and the out of pocket expenses of the Bank in an amount not to exceed [] Dollars (\$[]) incurred in connection with the preparation, negotiation, execution and delivery of this Agreement and the other Related Documents. The Issuer also agrees to pay all of the Bank's out of pocket expenses (including, without limitation, fees and expenses of counsel to the Bank) arising in connection with the enforcement or administration of, or preservation of rights in connection with, this Agreement or the other Related Documents.

(b) *Indemnification.* To the extent permitted by law, in addition to any and all rights of reimbursement, indemnification, subrogation or any other rights pursuant hereto or under law or equity, the Issuer hereby agrees to indemnify and hold harmless each of the Bank, each Participant and their respective officers, directors, employees and agents (each an "Indemnified Party") from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever (including reasonable attorneys' fees) that an Indemnified Party may incur (or which may be claimed against an Indemnified Party by any Person whatsoever) that arises out of the transactions contemplated by this Agreement or the other Related Documents, including, without limitation, (i) any untrue statement or alleged untrue statement of any material fact contained or incorporated by reference in the Official Statement or any other offering circular or document used in connection with the Bonds, or in any supplement or amendment thereof, or the omission or alleged omission to state therein a material fact necessary to make such statements, in the light of the circumstances under which they are or were made, not misleading or the failure to deliver the Official Statement or any other offering circular or document to any

offeree or purchaser of the Bonds (but excluding any information included in the Official Statement or such other offering circular relating to the Bank and provided in writing by the Bank for inclusion therein); (ii) the execution and delivery or transfer of, or payment or failure to pay under this Agreement; (iii) the issuing, offering, sale, remarketing or resale of the Bonds; (iv) the proposed use of the proceeds of the Bonds or any amounts drawn hereunder; [or (v) (A) any condition of the [_____] (the “Project”), including without limitation, any environmental condition, (B) the construction, reconstruction, improvement, use, occupancy, conduct or management of or any work or anything whatsoever done or omitted to be done in or about the Project or (C) any accident, injury or damage whatsoever to any person occurring in or about the Project;] provided that the Issuer shall not be required to indemnify the Bank for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (1) the willful misconduct or gross negligence of the Bank or (2) the Bank’s willful failure to pay hereunder after the presentation to it by the Trustee (or a successor trustee under the Indenture) a Notice of Bank Purchase strictly complying with the terms and conditions hereof. If any proceeding shall be brought or threatened against the Bank by reason of or in connection with the events described in (i), (ii), (iii), [or] (iv) [or (v)] (and except as otherwise provided in (1) or (2) above), the Bank shall promptly notify the Issuer in writing and the Issuer shall assume the defense thereof, including the employment of counsel and the payment of all costs of litigation. The Issuer will not settle or compromise any such action or claim without the prior written consent of the relevant Indemnified Party if the settlement or compromise involves any performance by or adverse admission of such Indemnified Party. Notwithstanding the preceding sentence, the Bank shall have the right to employ its own counsel and to determine its own defense of such action in any such case, but the fees and expenses of such counsel shall be at the expense of the Issuer.

(c) *Taxes, Etc.* To the extent permitted by law, the Issuer agrees to indemnify and hold the Bank harmless (on a net after-tax basis) from (i) any present or future claim or liability for stamp, transfer, documentary, excise or other similar tax and any penalties or interest with respect thereto, which may be assessed, levied or collected by any government authority in connection with the execution, delivery, performance, filing and recording of, or any payment made under, this Agreement, the Bonds and the other Related Documents, or any amendment hereto or thereto and any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees, and (ii) any penalties, interest or similar charges, which may be assessed, levied or collected under the Code as a consequence of the failure of the Bank or any other Bank Bondholder to include the interest on or any amount in respect of interest on the Bonds at any time held by the Bank or such other Bank Bondholder as gross income in its tax returns for any period prior to a Determination of Taxability.

(d) Nothing in this Section 9.03 is intended to limit the Issuer’s payment obligations under this Agreement and the Fee Letter. The provisions of this Section 9.03 shall survive the termination of this Agreement and the payment in full of the Bonds and the obligations of the Issuer thereunder and hereunder.

