Metro

Board Report

File #: 2017-0416, **File Type:** Resolution **Agenda Number:** 11

FINANCE, BUDGET AND AUDIT COMMITTEE
JULY 19, 2017

SUBJECT: PROPOSITION A COMMERCIAL PAPER PROGRAM

ACTION: AWARD CONTRACT FOR LETTER OF CREDIT

RECOMMENDATION

CONSIDER:

A. AUTHORIZING the Chief Executive Officer to award the direct-pay letter of credit ("LOC") to be provided by Citibank, N.A. ("Citi") for a commitment amount of $150 million for a three-year term for the Proposition A Commercial Paper program at an estimated cost of $4.313 million and enter into a reimbursement agreement and related documents associated with such LOC.

B. If unable to reach agreement with the recommended bank described above, authorize the Chief Executive Officer to finalize negotiations with each successively ranked bank for an LOC having a three-year term and the estimated costs shown in Attachment A.

C. ADOPTING a resolution with respect to the Proposition A Commercial Paper program that approves the selection of Citi or such other banks selected by the Chief Executive Officer for the Proposition A commercial paper program, and the form of the reimbursement agreement, fee agreement and reimbursement note in substantially similar form with those on file with the Board Secretary and that makes certain benefits findings in compliance with the Government Code, Attachment B.

(REQUIRES SEPARATE, SIMPLE MAJORITY VOTE OF THE BOARD)

ISSUE

The Proposition A Commercial Paper program ("Prop A CP") has been proven to be a flexible, cost effective method of short-term financing for our capital program. A letter of credit or similar facility is required for this program in order to guarantee repayment of notes at maturity. Currently the $200 million of Prop A CP LOCs with Sumitomo and Union Bank are at capacity and we are seeking to increase liquidity by $150 million to bring us up to the authorized Prop A CP program amount of $350 million. The additional capacity is necessary because of the cash flow requirements of the Prop A capital projects.

DISCUSSION

The purpose of the Commercial Paper ("CP") programs generally is to provide interim taxable or tax-exempt financing until grant reimbursement or other funding sources are received, or until permanent financing is arranged. The Prop A CP program authorizes us to issue and have outstanding at any one time up to $350 million in commercial paper notes. A letter of credit is required for the Prop A CP program in order to guarantee repayment of the maturing notes.

Commercial paper is a short-term debt instrument that can be issued with maturities from 1 to 270 days. As CP notes mature, new notes are simultaneously issued, i.e., rolled over. The LOCs provide guaranteed liquidity to investors when their notes mature and are a required component of the program. Additionally, the LOCs provide a safety net to us in the form of a term loan in the unlikely event the notes cannot be remarketed, precluding any requirement that we immediately repay the entire outstanding amount from cash. The securities are backed by a subordinate pledge of 75% of Proposition A sales tax revenues, and we can issue either tax exempt or taxable CP under the Prop A CP program. The all-in borrowing cost under the Prop A CP program has been just over 1.15% over the past year. Currently, the LOC Agreements with Sumitomo and Union Bank-MUFG are scheduled to expire on March 7, 2019. Entering into this additional LOC Agreement will not only increase capacity, but allow for flexibility in not having to renew all of the Prop A CP facilities at a single point in time.

Requests for proposal were sent to 29 banks by our financial advisor, Montague DeRose and Associates, LLC ("Montague"). Under our Debt Policy, the financial advisor conducts competitive processes to select financial product providers including letters of credit. The request for proposal required banks to have short-term ratings of at least P-1, A-1 or F-1 from at least two of the three following rating agencies: Moody's Investor Services, S&P Global Ratings and Fitch Ratings, respectively, in order to respond. Evaluation criteria included pricing, any rate penalties investors may impose on a particular bank, the status of a bank's credit approval and willingness to execute our form of agreement. We also wanted to maintain diversity in the number of banks providing us with credit. Ten proposals were received for commitment amounts ranging from $75 million to $150 million for the Prop A CP program. The source selection group was composed of Treasury staff and Montague. Proposals were received from certain banks that included alternative products or terms that were considered to be less desirable, such as standby bond purchase agreements and extendable commercial paper. The selection group ranked each proposer and we are recommending Citi for the Prop A CP program for a three-year term.

Based on the lower pricing received under the RFP, assuming full utilization of the LOC facility over a three-year contract period, the estimated cost value is lower than the cost under the current letters of credit by more than $800,000, based on $150 million of CP. Costs will also depend on the amount of tax-exempt and taxable debt we issue under the Prop A CP program. Additional fees and interest could be incurred under certain extreme circumstances. To date, none of our CP notes have ever failed to be remarketed.

DETERMINATION OF SAFETY IMPACT

Approval of this report will not impact the safety of Metro's patrons or employees.

FINANCIAL IMPACT

Funding of $7,443,000 for the Prop A CP program is included in the FY18 budget in Cost Center #0521, Treasury Non-Departmental, under project #610306, task 03.01, and project #611309, task 01. The cost center manager and the Chief Financial Officer will be accountable for budgeting the cost in future years.

ALTERNATIVES CONSIDERED

The Board could choose to not increase the capacity of the Prop A CP program to $350 million. Not increasing the capacity of the Prop A CP program would reduce our ability to quickly provide low cost, interim financing when needed. This alternative is not recommended.

NEXT STEPS

- Negotiate final terms and conditions with the recommended bank.
- If satisfactory terms cannot be agreed upon with the recommended bank, negotiate with each of the next highest ranked proposers in order to obtain the best combination of terms and pricing.
- Prepare agreements and documentation to implement the LOC including, among others, notices, reimbursement agreement, fee agreement, reimbursement notes, supplemental trust agreement and the offering memorandum.
- Obtain credit ratings for the Prop A CP notes based on the credit ratings of the bank.
- Execute documents in the first quarter of FY2018.

ATTACHMENTS

Attachment A - Recommendation Summary
Attachment B - Authorizing Resolution

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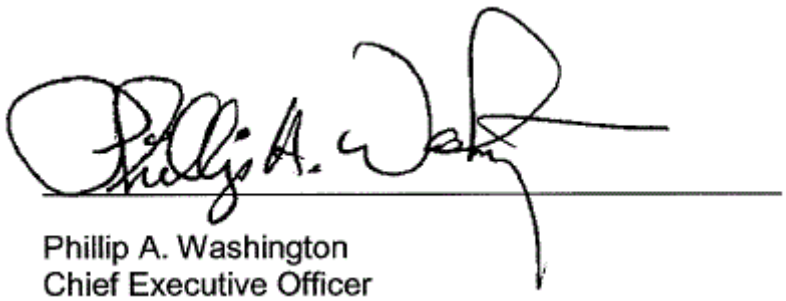

Phillip A. Washington
Chief Executive Officer

ATTACHMENT A

Recommendation Summary for Prop A Commercial Paper Program

Category/Rank	Proposer	Maximum Commitment	Estimated First Year Cost	Total Estimated Costs
Letter of Credit				
	Citi	**$150,000,000**	**$1,474,252**	**$4,312,757**
	ICBC	$150,000,000	$1,510,753	$4,432,258
	Toronto Dominion	$150,000,000	$1,649,753	$4,846,258
	Barclays	$150,000,000	$1,673,253	$4,929,758
	Sumitomo	$150,000,000	$1,723,253	$5,129,758
	Bank of America	$150,000,000	$1,778,703	$5,246,108
CP Alternatives				
	US Bank (Line of Credit)	$150,000,000	$1,725,525	$5,076,575
	JP Morgan (Direct Loan)	$150,000,000	$2,053,025	$6,059,075
	JP Morgan (Line of Credit)	$150,000,000	$2,198,025	$6,504,075

Targeted firms are shown in bold.
Wells Fargo did not provide a $150 million facility and therefore is not included in the above summary.
Morgan Stanley's proposal was deemed nonresponsive and is not included in the above summary.
All costs are based on $150,000,000 facilities/CP programs for a 3 year term.

ATTACHMENT B

Authorizing Resolution

RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY APPROVING AND AUTHORIZING THE EXECUTION OF ONE OR MORE REIMBURSEMENT AGREEMENTS AND CERTAIN OTHER DOCUMENTS RELATED TO THE PROPOSITION A COMMERCIAL PAPER PROGRAM AND AUTHORIZING OTHER RELATED MATTERS

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (the "LACMTA"), as successor to the Los Angeles County Transportation Commission (the "Commission"), is authorized, under Chapter 5 of Division 12 of the California Public Utilities Code (the "Act"), to issue bonds, including but not limited to notes, to finance and refinance the acquisition, construction or rehabilitation of facilities to be used as part of a countywide transportation system; and

WHEREAS, pursuant to the provisions of Section 130350 of the California Public Utilities Code, the Commission was authorized to adopt a retail transactions and use tax ordinance applicable in the incorporated and unincorporated territory of the County of Los Angeles (the "County") subject to the approval of the voters of the County; and

WHEREAS, the Commission, by Ordinance No. 16 adopted August 20, 1980 ("Ordinance No. 16"), imposed a 1/2 of 1% retail transactions and use tax upon retail sales of tangible personal property and upon the storage, use or other consumption of tangible personal property in the County, the proceeds of the tax to be used for public transit purposes (the "Proposition A Tax"), and such tax was approved by the electors of the County on November 4, 1980; and

WHEREAS, the revenues received by the LACMTA from the imposition of the Proposition A Tax are, by statute, directed to be used for public transit purposes, which purposes include a pledge of such tax to secure any bonds issued pursuant to the Act and include the payment or provision for the payment of the principal of such bonds and any premium, interest on such bonds and the costs of issuance of such bonds; and

WHEREAS, the LACMTA, on an on-going basis, is planning and engineering a County-wide public transportation system (the "Public Transportation System") to serve the County and on an on-going basis is constructing portions of the Public Transportation System; and

WHEREAS, to facilitate the development and construction of the Public Transportation System, as authorized by the Act, the LACMTA, by resolution adopted January 23, 1991 (the "1991 Authorizing Resolution"), authorized and implemented a program of commercial paper (the "Program") involving the issuance from time to time of the Second Subordinate Sales Tax Revenue Commercial Paper Notes, Series A (the "Notes") for the purpose of providing for the financing of the acquisition of real and personal property and the construction of the Public Transportation System, provided that the aggregate principal amount of Notes and Reimbursement Obligations (as defined in such 1991 Authorizing Resolution) outstanding at any time shall not exceed $350,000,000; and

WHEREAS, the Notes and other obligations incurred in connection with the Program are issued under and secured by the Subordinate Trust Agreement, dated as of January 1, 1991 (the "Subordinate Agreement"), by and between the LACMTA (as successor to the Commission) and U.S. Bank Trust National Association, as successor to BancAmerica Trust Company, as successor to Security Pacific National Trust Company (New York), as trustee (the "Trustee"); the First Supplemental Subordinate Trust Agreement, dated as of January 1, 1991, as amended (the "First Supplemental Trust Agreement"), by and between the LACMTA and the Trustee; the Second Supplemental Subordinate Trust Agreement, dated as of January 1, 1994 (the "Second Supplemental Trust Agreement"), by and between the LACMTA and the Trustee; the Third Supplemental Subordinate Trust Agreement, dated as of December 1, 1996 (the "Third Supplemental Trust Agreement"), by and between the LACMTA and the Trustee; the Fourth Supplemental Subordinate Trust Agreement, dated as of December 1, 1996 (the "Fourth Supplemental Trust Agreement"), by and between the LACMTA and the Trustee; the Fifth Supplemental Subordinate Trust Agreement, dated as of May 1, 2004 (the "Fifth Supplemental Trust Agreement"), by and between the LACMTA and the Trustee; the Sixth Supplemental Subordinate Trust Agreement, dated as of September 24, 2009 (the "Sixth Supplemental Trust Agreement"), by and between the LACMTA and the Trustee, and the Seventh Supplemental Subordinate Trust Agreement, dated as of September 1, 2010 (the "Seventh Supplemental Trust Agreement," and, collectively with the Subordinate Agreement, the First Supplemental Trust Agreement, the Second Supplemental Trust Agreement, the Third Supplemental Trust Agreement, the Fourth Supplemental Trust Agreement, the Fifth Supplemental Trust Agreement and the Sixth Supplemental Trust Agreement, the "Trust Agreement"), by and between the LACMTA and the Trustee; and

WHEREAS, the LACMTA has determined that it is necessary and desirable to have the Notes secured by one or more letters of credit (the "Letter of Credit," or the "Letters of Credit") that are delivered pursuant to the terms of one or more reimbursement agreements (a "Reimbursement Agreement," or the "Reimbursement Agreements") each between the LACMTA and one or more providers of a Letter of Credit (a "Letter of Credit Provider," or the "Letter of Credit Providers") that sets forth the terms and conditions for the repayment by the LACMTA of Reimbursement Obligations; and

WHEREAS, a portion of the Notes are currently secured by an Amended and Restated Letter of Credit (the "Sumitomo Mitsui Letter of Credit") provided by Sumitomo Mitsui Banking Corporation, acting through its New York Branch ("Sumitomo Mitsui") in the stated amount of $124,999,176 which expires on March 7, 2019; and

WHEREAS, Sumitomo Mitsui issued the Sumitomo Mitsui Letter of Credit pursuant to the Amended and Restated Letter of Credit Reimbursement Agreement, dated as of March 1, 2016, between the LACMTA and Sumitomo Mitsui; and

WHEREAS, an additional portion of the Notes are currently secured by an Amended and Restated Letter of Credit (the "Union Bank Letter of Credit") provided by MUFG Union Bank, N.A. (formerly known as Union Bank, N.A.) ("Union Bank") in the stated amount of $74,999,724 which expires on March 7, 2019; and

WHEREAS, Union Bank issued the Union Bank Letter of Credit pursuant to the Amended and Restated Letter of Credit Reimbursement Agreement, dated as of March 1, 2016, between the LACMTA and Union Bank; and