Section 9.04. Notices. Unless otherwise specified herein, all notices, requests, invoices, demands or other communications to or upon the respective parties hereto or referred to herein shall be deemed to have been given (a) in the case of notice by letter, when delivered by hand and (b) in the case of notice by facsimile, upon confirmation of receipt, in each case addressed to a party as follows or at such other address as any party may designate by written notice to the other parties hereto:

Issuer: Sacramento Transportation Authority
[ADDRESS]
Attention:
Telephone:
Facsimile:

Trustee: [TRUSTEE]
[ADDRESS]
Attention:
Telephone:
Facsimile:

Bank: For a Notice of Bank Purchase:

Barclays Bank PLC
70 Hudson Street
Jersey City, NJ 07302
Attention: Alina Grajewski
Telephone: (201) 499-8094
Facsimile: (917) 522-0569
E-mail: xrausloanops5@barclayscapital.com and
liquiditydraw@barclayscapital.com

For All Matters:

Barclays Capital Inc.
Municipal Finance - Liquidity
745 7th Ave, 2nd Floor
New York, NY 10019
Attention: James Saakvitne
Telephone: (212) 528-1053
Facsimile: (917) 265-1353
E-mail: James.Saakvitne@barclayscapital.com

Section 9.05. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; provided, however, that the Issuer may not assign or transfer any of its rights or obligations hereunder without the prior written consent of the Bank, and any assignment in contravention hereof shall be void.

The Bank may, by providing not less than forty-five (45) days' written notice to the Issuer and the Trustee, assign to one or more banks or other entities (each an "Assignee" and collectively, "Assignees") all or any part of any of its rights or obligations hereunder; provided that the Bank provides a rating confirmation from the Rating Agencies then rating the Bonds confirming that such assignment will not have an adverse effect on the then current short-term ratings of the Bonds. Upon any such assignment, the Bank shall be relieved of its obligations hereunder and each Assignee shall have the same rights and benefits hereunder and in respect of the Bonds as it would have if it were the Bank hereunder; provided, however, that no such assignment by the Bank which would relieve the Bank of any of its duties or obligations hereunder shall be effective without the written consent of the Issuer (such consent not to be unreasonably withheld or delayed). The Bank may disclose to any Assignee or prospective assignee any information or other data or material in the Bank's possession relating to this Agreement, any other Related Document and the Issuer without the consent of or notice to the Issuer. Nothing contained in this Section 9.05 shall be construed to limit or otherwise affect the Bank's right to sell the Bank Bonds in accordance with Section 2.04(a). Notwithstanding anything herein to the contrary, none of the Issuer, the Trustee or the Bank may assign its rights and obligations under this Agreement unless such party shall also assign its rights and obligations under the Fee Letter and such assignee shall have agreed in writing to the assumption of such rights and obligations under the Fee Letter.

Section 9.06. GOVERNING LAW. PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW (OR ANY SUCCESSOR STATUTE THERETO), THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO CHOICE OF LAW DOCTRINE, AND APPLICABLE FEDERAL LAW, EXCEPT THAT THE CAPACITY, POWER AND AUTHORITY OF THE ISSUER TO ENTER INTO THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 9.07. Reserved.

Section 9.08. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.09. Use of Funds. The Bank agrees that all funds provided by the Bank hereunder will be paid from funds of the Bank and not directly or indirectly from funds or collateral on deposit with or for the account of, or pledged with or for the account of, the Bank by the Issuer or any Participant.

Section 9.10. Extension of Stated Expiration Date. The Stated Expiration Date may be extended from time to time by agreement in writing between the Bank and the Issuer (the period from the preceding Stated Expiration Date to such new Stated Expiration Date being herein sometimes called the "Extended Purchase Period"). The Extended Purchase Period may itself be extended in a like manner for additional periods. If no Event of Default and no Rating

Event has occurred and is continuing, the Issuer may request in writing to the Bank, in the form of Exhibit C to this Agreement not earlier than one hundred twenty (120) days prior to the Stated Expiration Date that the Bank extend the Stated Expiration Date. The Issuer has no obligation to request an Extended Purchase Period and the Bank has no obligation to agree to any Extended Purchase Period, and all terms of the extension (including the term, commitment and other fees, interest rates and other provisions) shall be mutually acceptable to the Bank and the Issuer. The Bank agrees to respond to a written extension request by the Issuer within thirty (30) days of receipt of such request by the Bank. If the Bank fails to respond to the Issuer within thirty (30) days of receipt of the Issuer's request or the Stated Expiration Date shall have occurred, the Bank shall be deemed to have denied such request. If the Bank and the Issuer agree to an Extended Purchase Period, the Bank shall give written notice, in the form of a Notice of Extension substantially in the form of Exhibit D hereto (a "Notice of Extension") of its determination to extend the Stated Expiration Date, to the Issuer, with a copy to the Trustee. If the Stated Expiration Date is extended, the Issuer shall, except as otherwise agreed to in writing by the Bank, be deemed to have made the representations and warranties contained herein on and as of the date on which the Stated Expiration Date is so extended and shall be deemed to have acknowledged and agreed that the terms of Section 2.06(h), including, without limitation, the obligation of the Issuer to pay the Termination Fee, shall apply to such extended Stated Expiration Date.