WHEREAS, the LACMTA now desires to (a) secure an additional amount of Notes with one or more new Letters of Credit or other security arrangements in order that, in addition to the Notes secured by the Sumitomo Mitsui Letter of Credit and the Notes secured by the Union Bank Letter of Credit, the LACMTA may issue additional Notes, up to the amount of such Letter(s) of Credit or other facility(ies) (inclusive of accrued interest), to further facilitate the development and construction of the Public Transportation System, and (b) enter into one or more new Reimbursement Agreements with one or more new Letter of Credit Providers, pursuant to which new Reimbursement Agreement or Reimbursement Agreements one or more new Letters of Credit are to be issued by such new Letter of Credit Provider or Letter of Credit Providers, which Letter of Credit Provider(s) may be selected by the LACMTA from the pool of respondents to the LACMTA's "Request for Proposal for Letters of Credit or Alternate Credit Facilities" (the "Bank RFP") distributed to potential respondents on May 8, 2017 (each a "New Letter of Credit Provider");

WHEREAS, so long as the Program is active, the LACMTA deems it necessary and desirable to have one or more Letters of Credit securing the payment of principal of and interest on the Notes as they mature from time to time; and

WHEREAS, the Program Termination Date, as defined in the Trust Agreement, has not occurred nor has a Program Termination Notice, as defined in the Trust Agreement, been issued by the LACMTA to each of the Trustee, Issuing and Paying Agent and the Dealers (each as defined in the Trust Agreement); and

WHEREAS, Section 5922 of the Government Code of the State of California provides that in connection with, or incidental to, the issuance or carrying of bonds (which is defined to include notes) any public entity may enter into any contracts which the public entity determines to be appropriate to place the obligations represented by the bonds, in whole or in part, on the interest rate, cash flow or other basis desired by the public entity, including without limitation contracts providing for payments based on levels of, or changes in, interest rates or stock or other indices, or contracts to exchange cash flows or a series of payments, in each case to hedge payment, rate, spread or similar exposure; and

WHEREAS, pursuant to Section 5922 of the Government Code of the State of California, the LACMTA hereby finds and determines that the Reimbursement Agreements to be entered into in connection with, or incidental to, the Program, will reduce the amount and duration of interest rate risk with respect to the Notes and are designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the Notes or enhance the relationship between risk and return with respect to investments; and

WHEREAS, in order to minimize debt service and maximize benefits to the LACMTA, the LACMTA will enter into one or more Reimbursement Agreements with one or more New Letter of Credit Providers which will provide one or more Letters of Credit that will separately

secure the payment of principal of and interest on certain designated Notes as issued and maturing from time to time; and

WHEREAS, pursuant to the Bank RFP and the proposal provided in response thereto by Citibank, N.A. ("Citi"), the LACMTA has selected Citi as a New Letter of Credit Provider to issue a Letter of Credit in the amount of $149,999,448 (the "Citi Letter of Credit") to secure the payment when due of the principal of and interest on a portion of the Notes and has negotiated the terms and conditions of a Reimbursement Agreement and a Fee Agreement with Citi relating to such Citi Letter of Credit, subject to Citi's ultimate delivery of the Citi Letter of Credit on such terms and conditions as are acceptable to the LACMTA as determined by a Designated Officer (as defined below); and

WHEREAS, Sumitomo Mitsui, Union Bank and Citi and/or such one or more other New Letter of Credit Providers will together provide credit support for $321,463,001 in aggregate principal amount of the Notes and $28,535,347 in interest to accrue thereon (for a combined stated amount of $349,998,348); and

WHEREAS, forms of the following documents are on file with the Secretary of the Board of Directors of the LACMTA and have been made available to the members of the Board of Directors of the LACMTA (the "Board"):

(a) a Letter of Credit Reimbursement Agreement (the "Citi Reimbursement Agreement"), that is substantially similar to the forms of the Sumitomo Mitsui Amended and Restated Reimbursement Agreement and the Union Bank Amended and Restated Reimbursement Agreement now on file with the Secretary of the Board and will be entered into by the LACMTA and Citi in connection with the issuance by Citi of the Citi Letter of Credit;

(b) a Fee Agreement (the "Citi Fee Agreement"), that is substantially similar to the forms of the Sumitomo Mitsui Amended and Restated Fee Agreement and the Union Bank Amended and Restated Fee Agreement now on file with the Secretary of the Board and will be entered into by the LACMTA and Citi;

(c) a Reimbursement Note (the "Citi Reimbursement Note" and collectively, with the Citi Reimbursement Agreement and the Citi Fee Agreement, the "Documents"), that is substantially similar to the forms of the Sumitomo Mitsui Amended and Restated Reimbursement Note and the Union Bank Amended and Restated Reimbursement Note now on file with the Secretary of the Board and will be executed and delivered by the LACMTA to evidence its reimbursement obligations under the Citi Reimbursement Agreement and the Citi Fee Agreement; and

WHEREAS, the LACMTA has been advised by its Bond Counsel that such Documents are in appropriate form, and the LACMTA hereby acknowledges that said Documents will be modified and amended to reflect the various details applicable to the Program and the Notes; and

WHEREAS, in the event the LACMTA decides that it is in its best interests to obtain one or more Letters of Credit to be issued by one or more New Letter of Credit Providers who are not Citi, instead of obtaining the Citi Letter of Credit, or to reduce the amount of the Citi Letter of

Credit and so obtain one or more other Letters of Credit, the LACMTA will (a) enter into one or more Reimbursement Agreements with such Other Letter of Credit Provider(s) that will be substantially similar to the forms of the Citi Reimbursement Agreement, the Sumitomo Mitsui Amended and Restated Reimbursement Agreement and the Union Bank Amended and Restated Reimbursement Agreement now on file with the Secretary of the Board, (b) will enter into one or more fee agreements with such Other Letter of Credit Provider(s) that will be substantially similar to the forms of the Citi Fee Agreement, the Sumitomo Mitsui Amended and Restated Fee Agreement and the Union Bank Amended and Restated Fee Agreement now on file with the Secretary of the Board, and (c) execute and deliver one or more reimbursement notes that will be substantially similar to the forms of the Citi Reimbursement Note, the Sumitomo Mitsui Amended and Restated Reimbursement Note and the Union Bank Amended and Restated Reimbursement Note now on file with the Secretary of the Board; and

WHEREAS, terms used in this Resolution and not otherwise defined herein shall have the meanings assigned to them in the Trust Agreement

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY, AS FOLLOWS:

Section 1. Findings. The foregoing recitals are true and correct and the LACMTA so finds and determines.

Section 2. Approval of Documents; Authorization for Execution. The LACMTA hereby approves the appointment of Citi and/or one or more such other New Letter of Credit Providers selected and appointed by a Designated Officer (as defined below), as the provider or providers of the Letters of Credit (including the Citi Letter of Credit, in a combined stated amount of $349,998,348) with respect to the Program and the Notes. The form, terms and provisions of the Documents are in all respects approved and the Chief Executive Officer of the LACMTA, the Chief Financial Officer of the LACMTA, any Treasurer of the LACMTA, any Assistant Treasurer of the LACMTA, or any such officer serving in an acting or interim capacity, and any written designee of any of them (each a "Designated Officer"), any one or more thereof, are hereby authorized, empowered and directed to execute, acknowledge and deliver each of the Documents including counterparts thereof, in the name and on behalf of the LACMTA. The Documents, as executed and delivered, shall be in substantially the forms now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the forms of the Documents now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the Documents, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Documents.

If a Designated Officer determines that it is in the LACMTA's best interests to obtain one or more Letters of Credit to be issued by one or more New Letter of Credit Provider(s) who are not Citi, instead of obtaining the Citi Letter of Credit, or to reduce the amount of the Citi Letter

of Credit and so obtain one or more other Letters of Credit, the Designated Officers are hereby authorized to (a) enter into one or more Reimbursement Agreements with one or more other New Letter of Credit Provider(s) that is substantially similar to the form of the Citi Reimbursement Agreement approved above and the forms of the Sumitomo Mitsui Amended and Restated Reimbursement Agreement and the Union Bank Amended and Restated Reimbursement Agreement (each an "Alternate Reimbursement Agreement"), all of which are now on file with the Secretary of the Board and made available to the Board, (b) enter into one or more fee agreements with one or more other New Letter of Credit Provider(s) that is substantially similar to the form of the Citi Fee Agreement approved above and the forms of the Sumitomo Mitsui Amended and Restated Fee Agreement and the Union Bank Amended and Restated Fee Agreement (each an "Alternate Fee Agreement"), all of which are now on file with the Secretary of the Board and made available to the Board, and (c) execute and deliver one or more reimbursement notes that is substantially similar to the form of the Citi Reimbursement Note approved above and the forms of the Sumitomo Mitsui Amended and Restated Reimbursement Note and the Union Bank Amended and Restated Reimbursement Note (each an "Alternate Reimbursement Note," and collectively with the Alternate Reimbursement Agreement and the Alternate Fee Agreement, the "Alternate Documents") now on file with the Secretary of the Board and made available to the Board. The Alternate Documents, as executed and delivered, shall be substantially similar to the forms of the Documents now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the forms of the Documents now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of the Alternate Documents, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Alternate Documents.

The LACMTA hereby determines that entering into the Citi Reimbursement Agreement with Citi and/or one or more Reimbursement Agreements with one or more such other New Letter of Credit Providers pursuant to Section 5922 of the Government Code of the State of California would be designed to reduce the LACMTA's cost of borrowing for the Notes. In addition to the provisions set forth in the previous paragraph, no Designated Officer shall enter into the Citi Reimbursement Agreement with Citi and/or one or more Reimbursement Agreements with one or more such other New Letter of Credit Providers unless (a) each such Reimbursement Agreement is designed (i) to reduce or hedge the amount or duration of any payment, interest rate, spread or similar risk, or (ii) to result in a lower cost of borrowing when used in combination with the issuance of the Notes, (b) the term of each such Reimbursement Agreement does not exceed the Program Termination Date; (c) the amount of the Letters of Credit issued pursuant to the terms of the Citi Reimbursement Agreement and/or such other new Reimbursement Agreements, if any, does not, when combined with the amounts of the Sumitomo Mitsui Amended and Restated Letter of Credit and the Union Bank Amended and Restated Letter of Credit, exceed the principal amount of the Notes issuable under the Program; and (d) the amounts payable by the LACMTA with respect to such Reimbursement Agreements shall be payable solely and exclusively from Net Pledged Revenues. In accordance with Section 5922 of the Government Code of the State of California, the LACMTA hereby finds and determines that the Reimbursement Agreements entered into in accordance with this Resolution

and consistent with the requirements set forth herein are designed to reduce the amount or duration of payment, interest rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the Notes.

Section 3. Additional Authorization. The Designated Officers and all officers, agents and employees of the LACMTA, for and on behalf of the LACMTA, be and they hereby are authorized and directed to do any and all things necessary to effect the execution and delivery of the Documents and/or the Alternate Documents and to carry out the terms thereof. The Designated Officers and all other officers, agents and employees of the LACMTA are further authorized and directed, for and on behalf of the LACMTA, to execute all papers, documents, certificates and other instruments and take all other actions that may be required in order to carry out the authority conferred by this Resolution or the provisions of the Documents and/or the Alternate Documents or to evidence said authority and its exercise. In connection with the execution and delivery of the Documents and the issuance of the Citi Letter of Credit and/or the execution and delivery of the Alternate Documents and the issuance of one or more new Letters of Credit by one or more other New Letter of Credit Providers, the LACMTA is hereby authorized and directed to prepare and cause to be distributed, from time to time, one or more commercial paper offering memoranda with respect to the Notes. All actions heretofore taken by the officers, agents and employees of the LACMTA in furtherance of this Resolution are hereby confirmed, ratified and approved.

Section 4. Severability. The provisions of this Resolution are hereby declared to be severable, and, if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereof.

Section 5. Effective Date. This Resolution shall be effective upon adoption by the Board.

CERTIFICATION

The undersigned, duly qualified and acting as Board Secretary of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true and correct copy of the Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on _____, 2017.

[SEAL]

By _____
Board Secretary, Los Angeles County
Metropolitan Transportation Authority

Dated: _____, 2017

FEE AGREEMENT
DATED AS OF [_____, 2017]

Reference is hereby made to (i) the Letter of Credit Reimbursement Agreement dated as of **[_____]**, 2017 (as amended, supplemented, restated or otherwise modified from time to time the *"Agreement"*), between the Los Angeles County Metropolitan Transportation Authority (the *"Authority"*) and Citibank, N.A. (the *"Bank"*), relating to the Los Angeles County Metropolitan Transportation Authority Second Subordinate Sales Tax Revenue Commercial Paper Notes, Series A-T-Citi and the Los Angeles County Metropolitan Transportation Authority Second Subordinate Sales Tax Revenue Commercial Paper Notes, Series A-TE-Citi (collectively, the *"Notes"*) and (ii) the Irrevocable Letter of Credit No. [____] dated **[_____]**, 2017, issued by the Bank pursuant to the Agreement and supporting the Notes. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement.

The purpose of this Fee Agreement is to confirm the agreement between the Bank and the Authority with respect to certain fees payable by the Authority to the Bank pursuant to the Agreement. This Fee Agreement is the Fee Agreement referenced in the Agreement, and the terms hereof are incorporated by reference into the Agreement. This Fee Agreement and the Agreement are to be construed as one agreement between the Authority and the Bank, and all obligations hereunder are to be construed as obligations thereunder. All references to amounts due and payable under the Agreement will be deemed to include all amounts, fees and expenses payable under this Fee Agreement.

ARTICLE I. FEES.

Section 1.1. Letter of Credit Fee. The Authority hereby agrees to pay or cause to be paid to the Bank in arrears on October 2, 2017 (for the period from and including the Closing Date to and including September 30, 2017) and on the first Business Day of each January, April, July and October thereafter (each such date referred to herein as a "*Quarterly Payment Date*") occurring prior to the Termination Date and on the Termination Date, a non-refundable fee (the "*Letter of Credit Fee*") in an amount, for each day during the related fee period, equal to the product of the Gross Available Amount for each such day in the related fee period and the applicable rate per annum (the *"Letter of Credit Fee Rate"*) specified below for each day during each related fee period. The Letter of Credit Fee shall be payable in immediately available funds and computed on the basis of a year of 360 days and the actual number of days elapsed.

LEVEL	FITCH RATING*	S&P RATING	MOODY'S RATING	LETTER OF CREDIT FEE RATE
Level 1	AA+ or above	AA+ or above	Aa1 or above	0.18%
Level 2	AA	AA	Aa2	0.30%
Level 3	AA-	AA-	Aa3	0.40%

* To the extent Fitch provides a Rating at the request of the Authority

LEVEL	FITCH RATING*	S&P RATING	MOODY'S RATING	LETTER OF CREDIT FEE RATE
Level 4	A+	A+	A1	0.55%
Level 5	A	A	A2	0.70%
Level 6	A- or lower	A- or lower	A3 or lower	0.85%

The term *"Rating"* as used above shall mean the long-term unenhanced debt ratings assigned by each of Fitch (to the extent Fitch provides a Rating at the request of the Authority), S&P and Moody's to any Senior Lien Bonds (without giving effect to any bond insurance policy or other credit enhancement securing such Senior Lien Bonds). In the event of a split Rating (*i.e.*, one of the foregoing Rating Agency's Rating is at a different level than the Rating of either of the other Rating Agencies), the Letter of Credit Fees shall be based upon the level in which the lowest rating appears. Any change in the Letter of Credit Fee Rate resulting from a change in a Rating shall be and become effective as of and on the date of the announcement of the change in such Rating. References to ratings above are references to rating categories as presently determined by the Rating Agencies and, in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration or realignment of the long-term unenhanced debt rating of any unenhanced Senior Lien Bonds in connection with the adoption of a "global" rating scale, each of the Ratings from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. The Authority acknowledges, and the Bank agrees, that as of the Effective Date, the Letter of Credit Fee Rate is that specified above for Level 1. Upon the occurrence and during the continuance of an Event of Default or in the event that any Rating is suspended, withdrawn, is otherwise unavailable (but excluding any suspension of any such Ratings if the Rating Agency in question stipulates in writing to the Authority and the Bank that the rating action is being taken by such Rating Agency for non-credit related reasons) or is reduced below "A3" (or its equivalent) by Moody's, "A-" (or its equivalent) by Fitch or "A-" (or its equivalent) by S&P, the Letter of Credit Fee Rate shall automatically increase by 3.00% per annum above the Letter of Credit Fee Rate otherwise in effect. The Letter of Credit Fees shall be payable quarterly in arrears, together with interest on the Letter of Credit Fees from the date payment is due until payment in full at the Default Rate. The Letter of Credit Fee shall be payable in immediately available funds and computed on the basis of a year of 360 days and the actual number of days elapsed.

Section 1.2. Drawing Fee. The Authority agrees to pay to the Bank, quarterly in arrears on each Quarterly Payment Date occurring prior to the Termination Date and on the Termination Date, a drawing fee of $350 for each Drawing under the Letter of Credit during the quarter ending on each Quarterly Payment Date; *provided, however*, that no such drawing fee shall be due and payable by the Authority to the Bank until the Bank has invoiced the Authority for such drawing fee; *provided, further, however*, that the failure by the Bank to invoice the Authority for such drawing fee shall not relieve the Authority of its obligation to make payment of such

drawing fee and such drawing fee shall be due and payable on the next Quarterly Payment Date after the Bank invoices the Authority for any such drawing fee.

Section 1.3. Transfer Fee. Upon each transfer of the Letter of Credit in accordance with its terms, the Authority agrees to pay to the Bank a transfer fee in an amount equal to $3,500, plus, in each case, the reasonable fees and expenses of counsel to the Bank, payable on the date of such transfer.

Section 1.4. Amendment Fee. The Authority shall pay to the Bank an amendment fee in a minimum amount equal to $3,500 or such other amount reasonably determined by the Bank and agreed to by the Authority for any amendment, supplement or modification to the Letter of Credit, the Agreement or any Related Document not requested by the Bank and with respect to any waiver or consent to be provided by the Bank in connection with amendment, supplement or modification to the Letter of Credit, the Agreement or the Related Document, plus the Bank's 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 amendment, supplement, modification, waiver or consent, payable not later than the effective date of each such amendment.

Section 1.5. Termination Fee. Notwithstanding anything set forth herein or in the Agreement to the contrary, the Authority agrees not to terminate or replace the Letter of Credit prior to the first (1st) anniversary of the Effective Date (the "*Initial Period*"), without the payment by the Authority to the Bank of a termination fee in an amount equal to (i) the product of (A) the Letter of Credit Fee Rate in effect on the date of termination or replacement, (B) the Gross Available Amount as of the 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 first (1st) anniversary of the Closing Date, and the denominator of which is 360; *provided further, however,* that no termination fee shall become payable under this Section 1.5 if the Authority terminates or replaces the Letter of Credit pursuant to the terms hereof and the terms of the Agreement as the result of (i) the Bank's senior unsecured short-term ratings having been reduced by any two Rating Agencies below *"A-1"* (or its equivalent) by S&P, *"F1"* (or its equivalent) by Fitch or *"VMIG-1"* (or its equivalent) by Moody's or (ii) the Notes being refinanced with a long-term financing of the Authority.

Section 1.6. Reduction Fees. Notwithstanding the foregoing and anything set forth herein or in the Agreement to the contrary, the Authority agrees not to permanently reduce the Stated Amount of the Letter of Credit during the Initial Period, without the payment by the Authority to the Bank of a reduction fee in connection with each and every permanent reduction of the Stated Amount in an amount equal to the product of (A) the Letter of Credit Fee Rate in effect on the date of such permanent reduction, (B) the difference between the Stated Amount prior to such permanent reduction and the Stated Amount after such permanent reduction, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such permanent reduction to and including the first (1st) anniversary of the Effective Date, and the denominator of which is 360; *provided, however,* that no reduction fee shall become payable under this Section 1.6 if the Authority permanently reduces the Stated Amount of the Letter of Credit pursuant to the terms hereof and of the Agreement as the result of (i) the Bank's senior

unsecured short-term ratings having been reduced by any two Rating Agencies below *"A-1"* (or its equivalent) by S&P, *"F1"* (or its equivalent) by Fitch or *"VMIG-1"* (or its equivalent) by Moody's or (ii) a portion of the Notes being refinanced with the proceeds of a long-term financing of the Authority.

ARTICLE II. MISCELLANEOUS.

Section 2.1. Out-of-Pocket Expenses; Administration. (a) The Authority shall pay to the Bank promptly upon receipt of a properly detailed invoice any and all reasonable fees and expenses of the Bank (including the out-of-pocket expenses of the Bank, and the reasonable fees of counsel to the Bank, plus disbursements of counsel to the Bank), all payable in accordance with this Fee Agreement. The reasonable fees of counsel to the Bank shall be paid directly to Chapman and Cutler LLP in accordance with the instructions provided by Chapman and Cutler LLP.

(b) The Authority further agrees to pay promptly upon receipt of a properly detailed invoice all of the Bank's out-of-pocket expenses (including, without limitation, reasonable fees and disbursements of counsel for the Bank) arising in connection with the administration and enforcement of, preservation of rights in connection with a workout, restructuring or default under, or amendment or waiver with respect to the Agreement, the Letter of Credit and the other Related Documents.

Section 2.2. Amendments. No amendment to this Fee Agreement shall become effective without the prior written consent of the Authority and the Bank.

Section 2.3. Governing Law. THIS FEE AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA.

Section 2.4. Counterparts. This Fee Agreement may be executed in two or more counterparts, each of which shall constitute an original but both or all of which, when taken together, shall constitute but one instrument. This Fee Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by attaching a pdf copy to an email, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

Section 2.5. Severability. Any provision of this Fee Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

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

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY

By:_____
Name: _____
Title: _____

CITIBANK, N.A.

By:_____
Name: _____
Title: _____

LETTER OF CREDIT REIMBURSEMENT AGREEMENT

BETWEEN

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

AND

CITIBANK, N.A.

Relating to up to

Los Angeles County Metropolitan Transportation Authority
Second Subordinate Sales Tax Revenue
Commercial Paper Notes,
Series A-TE-Citi
(Proposition A)

and

Los Angeles County Metropolitan Transportation Authority
Second Subordinate Sales Tax Revenue
Commercial Paper Notes,
Series A-T-Citi
(Proposition A)

DATE AS OF **[_____, 2017]**

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

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

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LETTER OF CREDIT REIMBURSEMENT AGREEMENT

THIS LETTER OF CREDIT REIMBURSEMENT AGREEMENT (as amended, supplemented or otherwise modified from time to time, this "*Reimbursement Agreement*" or this "*Agreement*") is executed and entered into as **[_____[**, 2017, by and between LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (the "*Authority*") and CITIBANK, N.A. (the "*Bank*"). All capitalized terms used herein and not otherwise defined in connection with such use shall have the meanings set forth in Article I.

WHEREAS, the Authority has authorized and issued, and intends to issue from time to time, Notes (as hereinafter defined) in an aggregate principal amount which, together with accrued interest thereon to the stated maturity dates thereof, does not exceed $150,000,000 at any one time outstanding;

WHEREAS, the Notes are issued pursuant to the Subordinate Trust Agreement, dated as of January 1, 1991 (the "*Subordinate Trust Agreement*"), a First Supplemental Subordinate Trust Agreement, dated as of January 1, 1991 (the "*First Supplemental Subordinate Trust Agreement*"), a Second Supplemental Subordinate Trust Agreement, dated as of January 1, 1994 (the "*Second Supplemental Subordinate Trust Agreement*"), a Third Supplemental Subordinate Trust Agreement, dated as of December 1, 1996 (the "*Third Supplemental Subordinate Trust Agreement*"), a Fourth Supplemental Subordinate Trust Agreement, dated as of December 1, 1996 (the "*Fourth Supplemental Subordinate Trust Agreement*"), a Fifth Supplemental Subordinate Trust Agreement, dated as of May 1, 2004 (the "*Fifth Supplemental Subordinate Trust Agreement*"), a Sixth Supplemental Subordinate Trust Agreement, dated as of September 24, 2009 (the "*Sixth Supplemental Subordinate Trust Agreement*"), and a Seventh Supplemental Subordinate Trust Agreement, dated as of September 30, 2010 (the "*Seventh Supplemental Subordinate Trust Agreement*" and collectively with the Subordinate Trust Agreement, the First Supplemental Subordinate Trust Agreement, the Second Supplemental Subordinate Trust Agreement, the Third Supplemental Subordinate Trust Agreement, the Fourth Supplemental Subordinate Trust Agreement, the Fifth Supplement Trust Agreement, and Sixth Supplemental Subordinate Trust Agreement, collectively referred to herein as the "*Trust Agreement*"), each by and between the Authority and the Trustee, and pursuant to which, the Authority is required to furnish a letter of credit in connection with the Notes to be issued from time to time by the Authority under the Program;

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

WHEREAS, the Authority has requested the Bank provide the Letter of Credit in an original stated amount of $[**149,999,999**] for the payment by the Paying Agent at maturity of the principal of and interest on the Notes;

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

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

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

ARTICLE I

DEFINITIONS

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

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

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

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

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

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

"*Annual Historical Proposition A Debt Service Payments*" has the meaning set forth in Section 5.01(b)(iii) hereof.

"*Annual Historical Proposition A Sales Tax Receipts*" has the meaning set forth in Section 5.01(b)(iii) hereof.

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

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

"*Authority Financial Statements*" means the financial statements of the Authority as described in 4.06 and 5.01(b) hereof.

"*Authorized Representative*" means any of the Chief Executive Officer of the Authority, the Deputy Chief Executive Officer of the Authority, the Executive Director of the Authority, Chief Financial Officer of the Authority, the Treasurer of the Authority, the General Counsel of the Authority, the Board Secretary of the Authority, the Board of Directors of the Authority, as a whole, or any other authorized representative or authorized spokesperson conveying an official position of the Board or the Authority.

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

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

"*Bank Rate*" means the Base Rate; provided, however, that immediately and automatically upon the occurrence of an Event of Default (and without any notice given with respect thereto) and during the continuance of such Event of Default, "Bank Rate" shall mean the Default Rate.

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

"*Base Rate*" means, for any day, a variable rate of interest per annum equal to the Fed Funds Rate as in effect on such day plus four and one-half percent (4.50%).

"*Board of Equalization*" means the California State Board of Equalization that collects the Proposition A Sales Tax.

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

"*Calculation Ratio*" has the meaning set forth in Section 5.01(b)(iii) hereof.

"*Change in Law*" means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any Law, including, without limitation, any Risk-Based Capital Guidelines, (b) any change in any Law or in the administration, interpretation,

implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, ruling, guideline, regulation or directive (whether or not having the force of law) by any Governmental Authority; *provided* that notwithstanding anything herein to the contrary, (i) the Dodd Frank Wall Street Reform and Consumer Protection Act and all requests, rules, ruling, guidelines, regulations or directives thereunder or issued in connection therewith and (ii) all requests, rules, rulings, guidelines, regulations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, shall in each case be deemed to be a "Change in Law," regardless of the date enacted, adopted or issued.

"*Closing Date*" means [_____], 2017, subject to the satisfaction or waiver by the Bank of all of the conditions precedent to the issuance of the Letter of Credit set forth in Article III hereof.

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

"*Currency Hedge Agreement*" has the meaning set forth in the definition of "Projected Maximum Total Annual Debt Service" set forth in this Section 1.01.

"*Dealer*" means the institution appointed from time to time by the Authority to act as a Dealer for the Notes pursuant to the Dealer Agreement and the terms hereof and, as of the Closing Date, means each of Goldman, Sachs & Co., Barclays Capital Inc. and RBC Capital Markets, LLC.

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

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

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

"*Default Rate*" means the interest rate per annum equal to the sum of the Base Rate from time to time in effect plus three percent (3.00%).

"*Dollars*" and "*$*" means the lawful currency of the United States of America.

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

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

"*DTC*" means The Depository Trust Company, New York, New York.

"*EMMA*" means Electronic Municipal Market Access as provided by the Municipal Securities Rulemaking Board.

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

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

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

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

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

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

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

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

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

"*Fifth Supplemental Subordinate Trust Agreement*" has the meaning set forth in the second recital hereof.

"*Final Drawing Notice*" means a Final Drawing Notice in the form of Schedule III to the Letter of Credit.

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

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

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

"*Fourth Supplemental Subordinate Trust Agreement*" has the meaning set forth in the second recital hereof.

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

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

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

"*Guarantee*" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt (whether arising by virtue of partnership arrangements, by agreement to keep well, to purchase assets, goods, securities or services, to take or pay, or to maintain financial statement conditions or otherwise), (b) entered into for the purpose of assuring in any other manner the obligee of such Debt of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part) or (c) with respect to any letter of credit issued for the account of such Person or as to which such Person is otherwise liable for reimbursement of drawings,

provided that the term Guarantee shall not include (i) endorsements for collection or deposit in the ordinary course of business, or (ii) performance or completion guarantees. The term "Guarantee" used as a verb has a corresponding meaning.