Section 9.11. Participations. The Issuer acknowledges and agrees that the Bank may participate portions of its obligations hereunder and with respect to the Bank Bonds and any other Related Documents (collectively, the "Participated Obligations") to other financial institutions without notice or the consent of the Issuer and without diminishing the obligations of the Bank hereunder in any manner. The Issuer further acknowledges and agrees that upon any such participation the Participants will become owners of a pro rata portion of the Participated Obligations and the Issuer waives any right of setoff it may have at any time against the Bank or any Participant with regard to the Participated Obligations. Notwithstanding the foregoing, the Issuer shall have no obligation to provide information to any Participant, the grant of such participation interest shall not limit the obligations of the Bank hereunder and the Bank will continue to serve as the only contact for the Issuer for all matters relating to this Agreement. The Bank may disclose to any Participants or prospective Participants any information or other data or material in the Bank's possession relating to this Agreement, any other Related Document and the Issuer without the consent of or notice to the Issuer.

Section 9.12. Right of Setoff. Upon the occurrence of an Event of Default or Rating Event, the Bank and its Affiliates may, at any time and from time to time, without notice to the Issuer or any other Person (any such notice being expressly waived), set off and appropriate and apply, against and on account of, any obligations and liabilities of the Issuer to the Bank or its Affiliates arising under or connected with this Agreement and the other Related Documents, without regard to whether or not the Bank shall have made any demand therefor, and although such obligations and liabilities may be contingent or unmatured, any and all deposits (general or special, including but not limited to indebtedness evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts) and any other indebtedness or other payment obligation at any time held or owing by the Bank or its Affiliates to or for the credit or the account of the Issuer.

Section 9.13. Amendments and Waivers. No amendment or waiver of any provision of this Agreement nor consent to any departure by any party from any such provision shall in any event be effective unless the same shall be in writing and signed by the parties hereto. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. In the event any agreement contained in this Agreement should be breached by the Issuer and thereafter waived by the Bank, such waiver shall be limited to the particular breach so waived for the specific period set out in such waiver and such waiver shall not constitute a waiver of such breach for any other period and shall not waive any other or similar breach hereunder. No failure or delay on the part of the Bank in exercising any right, power or privilege hereunder and no course of dealing shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which the Bank would otherwise have. No notice to or demand on the Issuer or any other party hereto in any case shall entitle the Issuer or such other party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Bank to any other or further action in any circumstances without notice or demand.

Section 9.14. Severability. Any provision of this Agreement that is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction. The parties shall endeavor, in good faith negotiations, to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 9.15. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not have any affect for purposes of interpretation or construction of the terms of this Agreement.

Section 9.16. Complete and Controlling Agreement. This Agreement and the other Related Documents completely set forth the agreements among the Bank, the Trustee and the Issuer and fully supersede all prior agreements, both written and oral, among the Bank, the Trustee and the Issuer relating to all matters set forth herein and in the other Related Documents. The terms and provisions of this Agreement may be amended or superseded only by a written instrument and no oral agreements, practices, standards or other extrinsic communications or facts shall have any bearing on the interpretation or enforcement of this Agreement or the other Related Documents except as otherwise expressly agreed to in writing by the Bank and the Issuer.

Section 9.17. WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY LAW, THE ISSUER, THE TRUSTEE AND THE BANK EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION OR PROCEEDING (WHETHER AS CLAIM, COUNTER-CLAIM, AFFIRMATIVE DEFENSE OR OTHERWISE) BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS AGREEMENT, OR ANY COURSE OF CONDUCT,

COURSE OF DEALINGS, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ISSUER, THE TRUSTEE OR THE BANK. THE ISSUER ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION AND RECOGNIZES AND AGREES THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE BANK ENTERING INTO THIS AGREEMENT. THE ISSUER REPRESENTS AND ACKNOWLEDGES THAT IT HAS REVIEWED THIS PROVISION WITH ITS LEGAL COUNSEL AND THAT IT HAS KNOWINGLY AND VOLUNTARILY WAIVED ANY JURY TRIAL RIGHTS IT MAY HAVE FOLLOWING CONSULTATION WITH SUCH LEGAL COUNSEL.