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

"*Historical Ratio*" has the meaning set forth in Section 5.01(b)(iii) hereof.

"*Incipient Invalidity Event*" means (i) the validity or enforceability of any provision of the Act or Ordinance No. 16 that impacts (A) the Authority's ability or obligation to levy the Proposition A Sales Tax in the incorporated and unincorporated territory of the County of Los Angeles in accordance with the provisions of the Act and Ordinance No. 16 which affects the Authority's ability or obligation to make payments of principal of or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawings, any Liquidity Advances, the other Reimbursement Obligations and all other payment obligations due and owing the Bank under this Reimbursement Agreement or the pledge of and lien on Net Pledged Revenues securing the payments of principal of or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawings, any Liquidity Advances, the other Reimbursement Obligations and all other payment obligations due and owing the Bank under this Reimbursement Agreement, or (B) the Board of Equalization's ability or obligation to collect the Proposition A Sales Tax or to pay the Pledged Tax to the Trustee, in each case, which affects the Authority's ability or obligation to make payments of principal of or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawing, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligation due and owing the Bank under this Reimbursement Agreement or the pledge of and lien on Net Pledged Revenues securing the payments of principal of or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawing, any Liquidity Advances, the other Reimbursement Obligations and all other payment obligations due and owing the Bank under this Reimbursement Agreement is publicly contested or publicly repudiated by an Authorized Representative of the Authority, or (ii) the validity or enforceability of any such provision described in clause (i)(A) or (i)(B) above is deemed to be invalid or unenforceable as a result of an Authorized Representative of the Authority or the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction taking or being permitted to take any official action, or introducing or duly enacting any statute or legislation or issuing an executive order, or (iii) any such provision described in clause (i)(A) or (i)(B) is determined by a court of competent jurisdiction or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction in a proceeding subject to further appeals to be invalid or

unenforceable, or (iv) the validity or enforceability of any Payment and Collateral Obligation is publicly contested or publicly repudiated by an Authorized Representative of the Authority, or (v) the validity or enforceability of any Payment and Collateral Obligation is deemed to be invalid or unenforceable as a result of an Authorized Representative of the Authority or the State or any instrumentality of the State or any Governmental Authority with appropriate jurisdiction taking or being permitted to take any official action or introducing or duly enacting any statute or legislation or issuing an executive order, or (vi) any Payment and Collateral Obligation is declared invalid or unenforceable in a proceeding subject to further appeals by the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction, or (vii) any provision of the Act or Ordinance No. 16 is supplemented, modified or amended in a manner that makes invalid or unenforceable (A) the Authority's ability or obligation to levy the Proposition A Sales Tax in the incorporated and unincorporated territory of the County of Los Angeles in accordance with the provisions of the Act and Ordinance No. 16 which affects the Authority's ability or obligation to make payments of principal of or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawings, any Liquidity Advances, the other Reimbursement Obligations and all other payment obligations due and owing the Bank under this Reimbursement Agreement or the pledge of and lien on Net Pledged Revenues securing the payments of principal of or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawings, any Liquidity Advances, the other Reimbursement Obligations and all other payment obligations due and owing the Bank under this Reimbursement Agreement, or (B) the Board of Equalization's ability or obligation to collect the Proposition A Sales Tax or the Board of Equalization's ability or obligation to make payment of the Pledged Tax to the Trustee, in each case, which affects the Authority's ability or obligation to make payments of principal of or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawings, any Liquidity Advances, the other Reimbursement Obligations and all other payment obligations due and owing the Bank under this Reimbursement Agreement or the pledge of and lien on Net Pledged Revenues securing the payments of principal of or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawings, any Liquidity Advances, the other Reimbursement Obligations and all other payment obligations due and owing the Bank under this Reimbursement Agreement, or (viii) any provision of this Reimbursement Agreement, the Notes, the Reimbursement Note or the Trust Agreement relating to the Authority's ability or obligation to make payments of principal of or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawings, any Liquidity Advances, the other Reimbursement Obligations and all other payment obligations due and owing the Bank under this Reimbursement Agreement or the pledge of and lien on the Net Pledged Revenues to secure the payment of principal of and interest on the Notes, the Reimbursement Note, any Unreimbursed Drawings, any Liquidity Advances, the other Reimbursement Obligations and all other payment obligations due and owing the Bank under this Reimbursement Agreement is publicly contested or publicly repudiated by an Authorized Representative of the Authority, or (ix) the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction shall, by official action, makes a finding or ruling or through the enactment of any statute or legislation or the issuance of an executive order determines that any provision of this Reimbursement Agreement, the Notes, the Reimbursement Note or the Trust Agreement relating to the Authority's ability or obligation to make payments of principal of or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawings, any Liquidity Advances, the other Reimbursement Obligations and all other payment obligations due and owing the Bank under

this Reimbursement Agreement or the pledge of and the lien on Net Pledged Revenues to secure the payment of principal of or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawings, any Liquidity Advances, the other Reimbursement Obligations and all other payment obligations due and owing the Bank under this Reimbursement Agreement is not valid and binding on the Authority.

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

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

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

"*Invalidity Event*" means (i) the Act or Ordinance No. 16 is repealed, (ii) a Federal court or any other court with appropriate jurisdiction or the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction determines in a final nonappealable order or judgment, as the case may be, that a provision or provisions of the Act or Ordinance No. 16 have been supplemented, modified and/or amended in a manner that makes invalid or unenforceable (A) the Authority's obligation to levy the Proposition A Sales Tax in the incorporated and unincorporated territory of the County of Los Angeles in accordance with the provisions of the Act and Ordinance No. 16 which affects the Authority's ability or obligation to make payments of principal of or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawings, any Liquidity Advances, all other Reimbursement Obligations and any other payment obligations due and owing the Bank hereunder or the pledge of and lien on Net Pledged Revenues securing the payments of principal of or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawing, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligation due and owing the Bank hereunder or (B) the Board of Equalization's obligation to collect the Proposition A Sales Tax or the Board of Equalization's ability or obligation to make payment of the Pledged Tax directly to the Trustee, in each case, which affects the Authority's ability or obligation to make payments of principal of or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawing, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligation due

and owing the Bank hereunder or the pledge of and lien on Net Pledged Revenues securing the payments of principal of or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawing, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligation due and owing the Bank hereunder, (iii) the Act or Ordinance No. 16 is ruled to be null and void by a Federal court or any court with appropriate jurisdiction or the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction, (iv) any provision of this Reimbursement Agreement, any Note, the Reimbursement Note or the Trust Agreement relating to the Authority's ability or obligation to make payments of the principal of or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawing, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligation due and owing the Bank hereunder or the pledge of and lien on the Net Pledged Revenues to secure the payment of principal of and interest on the Notes, the Reimbursement Note, any Unreimbursed Drawing, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligation due and owing the Bank hereunder (each such provision, a "Payment and Collateral Obligation") is ruled to be null and void by a Federal court or any other court with appropriate jurisdiction or the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction in a final nonappealable order or judgment by such court or the State or any instrumentality of the State, as applicable, or (v) an Authorized Representative of the Authority publicly denies, contests or repudiates that the Authority has any or further liability or obligation with respect to payments of principal of or interest on the Notes, the Reimbursement Note, any Unreimbursed Drawing, any Liquidity Advances, the other Reimbursement Obligations or any other payment obligation due and owing the Bank hereunder under the Act or Ordinance No. 16 or any Payment and Collateral Obligation.

"*Issuing and Paying Agency Agreement*" means the Issuing and Paying Agent Agreement dated January 1, 1991, between the Authority and the Paying Agent and any other similar agreement between the Authority and any successor Paying Agent under the Trust Agreement, as amended, supplemented, modified or restated from time to time in accordance with the terms hereof and thereof.

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

"*Letter of Credit*" means Irrevocable Letter of Credit No. [_____] issued by the Bank pursuant to this Reimbursement Agreement and dated the Closing Date, as amended, supplemented, modified or restated from time to time pursuant to its terms.

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

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

"*Local Allocation*" means 25% of the Proposition A Sales Tax, calculated on an annual basis, which 25% is, under Ordinance No. 16, allocated to local jurisdictions.

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

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

"*Moody's*" means Moody's Investors Service, Inc. and its successors and assigns.

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

"*No Issuance Notice*" means a No Issuance Notice in the form of Schedule I to the Letter of Credit.

"*Notes*" means the Los Angeles County Metropolitan Transportation Authority Second Subordinate Sales Tax Revenue Commercial Paper Notes, Series A-TE-Citi and the Los Angeles County Metropolitan Transportation Authority Second Subordinate Sales Tax Revenue Commercial Paper Notes, Series A-T-Citi.

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

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

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

"*Ordinance No. 16*" means "An Ordinance Establishing a Retail Transactions and Use Tax in the County of Los Angeles for Public Transit Purposes" adopted by the Authority on August 20, 1980.

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

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

"*Parity and Senior Debt*" means (i) any bonds, notes, certificates, debentures or other evidence of similar indebtedness issued by or on behalf of the Authority pursuant to the Trust Agreement or the Senior Trust Agreement and secured by a lien on Pledged Revenues or Net Pledged Revenues ranking senior to or on a parity with the Notes, the Reimbursement Note and the other Obligations, as applicable, (ii) the obligations which are scheduled payments of the Authority under any Interest Rate Protection Agreement (which are secured pursuant to the Trust Agreement or the Senior Trust Agreement and secured by a lien on Pledged Revenues or Net Pledged Revenues ranking senior to or on a parity with the Notes, the Reimbursement Note and the other Obligations, as applicable), which such Interest Rate Protection Agreement provides interest rate support with respect to any indebtedness issued by or on behalf of the Authority pursuant to the Trust Agreement or the Senior Trust Agreement and secured by a lien on Pledged Revenues or Net Pledged Revenues ranking senior to or on a parity with the Notes, the Reimbursement Note and the other Obligations, as applicable, (iii) any obligation of the Authority as lessee under a capital lease secured by a lien on Pledged Revenues or Net Pledged Revenues ranking senior to or on a parity with the Notes, the Reimbursement Note and the other Obligations, as applicable (x) which is not subject to appropriation or abatement or (y) which is rated by each Rating Agency then rating the Notes at a level equal to or higher than the long-term unenhanced debt rating assigned by each such Rating Agency to the Senior Lien Bonds and (iv) any Guarantee by the Authority secured by a lien on Pledged Revenues or Net Pledged Revenues ranking senior to or on a parity with the Notes, the Reimbursement Note and the other Obligations, as applicable (provided, however, that the failure to pay any such Guarantee as a result of any set-off, recoupment or counterclaim or any other defense to payment under such Guarantee by the Authority shall not constitute a failure to pay Parity and Senior Debt for purposes of this Reimbursement Agreement).

"*Participant(s)*" has the meaning set forth in Section 10.07 hereof.

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

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

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

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

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

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

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

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

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

"*Program Termination Date*" has the meaning set forth in the First Supplemental Subordinate Trust Agreement (as amended by the Seventh Supplemental Subordinate Trust Agreement).

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

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

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

(c) if any Proposition A Indebtedness issued or proposed to be issued constitutes Tender Indebtedness (as hereinafter defined in this definition), then for purposes of determining the amounts of principal and interest due in any fiscal year on such Proposition A Indebtedness, the options or obligations of the owners of such Proposition A Indebtedness to tender the same for purchase or payment prior to their stated maturity or maturities shall be treated as a principal maturity (but any such amount treated as a maturity shall not be eligible for treatment as Balloon Indebtedness) occurring on the first date on which owners of such Proposition A Indebtedness may or are required to tender such Proposition A Indebtedness, except that any such option or

obligation of Tender Indebtedness shall be ignored and not treated as a principal maturity if such Proposition A Indebtedness is rated in one of the two highest long term rating categories (without reference to gradations such as "plus" or "minus") by Moody's or by Standard & Poor's or such Proposition A Indebtedness is rated in the highest short term note or commercial paper rating categories by Moody's or by Standard & Poor's, in which case such Proposition A Indebtedness will be treated as Variable Rate Indebtedness;

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

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

(f) if moneys or Government Obligations (as hereinafter defined in this definition) have been irrevocably deposited with and are held by the Trustee or another fiduciary to be used to pay principal of and/or interest on specified Proposition A Indebtedness as it comes due, and the sufficiency of such deposits has been verified to the

Bank by the Trustee or other fiduciary, such principal or interest, as the case may be, shall not be included in calculating Projected Maximum Total Annual Debt Service;

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

(h) for purposes of this definition:

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

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

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

A Indebtedness or portions of Proposition A Indebtedness be purchased if properly presented; and

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

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

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

"*Proposition A Sales Tax*" means the retail transactions and use tax imposed by Ordinance No. 16 and approved by the electors of the County at an election held November 4, 1980.

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

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

"*Reduction Fee*" has the meaning set forth in the Fee Agreement.

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

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

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

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

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

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

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

"*Second Supplemental Subordinate Trust Agreement*" has the meaning set forth in the second recital hereof.

"*Second Tier Obligations*" has the same meaning as the term "*Second Tier Subordinate Lien Obligations*" set forth in that certain Twelfth Supplemental Trust Agreement.

"*Senior Lien Bonds*" shall have the meaning given to such term in Article I of the Subordinate Trust Agreement.

"*Senior Trust Agreement*" means the Trust Agreement dated as of July 1, 1986 by and between the Authority and the Senior Trustee as supplemented, amended or otherwise modified from time to time in accordance with the terms hereof and thereof.

"*Senior Trustee*" means The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A., as successor to BNY Western Trust Company, as successor in interest to Wells Fargo Bank, N.A., as successor by merger to First Interstate Bank of California, or its permitted successor trustee under the Senior Trust Agreement.

"*Seventh Supplemental Subordinate Trust Agreement*" has the meaning set forth in the second recital hereof.

"*SIFMA Rate*" means, on any date, a rate determined on the basis of the seven day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by SIFMA or any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Bank and effective from such date. In the event Municipal Market Data no longer produces an index satisfying the requirements of the preceding sentence, the SIFMA Rate (a/k/a, the "*SIFMA Municipal Swap Index*") shall be deemed to be the S&P Weekly High Grade Index, or if either such index is not available, such other similar national index as reasonably designated by the Bank.

"*Sixth Supplemental Subordinate Trust Agreement*" has the meaning set forth in the second recital hereof.

"*Standard & Poor's*" means S&P Global Ratings, a Standard & Poor's Financial Services LLC business, and it successors and assigns.

"*State*" means the State of California.

"*Stated Amount*" shall have the meaning given to such term in paragraph 2 of the Letter of Credit. Stated Amount is defined as the "*Aggregate Letter of Credit Commitment*" in the First Supplemental Subordinate Trust Agreement.

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

"*Subordinate Obligations*" means the obligations of the Authority issued or secured pursuant to the Trust Agreement and which are referred to in the Trust Agreement as "*Subordinate Obligations*."

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

"*Tax-Exempt Notes*" means the Los Angeles County Metropolitan Transportation Authority Second Subordinate Sales Tax Revenue Commercial Paper Notes, Series A-TE-Citi.

"*Termination Fee*" has the meaning set forth in the Fee Agreement.

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

"*Third Supplemental Subordinate Trust Agreement*" has the meaning set forth in the second recital hereof.

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

"*Trust Agreement*" has the meaning set forth in the second recital to this Reimbursement Agreement.

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

"*Twelfth Supplemental Trust Agreement*" means that certain Twelfth Supplemental Trust Agreement dated as of September 1, 1993, by and between the Authority and the Senior Trustee, which supplements the Senior Trust Agreement.

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

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

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

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

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

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

ARTICLE II

REIMBURSEMENT, REIMBURSEMENT NOTE, FEES AND PAYMENT PROVISIONS

Section 2.01. Extension of Expiration Date of Original Letter of Credit; Execution and Delivery of Letter of Credit; Letter of Credit Drawings.

(a) Upon the terms, subject to the conditions and relying upon the representations and warranties set forth in this Reimbursement Agreement or incorporated herein by reference, the Bank agrees to issue the Letter of Credit substantially in the form of Appendix I hereto on the Closing Date. The Letter of Credit shall be in the original stated amount of $[**149,999,999**] (the "*Original Stated Amount*"), which is the sum of (i) the total aggregated principal amount of the Notes secured by the Letter of Credit ($[**137,770,507**]) plus (ii) interest accrued thereon at an assumed rate of twelve percent (12%) per annum for a period of 270 days on the basis of a 365 day year ($[**12,229,492**]). In addition to the conditions set forth in Article III hereof, on the Closing Date, the following conditions shall be satisfied as determined by the Bank and its counsel:

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

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

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

Section 2.02. Reduction and Termination of the Letter of Credit. Notwithstanding any provisions of this Agreement or the Letter of Credit to the contrary, the Authority agrees not to terminate or replace the Letter of Credit or permanently reduce the Stated Amount of the Letter of Credit (provided that any such permanent reduction shall be in an amount equal to $5,000,000 or any integral multiple of $1,000,000 in excess thereof; provided further, however, that with respect to a reduction of the Stated Amount solely for purposes of defeasance of a portion of the Notes in connection with federal tax law post-issuance compliance procedures as directed or approved by counsel to the Authority, such reduction may be in an amount less than $1,000,000), except upon (i) the payment by the Authority to the Bank of a Termination Fee or Reduction Fee, if and as applicable under the terms of the Fee Agreement, (ii) in the event the Letter of Credit is terminated or replaced, the payment to the Bank of all Obligations payable hereunder and under the Fee Agreement and (iii) the Authority providing the Bank with thirty (30) days prior written notice of its intent to terminate or replace the Letter of Credit or permanently reduce the Stated Amount of the Letter of Credit; provided that all payments to the Bank referred to in clause (i) and (ii) above shall be made in immediately available funds; provided, further, that any such termination or reduction of the Letter of Credit shall be in compliance with the terms and conditions of the Trust Agreement. The Authority agrees that any termination of the Letter of Credit as a result of the provision of any substitute letter of credit will require, as a condition thereto, that the Authority or the provider of such substitute letter of credit will provide funds on the date of such termination, which funds will be sufficient to pay in full at the time of termination of the Letter of Credit all Obligations due and owing to the Bank hereunder and under the Fee Agreement.

Section 2.03. Reimbursement of Drawings and Interest Rates.

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

(ii) The Authority agrees to reimburse the Bank for (x) the Principal Portion of each Unreimbursed Drawing under the Letter of Credit on the earliest to occur of (A) delivery to the Paying Agent or the Trustee of any letter of credit (as provided in Section 6.01 of the First Supplemental Subordinate Trust Agreement) in substitution for and upon cancellation of the Letter of Credit, (B) the date on which the Letter of Credit terminates in accordance with its terms (other than as the result of the occurrence of the date set

forth in paragraph (a) of the definition of "*Stated Expiration Date*" set forth in the Letter of Credit), (C) the date on which the Bank accelerates all obligations due and owing hereunder pursuant to the terms of Section 7.02 hereof, (D) the Amortization Commencement Date, if the conditions precedent set forth in Section 3.02 hereof are not satisfied on the applicable Amortization Commencement Date, (E) the Program Termination Date and (F) the Amortization End Date, if the conditions precedent set forth in Section 3.02 hereof were satisfied on the applicable Amortization Commencement Date and (y) the Interest Portion of each Unreimbursed Drawing under the Letter of Credit on the date such Unreimbursed Drawing is made.

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

(ii) The Authority agrees to reimburse the Bank for each Liquidity Advance under this Reimbursement Agreement on the earliest to occur of (A) delivery to the Paying Agent or the Trustee of any letter of credit (as provided in Section 6.01 of the First Supplemental Subordinate Trust Agreement) in substitution for and upon cancellation of the Letter of Credit, (B) the date on which the Bank accelerates all obligations due and owing hereunder pursuant to the terms of Section 7.02 hereof, (C) the date on which the Letter of Credit terminates in accordance with its terms (other than as a result of the occurrence of the date set forth in paragraph (a) of the definition of "*Stated Expiration Date*" set forth in the Letter of Credit), and (D) the applicable Amortization End Date, subject to the conditions set forth below. The Bank shall provide term out funding for all Liquidity Advances in accordance with the terms of this Section 2.03(b)(ii) if the conditions precedent set forth in Section 3.02 hereof are satisfied on the related Amortization Commencement Date. In the event that the conditions precedent set forth in Section 3.02 hereof are satisfied on any Amortization Commencement Date, the related Liquidity Advance shall amortize and be payable over a two year and three month period from the related Amortization Commencement Date (the "*Term Out Period*") with principal payable in approximately equal quarterly installments (each, a "*Quarterly Principal Payment*") commencing on the related Amortization Commencement Date (the "*Initial Payment Date*") and succeeding dates every three months after the Initial Payment Date (provided, however, if any such date is not a Business Day, the related principal payment date shall be the next succeeding day which is a Business Day) occurring after the Initial Payment Date and prior to the two year and three month anniversary of the related Amortization Commencement Date. Notwithstanding anything to the contrary contained herein, all Liquidity Advances shall be due and payable on the related Amortization End Date. In the event that the conditions precedent set forth in Section 3.02 hereof are not satisfied on an Amortization Commencement Date, the Principal Portion of the related Unreimbursed Drawing shall not convert to a Liquidity Advance and shall be due and payable on such date.

(c) *Mandatory Prepayment*. Notwithstanding the provisions of Section 2.03(a) and (b) hereof: (i) upon the issuance of Notes on any date when Unreimbursed Drawings or Liquidity Advances are outstanding under any of the Reimbursement Agreements, the proceeds of the issuance of such Notes shall be used to repay Unreimbursed Drawings and outstanding Liquidity Advances on a pro rata basis under each of the Reimbursement Agreements to the extent that the proceeds of the issuance of such Notes are not used to repay Notes maturing on such date; and (ii) all Unreimbursed Drawings and Liquidity Advances and all other amounts owed to the Bank hereunder shall be due and payable in full on the date of (A) delivery to the Paying Agent or the Trustee of any letter of credit (as provided in Section 6.01 of the First Supplemental Subordinate Trust Agreement) in substitution for and upon cancellation of the Letter of Credit, (B) any other voluntary termination by the Authority of the Letter of Credit, (C) acceleration thereof as permitted under Section 7.02 hereof (D) with respect to Unreimbursed Drawings, the Amortization Commencement Date, if the conditions precedent set forth in Section 3.02 hereof are not satisfied on the applicable Amortization Commencement Date, and (E) with respect to outstanding Liquidity Advances, the Amortization End Date, if the conditions precedent set forth in Section 3.02 hereof were satisfied on the applicable Amortization Commencement Date.

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

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

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

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

(ii) Interest accruing on Unreimbursed Drawings and Liquidity Advances shall be due and payable in arrears on each Interest Payment Date

commencing on the first Interest Payment Date to occur following the date any Unreimbursed Drawings or Liquidity Advances are outstanding.

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

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

Section 2.05. Fees. The Authority hereby agrees to pay, or cause to be paid, to the Bank all fees and amounts due pursuant to the terms of the Fee Agreement at the times and in the amounts set forth in the Fee Agreement. The terms of the Fee Agreement are hereby incorporated herein by reference as of fully set forth herein. All references to amounts or obligations due hereunder or under this Agreement shall be deemed to include all amounts and obligations (including, without limitation, fees and expenses) under the Fee Agreement.

Section 2.06. Taxes and Expenses. The Authority will promptly pay (i) the reasonable fees and expenses of the Bank incurred in connection with the preparation, negotiation, execution and delivery of this Reimbursement Agreement, the Letter of Credit and the other Related Documents, (ii) the fees and disbursements of Chapman and Cutler LLP, special counsel to the Bank, incurred in connection with the preparation, negotiation, execution and delivery of this Reimbursement Agreement and the other Related Documents, (iii) the fees and disbursements of counsel to the Bank with respect to advising the Bank as to the rights and responsibilities under this Reimbursement Agreement after the occurrence of an Event of Default, and (iv) all costs and expenses, if any, in connection with any amendment to or the enforcement of this Reimbursement Agreement and any other documents which may be delivered in connection herewith or therewith, including in each case the reasonable fees and disbursements of counsel to the Bank. In addition, the Authority shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution,

delivery, filing, and recording of this Reimbursement Agreement and the security contemplated by the Related Documents (other than taxes based on the net income of the Bank) and agrees to hold the Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees; provided, however, that the Authority may reasonably contest any such taxes or fees with the prior written consent of the Bank, which consent, if an Event of Default does not then exist, shall not be unreasonably withheld. In addition, the Authority agrees to pay, after the occurrence of an Event of Default, all costs and expenses (including attorneys' fees and costs of settlement) incurred by the Bank in enforcing any obligations or in collecting any payments due from the Authority hereunder by reason of such Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under this Reimbursement Agreement in the nature of a "workout" or of any insolvency or bankruptcy proceedings. The obligations of the Authority under this Section 2.06 shall survive the termination of this Reimbursement Agreement.

Section 2.07. Increased Costs; Net of Taxes.

(a) *Increased Costs*. (i) If the Bank or any Participant shall have determined that a Change in Law shall have occurred that shall (A) change the basis of taxation of payments to the Bank or such Participant of any amounts payable hereunder (except for taxes on the overall net income of the Bank or such Participant), (B) impose, modify or deem applicable any reserve, capital or liquidity ratio, special deposit, compulsory loan, insurance charge or similar requirement against issuing and maintaining its obligations under the Letter of Credit, issuing or honoring Drawings under the Letter of Credit or making Liquidity Advances hereunder or assets held by, or deposits with or for the account of, the Bank or such Participant or (C) impose on the Bank or such Participant any other such condition, cost or expense regarding this Reimbursement Agreement or the Letter of Credit and the result of any event referred to in clause (A), (B) or (C) above shall be to increase the cost to the Bank or such Participant of entering into and performing this Reimbursement Agreement or the Letter of Credit or to reduce the amount of any sum received or receivable by the Bank or such Participant hereunder, then, upon demand by the Bank or such Participant, the Authority shall pay to the Bank or such Participant such additional amount or amounts as will compensate the Bank or such Participant for such increased costs or reductions in amount.

(ii) If the Bank or any Participant shall have determined that a Change in Law shall have occurred that shall impose, modify or deem applicable any capital or liquidity adequacy or similar requirement (including, without limitation, a request or requirement that affects the manner in which the Bank or such Participant or any corporation controlling the Bank or such Participant allocates capital or liquidity resources to its commitments, including its obligations under agreements similar to this Reimbursement Agreement and the Letter of Credit, that either (A) affects or would affect the amount of capital or liquidity to be maintained by the Bank or such Participant or any corporation controlling the Bank or such Participant or (B) reduces or would reduce the rate of return on the Bank's or such Participant's or the Bank's or such Participant's controlling

corporation's capital or liquidity to a level below that which the Bank or such Participant or the Bank's or such Participant's controlling corporation could have achieved but for Change in Law (taking into consideration the Bank's or such Participant's or the Bank's or such Participant's controlling corporation's policies with respect to capital or liquidity adequacy would yield prior to the imposition or modification of such requirement) hereunder, then upon demand by the Bank or such Participant, the Authority shall pay to the Bank or such Participant such additional amounts as will compensate the Bank or such Participant or any corporation controlling the Bank or such Participant, as the case may be, for such costs of maintaining such increased capital or liquidity or such reduction in the rate of return on the Bank's or the Bank's controlling corporation's capital or liquidity or the Participant's or the Participant's controlling corporation's capital or liquidity related to the maintenance of this Reimbursement Agreement and the Letter of Credit.