Section 9.18. Assignment to Federal Reserve Bank. The Bank may assign and pledge all or any portion of the obligations owing to it hereunder to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, provided that any payment in respect of such assigned obligations made by the Issuer to the Bank in accordance with the terms of this Agreement shall satisfy the Issuer's obligations hereunder in respect of such assigned obligation to the extent of such payment. No such assignment shall release the Bank from its obligations hereunder.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers, all as of the day and year first above written.

SACRAMENTO TRANSPORTATION
AUTHORITY

By _____
Name _____
Title _____

[Signatures continued on following page]

[Executions to Standby Bond Purchase Agreement continued]

BARCLAYS BANK PLC

By _____
Name _____
Title _____

[Signatures continued on following page]

[Executions to Standby Bond Purchase Agreement continued]

DEUTSCHE BANK NATIONAL TRUST
COMPANY
as Trustee

By _____
Name _____
Title _____

[Signatures continued on following page]

[Executions to Standby Bond Purchase Agreement continued]

DEUTSCHE BANK NATIONAL TRUST
COMPANY
as Custodian

By _____
Name _____
Title _____

EXHIBIT A

NOTICE OF BANK PURCHASE

The undersigned, a duly authorized officer of Deutsche Bank National Trust Company (the "Trustee"), hereby certifies to Barclays Bank PLC (the "Bank"), in accordance with the Standby Bond Purchase Agreement, dated as of September [24], 2009 (the "Standby Bond Purchase Agreement") among the Sacramento Transportation Authority (the "Issuer"), the Trustee, the Custodian and the Bank relating to the Issuer's [\$_____] Sacramento Transportation Authority Measure A Sales Tax Revenue Bonds Series 2009__ (Limited Tax Bonds), (all capitalized terms herein having the meanings ascribed thereto in the Standby Bond Purchase Agreement), that:

1. Tendered Bonds have been tendered or deemed tendered for purchase pursuant to Section [__] of the Indenture.

2. To the Trustee's actual knowledge, no Immediate Termination Event described in Section 8.02 or Suspension Event described in Section 8.03 of the Standby Bond Purchase Agreement has occurred.

3. Insufficient moneys are available for such purchase pursuant to Section [__] of the Indenture.

4. The Trustee hereby requests the payment of a Purchase Price in the amount of [_____] Dollars (\$[_____]).

5. The portion of the Purchase Price requested hereby relating to the principal of the Tendered Bonds for which there is not sufficient moneys referred to above is [_____] Dollars (\$[_____]), which amount does not exceed the Available Principal Commitment and the portion of the Purchase Price requested hereby relating to accrued interest on the Tendered Bonds for which there is not sufficient moneys referred to above is [_____] Dollars (\$[_____]), which amount does not exceed the Available Interest Commitment.

6. Upon completion of purchase, the Trustee will [register such Tendered Bonds or, if a Tendered Bond for which notice of optional tender or mandatory purchase has been given is not delivered, a new Bond issued in replacement of the undelivered Tendered Bond, in the name of the Bank, or if directed in writing by the Bank, its nominee or designee, on the Bond Register] [cause the beneficial ownership of such Tendered Bonds to be credited to the account of the Bank, or if directed in writing by the Bank, its nominee or designee, with the DTC and register such Tendered Bonds in the name of the Bank, its nominee or designee on the Bond Register] [,and will promptly hold such Tendered Bonds in trust for the benefit of the Bank or deliver such Tendered Bonds as the Bank may otherwise direct in writing and, prior to such delivery, will hold such Tendered Bonds in trust for the benefit of the Bank].

7. Upon completion of purchase, such Tendered Bonds shall be Bank Bonds as set forth in the Standby Bond Purchase Agreement and shall be entitled to all of the rights and benefits of Bank Bonds under the Standby Bond Purchase Agreement and the other Related Documents.

8. The funds requested hereunder shall be transferred to the Trustee as follows:

[PLEASE PROVIDE]

9. The Purchase Date is _____, ____ .

IN WITNESS WHEREOF, the Trustee has executed and delivered this Notice of Bank Purchase as of the day of _____, ____.

DEUTSCHE BANK NATIONAL TRUST
COMPANY
as Trustee

By _____
Name _____
Title _____

EXHIBIT B

FORM OF TERMINATION NOTICE

[Date]

Deutsche Bank National Trust Company,
as Trustee
[ADDRESS]
Attention:

[\$_____] Sacramento Transportation Authority Measure A Sales
Tax Revenue Bonds Series 2009__ (Limited Tax Bonds)

Ladies and Gentlemen:

The undersigned, a duly authorized officer of Barclays Bank PLC (the “Bank”) pursuant to Section 8.04 of the Standby Bond Purchase Agreement dated as of September [24], 2009 (the “Agreement”) among Deutsche Bank National Trust Company, as Trustee, Deutsche Bank National Trust Company, as Custodian, Sacramento Transportation Authority and the Bank, hereby request you call all Eligible Bonds for mandatory tender pursuant to Section 15.05 of the Indenture as described in Section 8.04(a) of the Agreement and notifies you that an [Event of Default][Rating Event] (as defined in the Agreement) pursuant to Section 8.01 of the Agreement has occurred and that as a result thereof the Agreement shall terminate on the date that is thirty (30) days after your receipt of this notice.

Sincerely,

BARCLAYS BANK PLC

By _____
Name _____
Title _____

cc: Sacramento Transportation Authority

EXHIBIT C

FORM OF REQUEST FOR EXTENSION

REQUEST FOR EXTENSION

Barclays Bank PLC
[ADDRESS]
Attention:

Ladies and Gentlemen:

Reference is hereby made to that certain Standby Bond Purchase Agreement, dated as of September [24], 2009 (the "Agreement"), among Sacramento Transportation Authority, Deutsche Bank National Trust Company, as Trustee, Deutsche Bank National Trust Company, as Custodian, and Barclays Bank PLC. All capitalized terms contained herein which are not specifically defined shall be deemed to have the definition set forth in the Agreement. The Issuer hereby requests, pursuant to Section 9.10 of the Agreement, that the Stated Expiration Date for the Agreement be extended by [IDENTIFY APPROPRIATE PERIOD]. Pursuant to Section 9.10 of the Agreement, we have enclosed along with this request the following information:

1. The outstanding principal amount of the Bonds;
2. The nature of any and all Defaults and Events of Default;
3. Confirmation that all representations and warranties of the Issuer as set forth in Article V of the Agreement are true and correct as though made on the date hereof and that no Event of Default or Rating Event has occurred and is continuing on the date hereof except as referenced in paragraph 2 above; and
4. Any other pertinent information previously requested by the Bank.

The Bank is requested to notify the Issuer of its decision with respect to this request for extension within thirty (30) days of the date of receipt hereof. If the Bank fails to notify the Issuer of its decision within such thirty (30) day period, the Bank shall be deemed to have rejected such request.

Very truly yours,

SACRAMENTO TRANSPORTATION
AUTHORITY

By _____
Name _____
Title _____

EXHIBIT D

NOTICE OF EXTENSION

[Date]

Deutsche Bank National Trust Company
as Trustee
[ADDRESS]

Sacramento Transportation Authority
[ADDRESS]

[\$_____] Sacramento Transportation Authority Measure A Sales
Tax Revenue Bonds Series 2009__ (Limited Tax Bonds)

Ladies and Gentlemen:

Reference is hereby made to that certain Standby Bond Purchase Agreement, dated as of September [24], 2009 (the "Agreement"), among Sacramento Transportation Authority, Deutsche Bank National Trust Company, as Trustee, Deutsche Bank National Trust Company, as Custodian, and Barclays Bank PLC (the "Bank").

The undersigned, a duly authorized signatory of the Bank, hereby advises you, with reference to the above-referenced bonds (any capitalized term used herein and not defined shall have its respective meaning as set forth in the Agreement), that [Complete as Appropriate]:

1. On [date], the Issuer delivered to the Bank, pursuant to Section 9.10 of the Agreement, a Request For Extension requesting that the date referenced in the definition of "Stated Expiration Date" in the Agreement (as such date may have been extended previously from time to time) be extended to _____.

2. At the request and for the account of the Issuer, we hereby extend the date referenced in the definition of "Stated Expiration Date" in the Agreement (as such date may have been extended previously from time to time) to _____.

2. Except as specifically provided in paragraph (1) above, all of the terms and conditions of the Agreement remain unchanged and in full force and effect.

3. This Notice of Extension is an integral part of the Agreement.

[The Stated Expiration Date will not be extended at this time.]

IN WITNESS WHEREOF, the undersigned, on behalf of the Bank, has executed and delivered this Notice of Extension as of the ____ day of _____.

BARCLAYS BANK PLC

By _____
Name _____
Title _____