(iii) All payments of amounts referred to in clauses (i) and (ii) of this Section 2.07(a) shall be paid by the Authority to the Bank or Participant and shall bear interest thereon if not paid to the Bank or such Participant within 30 days of the Authority's receipt of such notice until payment in full thereof at an interest rate per annum equal to the Default Rate in effect, from time to time, payable on demand. A certificate as to such increased cost, increased capital or liquidity, or reduction in return incurred by the Bank or any Participant as a result of any event mentioned in clause (i) or (ii) of this Section 2.07(a) setting forth, in reasonable detail, the basis for calculation and the amount of such calculation shall be submitted by the Bank or such Participant to the Authority and shall be conclusive as to the amount thereof, unless either party hereto determines with a reasonable time that there has been a manifest error in such calculation. In making the determinations contemplated by the above referenced certificate, the Bank or any Participant may make such reasonable estimates, assumptions, allocations and the like that the Bank or such Participant in good faith determines to be appropriate. Notwithstanding any provision in this Section 2.07(a) to the contrary, (i) amounts payable to such Participant pursuant to this Section 2.07(a) shall not exceed the amount the Bank would have been paid under this Section 2.07(a) with respect to the interest granted to the Participant had such interest not been granted and (ii) the Authority shall not be required to compensate the Bank or any Participant pursuant to this Section 2.07(a) for any increased costs incurred or reductions suffered more than six (6) months prior to the date that the Bank or any Participant, as the case may be, notifies the Authority of the Change in Law giving rise to such increased costs or reductions and the Bank's or any Participant's intention to claim compensation therefor (except that if the Change in Law giving rise to such increased costs or reductions is retroactively applicable, then the six (6) month period referred to above shall be extended to include the period of retroactive effect thereof). The provisions of this Section 2.07(a) shall survive the termination of this Reimbursement Agreement.

(b) *Net of Taxes, Etc*. (i) Any and all payments to the Bank by the Authority hereunder shall be made free and clear of and without deduction for any and all

present or future taxes, levies, imposts, duties, deductions, assessments, fees, charges, withholdings (including backup withholding), liabilities or other charges imposed thereon, including any interest, fines, additions to tax or penalties applicable thereto, but excluding taxes imposed on or measured by the net income or capital of the Bank by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a result of a connection between the Bank and such jurisdiction or political subdivision (all such non excluded taxes, levies, imposts, duties, deductions, assessments, fees, charges, withholdings (including backup withholding), liabilities and other charges, including any interest, fines or additions to tax or penalties applicable thereto, being hereinafter referred to as "*Taxes*"). If the Authority shall be required by law to withhold or deduct any Taxes imposed by the United States or any political subdivision thereof from or in respect of any sum payable hereunder to the Bank, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.07(b)), the Bank receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Authority shall make such deductions and (iii) the Authority shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the Authority shall make any payment under this Section 2.07(b) to or for the benefit of the Bank with respect to Taxes and if the Bank shall claim a refund of such taxes or any credit or deduction for such Taxes against any other taxes payable by the Bank to any taxing jurisdiction in the United States, then the Bank shall pay to the Authority an amount equal to the amount of any refund actually received by the Bank or the amount by which such other taxes are actually reduced; provided, that the aggregate amount payable by the Bank pursuant to this sentence shall not exceed the aggregate amount previously paid by the Authority with respect to such Taxes. In addition, the Authority agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America, the State of California, the State of New York or any other taxing jurisdiction from any payment made hereunder or from the execution or delivery or otherwise with respect to this Reimbursement Agreement (hereinafter referred to as "*Other Taxes*"). The Bank shall provide to the Authority within a reasonable time a copy of any written notification it receives with respect to Taxes or Other Taxes owing by the Authority to the Bank hereunder; provided that the Bank's failure to send such notice shall not relieve the Authority of its obligation to pay such amounts hereunder.

(ii) The Authority shall, to the fullest extent permitted by law and subject to the provisions hereof, indemnify and reimburse the Bank for the full amount of Taxes and Other Taxes including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.07(b) paid by the Bank or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted; provided that the Authority shall not be obligated to indemnify the Bank for any penalties, interest or expenses relating to Taxes or Other Taxes

arising from the Bank's gross negligence or willful misconduct. The Bank agrees to give notice to the Authority of the assertion of any claim against the Bank relating to such Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; provided that the Bank's failure to notify the Authority promptly of such assertion shall not relieve the Authority of its obligation under this Section 2.07(b). Payments by the Authority pursuant to this indemnification shall be made within thirty (30) days from the date the Bank makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Bank agrees to repay to the Authority any refund (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by the Authority pursuant to this Section 2.07(b) received by the Bank for Taxes or Other Taxes that were paid by the Authority pursuant to this Section 2.07(b) and to contest, with the cooperation and at the expense of the Authority, any such Taxes or Other Taxes which the Bank or the Authority reasonably believes not to have been properly assessed.

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

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

Section 2.08. Method of Payment. Except as may be otherwise provided for herein or in the Fee Agreement, all fees under this Agreement and the Fee Agreement shall be computed on the basis of a year of 360 days and the actual number of days elapsed and interest on amounts owed hereunder or under the Fee Agreement shall be computed on the basis of a year of 365 days and the actual number of days elapsed. Interest shall accrue during each period during which interest is computed from and including the first day thereof to but excluding the last day thereof. All payments by the Authority to the Bank hereunder and under the Fee Agreement shall be nonrefundable and made in lawful currency of the United States and in immediately available funds. Amounts payable to the Bank hereunder shall be transferred to Citbank, N.A. ABA 021000089 for credit to A/C# 4058-0089, Ref: LACMTA, Attn: Valerie Burrows (or to such other account of the Bank as the Bank may specify by written notice to the Authority) not later than 2:00 p.m. New York, New York time, on the date payment is due. Any payment received by the Bank after 2:00 p.m., New York, New York time, shall be deemed to have been received by the Bank on the next Business Day. If any payment hereunder is due on a day that is not a Business Day, then such payment shall be due on the immediately succeeding Business Day and such additional time shall be taken into account in calculating the fees or interest paid hereunder on such date.

Section 2.09. Maintenance of Accounts. The Bank shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Authority and the amounts payable and paid from time to time hereunder. In any legal action or proceeding in respect of this Reimbursement Agreement, the entries made in such account or accounts shall be presumptive evidence, in the absence of manifest error, of the existence and amounts of the

obligations of the Authority therein recorded. The failure to record any such amount shall not, however, limit or otherwise affect the obligations of the Authority hereunder to repay all amounts owed hereunder, together with all interest accrued thereon as provided in this Article II.

Section 2.10. Reimbursement Note.

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

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

Section 2.11. Source of Funds. All payments made by the Bank pursuant to the Letter of Credit shall be made from funds of the Bank and not from the funds of any other Person.

Section 2.12. Security.

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

(b) The Authority hereby grants to the Bank a Lien on and pledge of the Net Pledged Revenues to secure all Obligations of the Authority under this Reimbursement Agreement and the Fee Agreement (other than Reimbursement Obligations) which such Lien on and pledge of the Net Pledged Revenues shall be junior and subordinate in all respects to the Liens on, security interests in and the pledges of the Net Pledged Revenues set forth in the Trust Agreement and this Reimbursement Agreement, as applicable, for the equal and proportionate benefit of and security of the Notes, all

Subordinate Obligations and all Reimbursement Obligations. No filing, registration, recording or publication of this Reimbursement Agreement or the Trust Agreement or any other instrument nor any prior separation or physical delivery of the Net Pledged Revenues is required to establish the pledge provided for under this Reimbursement Agreement or the Trust Agreement or to perfect, protect or maintain the Lien created thereby on the Net Pledged Revenues to secure the obligations hereunder.

ARTICLE III

CONDITIONS PRECEDENT

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

(a) *Representations*. (i) There shall exist no Default or Event of Default nor shall a Default or Event of Default result from the issuance of the Letter of Credit or the execution, delivery or performance of this Reimbursement Agreement or any other Related Document to which the Authority is a party and (ii) all representations and warranties made by the Authority herein or in any of the other Related Documents to which it is a party shall be true and correct with the same effect as though such representations and warranties had been made at and as of such time.

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

(i) The Related Documents;

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

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

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

(A) The audited Authority Financial Statements as of June 30, 2016, including the balance sheet as of such date of said period, all examined and reported on by Crowe Horwath LLP, as heretofore delivered to the Bank correctly and fairly present the financial condition of the Authority as of said dates and the results of the operations of the Authority for such period, have been prepared in accordance with GAAP

consistently applied except as stated in the notes thereto; and there has been no material adverse change in the condition, financial or otherwise, of the Authority since June 30, 2016, from that set forth in the Authority Financial Statements as of, and for the period ended on, that date except as otherwise disclosed to the Bank in writing.

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

(C) All representations and warranties made by the Authority in this Reimbursement Agreement are true and correct with the same effect as though such representations and warranties had been made at and as of the date hereof.

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

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

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

(e) *Rating*. (i) The Bank shall have received satisfactory evidence that the Notes shall have been assigned short term ratings of "P-1" by Moody's and "A-1" by S&P, in each case, after taking into consideration the Letter of Credit, and (ii) the Authority's Senior Lien Bonds shall have been assigned long-term unenhanced ratings of "Aa1" by Moody's and "AAA" by S&P.

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

(g) *No Contravention*. No law, regulation, ruling or other action of the United States, the State of California or the State of New York or any political subdivision or authority therein or thereof shall be in effect or shall have occurred, the effect of which would be to prevent the Authority or the Bank from fulfilling its respective obligations

under this Reimbursement Agreement, the Letter of Credit and the other Related Documents; and

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

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

(a) the representations and warranties of the Authority contained in Article IV of this Reimbursement Agreement and in the other Related Documents are correct in all material respects on and as of the applicable Amortization Commencement Date as though made on and as of such date;

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

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

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

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

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

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

Section 4.01. Organization, Powers, Etc. The Authority (i) is a public entity established pursuant to the laws of the State of California validly organized and existing under and by virtue of the laws of the State of California, (ii) has full power and authority to own its properties and carry on its business as now conducted, (iii) has full power and authority to execute (or adopt, if applicable), deliver and perform its obligations under this Reimbursement Agreement and the

other Related Documents, to borrow hereunder and to execute, deliver and perform its obligations under the Notes and (iv) may only contest the validity or enforceability of any provision of, or deny that the Authority has any liability or obligation under, the Act, Ordinance No. 16, this Reimbursement Agreement, any Note or any other Related Document by an act of its governing body.

Section 4.02. Authorization, Absence of Conflicts, Etc. The execution (or adoption, if applicable), delivery and performance of this Reimbursement Agreement, the Notes and the other Related Documents (i) have been duly authorized by the Authority, (ii) do not and will not, to any material extent, conflict with, or result in violation of any applicable provision of law, including the Act and Ordinance No. 16, or any order, rule or regulation of any court or other agency of government and (iii) do not and will not, to any material extent, conflict with, result in a violation of or constitute a default under, the Senior Trust Agreement or the Trust Agreement or any other resolution, agreement or instrument to which the Authority is a party or by which the Authority or any of its property is bound.

Section 4.03. Governmental Consent or Approval. The execution (or adoption, if applicable), delivery and performance of this Reimbursement Agreement, the Notes and the other Related Documents do not and will not require registration with, or the consent or approval of, or any other action by, any federal, state or other Governmental Authority or regulatory body other than those which have been made or given and are in full force and effect; provided that no representation is made as to any blue sky or securities law of any jurisdiction.

Section 4.04. Binding Obligations. This Reimbursement Agreement, the Notes and the other Related Documents are legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their terms, subject to any applicable bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws, judicial discretion and principles of equity relating to or affecting creditors' rights or contractual obligations generally or limitations on remedies against public entities in the State of California.

Section 4.05. Litigation. There is no action or investigation pending or, to the knowledge of the Authority, threatened, against the Authority before any court or administrative agency which questions the validity of any act or the validity of any proceeding taken by the Authority in connection with the execution and delivery of this Reimbursement Agreement, the Notes or the other Related Documents, or wherein an unfavorable decision, ruling or finding would in any way adversely affect (A) the validity or enforceability of this Reimbursement Agreement, the Notes or the other Related Documents, (B) the validity, enforceability or perfection of the pledge of and lien on the Net Pledged Revenues and on the amounts held in Funds, Accounts and Subaccounts under the Trust Agreement, (C) the status of the Authority as a public entity created and validly existing under the laws of the State of California or (D) the exemption of interest on the Tax-Exempt Notes from the gross income of the recipients thereof for federal income tax purposes. To the knowledge of the Authority, there is no action, pending or threatened, which questions the validity of the Act, Ordinance No. 16 or the Proposition A Sales Tax nor is there any pending initiative or referendum qualified for the ballot which would seek to amend, annul, modify or replace the Act or Ordinance No. 16 or to diminish or reallocate the Proposition A Sales Tax.

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

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

> The information contained in the Offering Memorandum was as of the date thereof, and is as of the date hereof, true and correct in all material respects. The Authority makes no representation or warranty as to information in the Offering Memorandum under Appendix A and Appendix C to the Offering Memorandum.

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

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

Section 4.10. Margin Regulations. The Authority is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U or X of the Board of Governors of the Federal Reserve System), and no part of the proceeds furnished by the Bank pursuant to a Drawing under the Letter of Credit will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

Section 4.11. No Event of Default. No Event of Default or Default has occurred and is continuing.

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

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

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

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

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

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

Section 4.18. No Proposed Legal Changes.

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

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

Section 4.19. Valid Lien. The Authority's irrevocable pledge of the Net Pledged Revenues and amounts hereunder and under the Trust Agreement and in the Funds, Accounts and Subaccounts under the Trust Agreement to and for the payment of the obligations of the Authority under this Reimbursement Agreement and for the payment of the Notes, the Reimbursement Obligations and the other Obligations is valid and binding and no further acts, instruments, approvals or consents are necessary for the creation, validity or perfection thereof. The provisions of the Trust Agreement constitute a contract between the Authority and the Note owners and the Bank, and any such Note owner, subject to the provisions of the Trust Agreement, and the Bank, may at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel the performance of all duties required to be performed by the Authority as a result of issuing the Notes.

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

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

Section 4.22. Environmental Laws. (i) The Authority and its Property have not become subject to any Environmental Liability nor does the Authority know of any basis for any Environmental Liability, (ii) the Authority has not received notice to the effect that any of the Authority's Property or its operations are not in compliance with any of the requirements of any Environmental Laws or any applicable federal, state or local health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, and (iii) to the best of the knowledge of the Authority, the Authority and its Property are in compliance with all Environmental Laws and the Authority has obtained and

maintains or complies with any permit, license or other approval required under any Environmental Law, in each of (i), (ii) and (iii) above, except with respect to any matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

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

Section 4.24. Anti-Terrorism Laws. Neither the Authority nor any Affiliates thereof is in violation of any Laws relating to terrorism or money laundering ("*Anti-Terrorism Laws*"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "*Executive Order*"), and the Patriot Act;

(a) neither the Authority nor any Affiliate thereof is any of the following:

(i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(iii) a Person with which the Bank is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(iv) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or

(v) a Person that is named as a "*specially designated national and blocked person*" on the most current list published by the Office of Foreign Asset Control ("*OFAC*") or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list; and

(b) to the best knowledge of the Authority, neither the Authority nor any Affiliate thereof (A) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (i) above, (B) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (C) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of

evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

ARTICLE V

AFFIRMATIVE COVENANTS

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

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

(b) *Annual Reports; Semi Annual Reports; Quarterly Statements, Budgets*.

(i) *Annual Reports*. Within one hundred and ninety five (195) days after the end of each Fiscal Year of the Authority, provide to the Bank audited financial statements consisting of a balance sheet and a statement of revenues, expenditures and changes in fund balances of the Authority, including the Net Pledged Revenues for such Fiscal Year, setting forth in comparative form the corresponding figures (if any) for the preceding Fiscal Year, all in reasonable detail, and accompanied by an unqualified opinion of a nationally recognized independent certified public accounting firm stating that they have been prepared in accordance with GAAP and accompanied by a certification from the Chief Executive Officer of the Authority, the Deputy Chief Executive Officer of the Authority of the Authority, the Chief Financial Officer of the Authority or the Treasurer of the Authority addressed to the Bank stating that neither an Event of Default nor a Default has occurred which was continuing at the end of such Fiscal Year or on the date of his or her certification, or, if such an event has occurred and was continuing at the end of such Fiscal Year or on the date of his or her certification, indicating the nature of such event and the action which the Authority proposes to take with respect thereto.

(ii) *Semi-annual Financial Statements*. As soon as available, and in any event within one hundred (100) days after each June 30 and December 31, provide to the Bank the unaudited financial statements of the Authority including the balance sheet as of each June 30 and December 31 and a statement of income and expenses, all in reasonable detail and accompanied by a certification from the Chief Executive Officer of the Authority, the Deputy Chief Executive Officer of the Authority of the Authority, the Chief Financial Officer of the Authority or the Treasurer of the Authority addressed to the Bank stating that neither an Event of Default, nor a Default has occurred which was continuing at the end of such six

month period or on the date of his or her certification, or, if such an event has occurred and was continuing at the end of such six month period or on the date of his or her certification, indicating the nature of such event and the action which the Authority proposes to take with respect thereto.

(iii) *Quarterly Statements*. As soon as available, and in any event within fifteen (15) days after the end of each March 31 (such quarterly period to include each day from and including January 1st of each year to and including March 31st of each year), July 1 (such quarterly period to include each day from and including April 1st of each year to and including July 1st of each year), September 30 (such quarterly period to include each day from and including July 1st of each year to and including September 30th of each year) and January 1 (such quarterly period to include each day from and including October 1st of each year to and including January 1st of each year), provide to the Bank a statement of (a) the amount of all Proposition A Sales Tax received by the Authority or the Senior Trustee, on behalf of the Authority, during such fiscal quarter and all such amounts that are available to make debt service payments on the Senior Lien Bonds, Second Tier Obligations and Subordinate Obligations, (b) the amount of all Proposition A Sales Tax received by the Authority or the Senior Trustee, on behalf of the Authority, during the twelve (12) months ended as of the end of such fiscal quarter and all such amounts that are available to make debt service payments on the Senior Lien Bonds, Second Tier Obligations and Subordinate Obligations (such amounts available to make debt service payments, the "*Annual Historical Proposition A Sales Tax Receipts*"), (c) the amount of all payments of principal of and interest on the Senior Lien Bonds, Second Tier Obligations and Subordinate Obligations (the "*Annual Historical Proposition A Debt Service Payments*") during the twelve (12) months ended as of the end of each January 1, March 31, July 1 and September 30, (d) a projection by the Authority of the amount of principal and interest coming due on the Senior Lien Bonds, Second Tier Obligations and the Subordinate Obligations for the five (5) years after the end of each January 1, March 31, July 1 and September 30 (with respect to any Senior Lien Bonds, Second Tier Obligations or Subordinate Obligations bearing interest at variable rates of interest or with respect to which other payments may be made subject to the occurrence of contingencies, the Authority may provide for such assumptions as the Authority determines are reasonable under the circumstances), and (e) a calculation (the "*Calculation Ratio*") showing the ratio (the "*Historical Ratio*") that the Annual Historical Proposition A Sales Tax Receipts bear to the Annual Historical Proposition A Debt Service Payments after the end of each January 1, March 31, July 1 and September 30;

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

(d) *Notice of Adverse Change*. Notify the Bank as soon as possible after the Treasurer of the Authority acquires knowledge of the occurrence of (i) the filing of a complaint against the Authority in any court or administrative agency, where the amount claimed is in excess of Fifteen Million Dollars ($15,000,000) and which is payable from Pledged Revenues, (ii) the filing of any action which could lead to an initiative or referendum which could annul, amend, modify or replace the Act or Ordinance No. 16 or which could lead to the diminution or reallocation of the Proposition A Sales Tax, (iii) any action, suit, proceeding, inquiry or investigation before or by any court, public board or body pending or threatened wherein an unfavorable decision, ruling or finding could have a Material Adverse Effect or (iv) any other event which, in the reasonable judgment of the Authority, is likely to have a Material Adverse Effect;

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

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

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

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

(i) *Dealer*.

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

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

(iii) Any Dealer shall have capital of not less than $500,000,000, and such Dealer or its parent organization shall have an underlying rating from Moody's and S&P of at least "A3" (or its equivalent) and "A-" (or its equivalent), respectively;

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

(k) *Paying Agent and Trustee*. Without the prior written consent of the Bank, which consent shall not be unreasonably withheld, conditioned or delayed, not take any action or refrain from taking any action that results in a change of the Paying Agent or the Trustee. Any Paying Agent and Trustee shall have capital of not less than $500,000,000, and any such Paying Agent or Trustee or its respective parent organization

shall have an underlying rating from Moody's and S&P of at least "A2" (or its equivalent) and "A" (or its equivalent), respectively.

(l) *Incorporation of Covenants*. The covenants of the Authority set forth in each of the Related Documents to which the Authority is a party are hereby incorporated by reference in this Reimbursement Agreement for the benefit of the Bank. To the extent that any such incorporated provision permits any Person to waive compliance with or consent to such provision or requires that a document, opinion, report or other instrument or any event or condition be acceptable or satisfactory to any Person, for purposes of this Reimbursement Agreement, such compliance shall be waived, or such provision shall be consented to, only if it is waived or consented to, as the case may be, by the Bank and such document, opinion, report or other instrument shall be acceptable or satisfactory to the Bank. No amendment to such covenants (or the defined terms relating thereto) made pursuant to the Related Documents, which could reasonably be expected to have a Material Adverse Effect, shall be effective to amend such incorporated covenants without the prior written consent of the Bank.

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

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

(o) *Credit Facilities*.

(i) In the event that the Authority shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement, which such Bank Agreement provides such Person with additional or more restrictive covenants (except any covenants with respect to any fees payable by the Authority hereunder or under the Fee Agreement) and/or additional or more restrictive events of default (collectively, the "*Additional Rights*") than are provided to the Bank in this Reimbursement Agreement, then, upon the occurrence of an event of default (without regard to a waiver of such event of default) under such agreement (or amendment thereto) caused by such Additional Rights, such Additional Rights shall automatically be deemed to be incorporated into this Reimbursement Agreement and the Bank shall have the benefits of such Additional Rights; provided, however, that such Additional Rights shall automatically be deemed to be incorporated into this Reimbursement Agreement and the Bank shall have the benefits of such Additional Rights only from and after the occurrence of an event of default under the related Bank Agreement caused by the Additional Rights or a failure by the Authority to comply with such Additional Rights. The Authority shall promptly, upon the occurrence of an event of default (without regard to a

waiver of such event of default) under the related Bank Agreement caused by such Additional Rights or a failure by the Authority to comply with such Additional Rights, enter into an amendment to this Reimbursement Agreement to include such Additional Rights, provided that the Bank shall maintain the benefit of such Additional Rights even if the Authority fails to provide such amendment. If the Authority shall amend the Bank Agreement such that it no longer provides for such Additional Rights, then, without the consent of the Bank, this Reimbursement Agreement shall automatically no longer contain the related Additional Rights and the Bank shall no longer have the benefits of any of the related Additional Rights.

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

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

Reimbursement Note and under the Fee Agreement), provided that the Bank shall maintain the benefit of such provision even if the Authority fails to provide such amendment. The release, termination or other discharge of such other documentation that provides for acceleration of any Senior Lien Bonds or Subordinate Obligations, shall be effective to amend, release, terminate or discharge (as applicable) such provision as incorporated by reference herein without the consent of the Bank.

(q) *Historical Debt Service Coverage Ratio*. As of each of January 1, March 31, July 1 and September 30, the Authority shall maintain a ratio of (i) Annual Historical Proposition A Sales Tax Receipts to (ii) Annual Historical Proposition A Debt Service Payments (excluding any termination payment under any Interest Rate Protection Agreement paid by the Authority during such Fiscal Year and any principal maturities of commercial paper notes issued under the Trust Agreement and maturing during such Fiscal Year if such principal maturities are paid with the proceeds of (x) "rollover" commercial paper notes issued pursuant to the Trust Agreement during such Fiscal Year or (y) a draw under a credit or liquidity facility) (such ratio and any ratio of similar effect are referred to herein as a "*Historical Debt Service Coverage Ratio*") of not less than 1.80 to 1.00; provided, however, that in the event the Authority shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement, which such Bank Agreement provides such Person with a covenant that requires the Authority to maintain a Historical Debt Service Coverage Ratio greater than 1.80 to 1.00, then this Section 5.01(q) shall be deemed to be amended to include such more restrictive Historical Debt Service Coverage Ratio for so long as such Bank Agreement remains in effect.

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

ARTICLE VI

NEGATIVE COVENANTS

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

(a) *Compliance With Laws, Etc*. Violate any laws, rules, regulations, or governmental orders to which it is subject and of which it is aware after diligent inquiry,

which violation involves a reasonable likelihood of materially and adversely affecting its financial condition;

(b) *Amendments*. Modify, amend or supplement, or give any consent to any modification, amendment or supplement or make any waiver with respect to, any provision of any Related Document without the prior written consent of the Bank; provided, however, that nothing contained in this Section 6.01(b) shall require the consent of the Bank to the execution and delivery of supplements to the Senior Trust Agreement or the Trust Agreement that are made solely for the purpose of specifying the terms of additional Debt issued in accordance with the terms thereof and of Section 6.01(f) of this Reimbursement Agreement;

(c) *Affiliates*. Unless expressly permitted by law, permit the Dealer to sell Notes to the Authority or an Affiliate of the Authority;

(d) *Liens, Etc*. Create or suffer to exist any Lien upon or with respect to any of the funds or accounts created under the Trust Agreement except those Liens specifically permitted under the Trust Agreement; provided, however, that in no event will the Authority permit any Lien upon the Pledged Revenues or Net Pledged Revenues securing any termination payment pursuant to any Interest Rate Protection Agreement to be senior to the Lien on Net Pledged Revenues securing the Notes, the Reimbursement Note and the other Reimbursement Obligations other than Interest Rate Agreements that are outstanding as of the Closing Date and as otherwise consented to in writing by the Bank;

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

From time to time, the Authority expects to publish offering documents with respect to the Notes that will require the Authority to include therein certain information about the Bank. At the reasonable request of the Authority, the Bank will provide the Authority with updated information about the Bank of the type included in Appendix A

to the Offering Memorandum under the caption ["**Certain Information Regarding the Banks — Citibank, N.A.**"] in the Offering Memorandum for inclusion in such offering documents; or

(f) *Additional Debt*.

(i) (A) In addition to the requirements set forth in Section 2.11 of the Senior Trust Agreement and Section 2.09 of the Subordinate Trust Agreement, issue any additional Senior Lien Bonds, Second Tier Obligations or Subordinate Obligations until there shall first be delivered to the Senior Trustee or the Trustee, as applicable, a certificate prepared by a Consultant showing that the Pledged Tax collected for any 12 consecutive months out of the 18 consecutive months immediately preceding the issuance of the proposed Senior Lien Bonds, Second Tier Obligations or Subordinate Obligations was at least equal to 180% of Projected Maximum Total Annual Debt Service for all Senior Lien Bonds, Second Tier Obligations, and Subordinate Obligations which will be Outstanding immediately after the issuance of the proposed Senior Lien Bonds, Second Tier Obligations or Subordinate Obligations.

(B) Notwithstanding the foregoing, in the event that the Authority shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement, which such Bank Agreement provides such Person with a covenant that restricts the issuance of additional Senior Lien Bonds, Second Tier Obligations or Subordinate Obligations based upon satisfaction of a condition precedent that the Pledged Tax collected for any 12 consecutive months out of the 18 consecutive months immediately preceding the issuance of the proposed Senior Lien Bonds, Second Tier Obligations or Subordinate Obligations be a greater percentage than 180% (any such greater percentage referred to herein as a "*More Stringent Additional Debt Percentage*") of the Projected Maximum Total Annual Debt Service for all Senior Lien Bonds, Second Tier Obligations, and Subordinate Obligations which will be Outstanding immediately after the issuance of the proposed Senior Lien Bonds, Second Tier Obligations or Subordinate Obligations, then the percentage set forth in Section 6.01(f)(i)(A) shall be deemed to be amended or replaced with the More Stringent Additional Debt Percentage on the issuance of any additional Senior Lien Bonds, Second Tier Obligations or Subordinate Obligations for so long as such Bank Agreement remains in effect.

(ii) The Authority shall deliver to the Bank the certificate set forth in Section 6.01(f)(i) hereof concurrently when the same is delivered to the Senior Trustee or the Trustee, as applicable.

ARTICLE VII

EVENTS OF DEFAULT

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

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

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

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

of California, any instrumentality thereof or any other Governmental Authority of competent jurisdiction over the Authority;

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

(e) Any of Moody's or S&P either (i) withdraws or suspends the underlying long-term rating of any Subordinate Obligations, Senior Lien Bonds or Parity and Senior Debt for credit related reasons or (ii) reduce the long-term underlying rating of any Subordinate Obligations, Senior Lien Bonds or Parity and Senior Debt, in the case of S&P, below "A-" (or its equivalent) or in the case of Moody's, below "A3" (or its equivalent);

(f) The existence of one or more final, non-appealable judgments against the Authority for the payment of money payable out of Pledged Revenues ranking senior to or on a parity with the Subordinate Obligations, the operation or result of which, individually or in the aggregate, equals or exceed $15,000,000, and such judgment, attachment or levy shall remain unpaid or the lien created thereby shall remain undischarged or unbonded (by property other than any of the Pledged Revenues) for a period of thirty (30) days;

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

(h) Any material representation or warranty made by the Authority under or in connection with this Reimbursement Agreement (including, without limitation, representations and warranties incorporated herein by reference) shall prove to be untrue in any material respect on the date as of which it was made or deemed made;

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

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

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

(l) (i) The occurrence of any event of default under the Senior Trust Agreement or the Trust Agreement (which is not waived pursuant to the terms thereof); or (ii) the occurrence of any event of default or termination under any of the Related Documents (which is not waived pursuant to the terms thereof) which is not otherwise described in this Section 7.01, other than the failure of the Bank to honor a properly presented and conforming draw;

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

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

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

(p) There shall be a change in any applicable law that shall limit the per annum maximum rate of interest applicable to any Note to a rate of interest per annum less than 12% and the SIFMA Rate shall be greater than 6% per annum;

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

(r) The Authority shall issue any Senior Lien Bonds, Second Tier Obligations or Subordinate Obligations and the Pledged Tax collected for any 12 consecutive months out of the 18 consecutive months immediately preceding such issuance was less than

130% of Projected Maximum Total Annual Debt Service for all Senior Lien Bonds, Second Tier Obligations, and Subordinate Obligations which are outstanding after such issuance.

Section 7.02. Remedies.

(i) Upon the occurrence and during the continuation of an Event of Default, the Bank, in its sole discretion, may take any one or more of the following actions, and the taking of any one of such actions shall not preclude the taking of any other of such actions: (a) deliver to the Paying Agent a Final Drawing Notice to the effect that an Event of Default has been declared under this Reimbursement Agreement and that the Letter of Credit will terminate 10 days after receipt of such Notice and requesting that the Paying Agent make a Final Drawing (as defined in the Letter of Credit) under the Letter of Credit in an amount equal to the principal of the outstanding Notes plus interest to their maturity, (b) deliver to the Paying Agent a notice in the form of Schedule I to the Letter of Credit (a "*No Issuance Notice*") and on the maturity date for the last Note to mature which was issued prior to the delivery of such No Issuance Notice and upon the Bank honoring the Drawing under the Letter of Credit with respect to such Note, the Letter of Credit shall be terminated and returned to the Bank, (c) deliver to the Paying Agent a notice in the form of Schedule II to the Letter of Credit (a "*Reduction Notice*") and on the maturity date for the last Note to mature which was issued and outstanding prior to the delivery of such Reduction Notice, the Stated Amount of the Letter of Credit shall be reduced to the principal amount of Notes outstanding on the date of the issuance of the Reduction Notice, (d) cure any default, event of default or event of nonperformance under this Reimbursement Agreement or under any of the other Related Documents or (e) exercise any other rights or remedies available under any Related Document or any other agreement or at law or in equity.

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

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

ARTICLE VIII

NATURE OF OBLIGATIONS; INDEMNIFICATION

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

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

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

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

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

(e) any certificate, notice or any other document presented under this Reimbursement Agreement proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any material respect whatsoever; or

(f) any other circumstances or happening whatsoever, whether or not similar to any of the foregoing.

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

Section 8.03. Liability of the Bank. The Authority agrees that the Bank shall have no responsibility for the acts or omissions of any Dealer, the Trustee, the Paying Agent, or any agent thereof, and any transferee beneficiary of the Letter of Credit with respect to its use of the Letter of Credit. Neither the Bank nor any of its officers or directors shall be liable or responsible for: (a) the use which may be made of the Letter of Credit or for any acts or omissions of the Paying Agent, the Trustee or any agent of the Paying Agent or the Trustee and any transferee beneficiary in connection therewith; (b) the validity or genuineness of documents, or of any endorsement(s) thereon, even if such documents should in fact prove to be in any or all

respects invalid, fraudulent or forged; (c) payment by the Bank against presentation of documents which do not comply with the terms of the Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under the Letter of Credit; provided, however, that the Authority shall have a claim against the Bank, and the Bank shall be liable to the Authority, to the extent of any direct compensatory, as opposed to consequential, damages suffered by the Authority which the Authority proves in a final, non-appealable judgment that such direct damages were caused by the Bank's gross negligence or willful misconduct in connection with the Letter of Credit (it being understood that the Bank assumes no liability or responsibility for the genuineness, falsification or effect of any document which appears to be regular on its face). The Bank is hereby expressly authorized and directed to honor any demand for payment which is made under the Letter of Credit without regard to, and without any duty on its part to inquire into the existence of, any disputes or controversies between or among the Authority, the Trustee, the Paying Agent, any transferee beneficiary of the Letter of Credit or any other Person or the respective rights, duties or liabilities of any of them, or whether any facts or occurrences represented in any of the documents presented under the Letter of Credit are true and correct.

Section 8.04. Indemnification.

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

(b) *Waiver of Consequential Damages, Etc.* To the fullest extent permitted by applicable law, the Authority shall not assert, and hereby waives, and acknowledges that no other Person shall have, any claim against any Indemnitee, on any theory of liability,

for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Related Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, the Letter of Credit or the use of the proceeds of Drawings thereunder. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Program Documents or the transactions contemplated hereby or thereby.

(c) *Taxes, Etc*. To the extent permitted by law, the Authority agrees to indemnify and hold the Bank harmless (on a net after tax basis) from any present or future claim or liability for stamp, transfer, documentary, excise or other similar tax and any penalties or interest with respect thereto, which may be assessed, levied or collected by any Government Authority in connection with the execution, delivery and performance of, or any payment made under, this Reimbursement Agreement, the Notes and the other Related Documents, or any amendment thereto.

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

ARTICLE IX

TRANSFER, REDUCTION OR EXTENSION OF LETTER OF CREDIT

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

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

current Stated Expiration Date for the Letter of Credit shall be extended for a period to be agreed to by the parties hereto. Failure of the Bank to so respond to any such request for extension shall constitute the Bank's denial of such request.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendments and Waivers. No amendment or waiver of any provision or term of this Reimbursement Agreement, the Fee Agreement or the Letter of Credit, and no consent to any departure by the Authority or any other party therefrom, shall be effective unless in writing signed by the Bank and the Authority and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 10.02. No Waiver; Remedies. No failure on the part of the Bank to exercise, and no delay in exercising, any right under this Reimbursement Agreement shall operate as a waiver of such right; nor shall any single or partial exercise of any right under this Reimbursement Agreement preclude any other further exercise of such right or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 10.03. Notices. Any notice, demand, direction, request or other instrument authorized or required by this Reimbursement Agreement to be given to or filed with the Authority, the Trustee, the Paying Agent or the Bank shall be deemed to have been sufficiently given or filed, for all purposes, when delivered by hand or when sent by registered mail, return receipt requested, postage prepaid; or, if given by facsimile transmission, when receipt is acknowledged by the individual or an authorized representative of the entity specified below; provided that any such notice, demand, direction, request or other instrument to the Bank shall be effective only when actually received by the Bank; provided further, that any notice by the Authority required to be given hereunder or on which is conditioned any right or remedy shall be valid only if executed by a duly authorized representative of the Authority:

If to the Authority:

Los Angeles County Metropolitan
Transportation Authority
One Gateway Plaza
Los Angeles, CA 90012 2932
Tax ID Number: 95-4401975
Attention: Treasurer
Telephone: (213) 922-4047
Facsimile: (213) 922-4027

If to the Paying Agent:

U.S. Bank National Association
100 Wall Street, Suite 1600
New York, New York 10005

Attention: Corporate Trust Department
Telephone: (212) 361-2892
Facsimile: (212) 514-6841

If to the Dealers:

Goldman, Sachs & Co.
200 West Street, 6th Floor
New York, NY 10282
Attention: Municipal Money Market Sales
and Trading - CP and Notes Trading
Telephone: (212) 902-6633
E-mail: ficc-municp-traders@ny.email.gs.com

Barclays Capital Inc.
745 Seventh Avenue
2nd Floor
New York, NY 10019
Attn.: Short-Term Municipal Desk
(212) 528-1011

RBC Capital Markets, LLC
3 World Financial Center
200 Vesey Street, 8th Floor
New York, NY 10281
Attn.: Short Term Municipal Trading Manager
(212) 618-2019

If to the Bank for Credit Matters:

Citibank, N.A.
388 Greenwich Street, 6th Floor
New York, NY 10013
Attention: Municipal Credit Surveillance
Facsimile:
Telephone:
E-mail: munisurv2@citi.com

With a copy to:

Citibank, N.A.
388 Greenwich Street, 8th Floor
New York, NY 10013
Attention: Rebekah McGuire
Facsimile: (866) 914-8193
Telephone: (212) 723-5577
E-mail: rebekah.mcguire@citi.com

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

Citibank, N.A.
3800 Citibank Center Building
Tampa, FL 33610
Attention: Sonja Hudson GTS Letter of Credit Operations
Facsimile: (813) 604-7187
Telephone: (813) 604-7203
E-mail: sonja.hudson@citi.com

Section 10.04. Severability. In case any one or more of the provisions contained in this Reimbursement Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 10.05. Governing Law.

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

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

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

Section 10.06. Headings. Section headings in this Reimbursement Agreement are included herein for convenience of reference only and shall not have any effect for purposes of interpretation or construction of the terms of this Reimbursement Agreement.

Section 10.07. Participations. The Bank may at any time, without the consent of, or notice to, the Authority, sell participations to any Person (other than a natural person or the Authority) (each, a "*Participant*") in all or a portion of the Bank's rights and obligations under this Reimbursement Agreement and obligations under the Letter of Credit and such Participants shall be entitled to the rights and benefits of this Reimbursement Agreement and the other Related Documents, including, without limitation, Sections 2.07 and Article VIII hereof, to the same extent as if they were a direct party hereto; provided that (i) the Bank's obligations under the Letter of Credit shall remain unchanged, (ii) the Bank shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Authority shall continue to deal solely and directly with the Bank in connection with the Bank's rights under this Reimbursement Agreement and its obligations under the Letter of Credit.

Section 10.08. Counterparts. This Reimbursement Agreement may be signed in any number of counterpart copies, but all such copies shall constitute one and the same instrument. This Agreement, the other Program Documents, and any separate letter agreements with respect to fees payable to the Bank constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 3.01, this Reimbursement Agreement shall become effective when it shall have been executed by the Bank and when the

Bank shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Reimbursement Agreement or any other Related Document, or any certificate delivered thereunder, by fax transmission or e-mail transmission (*e.g.*, "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Agreement or such other Related Document or certificate. Such paper copies or "printouts," if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. Without limiting the foregoing, to the extent a manually executed counterpart is not specifically required to be delivered under the terms of any Related Document, upon the request of any party, such fax transmission or e-mail transmission shall be promptly followed by such manually executed counterpart.

Section 10.09. Complete and Controlling Agreement. This Reimbursement Agreement and the other Related Documents completely set forth the agreements between the Bank and the Authority and fully supersede all prior agreements, both written and oral, between the Bank and the Authority relating to the issuance of the Letter of Credit and all matters set forth herein and in the other Related Documents.

Section 10.10. USA Patriot Act. The Bank hereby notifies the Authority that, pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107 56 (signed into law October 26, 2001)) (the "*Patriot Act*"), it is required to obtain, verify and record information that identifies the Authority, which information includes the name and address of the Authority and other information that will allow the Bank to identify the Authority in accordance with the Patriot Act, and the Authority hereby agrees to take any action necessary to enable the Bank to comply with the requirements of the Patriot Act.

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

Section 10.11. Survival of this Reimbursement Agreement. All covenants, agreements, representations and warranties made in this Reimbursement Agreement shall survive the issuance of the Letter of Credit and shall continue in full force and effect so long as the Letter of Credit shall be unexpired or any Obligations shall be outstanding and unpaid. The obligation of the Authority to reimburse the Bank pursuant to Section 2.07 and Article VIII hereof shall survive the payment of the Notes and termination of this Reimbursement Agreement.

Section 10.12. Successors and Assigns. The provisions of this Reimbursement Agreement shall be binding upon and inure to the benefit of the parties hereto and their

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

Section 10.13. Assignment to the Federal Reserve Bank. The Bank may assign and pledge all or any portion of the obligations owing to it hereunder to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, provided that any payment in respect of such assigned obligations made by the Authority to the Bank in accordance with the terms of this Reimbursement Agreement shall satisfy the Authority's obligations hereunder in respect of such assigned obligation to the extent of such payment. No such assignment shall release the Bank from its obligations hereunder.

Section 10.14. Contractual Interpretation. The parties acknowledge that they have read and fully understand the terms of this Reimbursement Agreement, have consulted with such attorneys, accountants, advisors, or other professionals as they have deemed appropriate prior to executing this Reimbursement Agreement with adequate opportunity and time for review thereof, and are fully aware of its contents and of its legal effect. Accordingly, this Reimbursement Agreement shall not be construed against any party on the grounds that such party drafted this Reimbursement Agreement, rather, this Reimbursement Agreement shall be interpreted as though drafted equally by all parties.

Section 10.15. Arm's Length Transaction. The transaction described in this Agreement is an arm's length, commercial transaction between the Authority and the Bank in which: (a) the Bank is acting solely as a principal (i.e., as a credit provider) and for its own interest; (b) the Bank is not acting as a municipal advisor or financial advisor to the Authority; (c) the Bank has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to the Authority with respect to this transaction and the discussions, undertakings and procedures leading thereto (irrespective of whether the Bank or any of its affiliates has provided other services or is currently providing other services to the Authority on other matters); (d) the only obligations the Bank has to the Authority with respect to this transaction are set forth in this Agreement; and (e) the Bank is not recommending that the Authority take an action with respect to the transaction described in this Agreement and the other Related Documents, and before taking any action with respect to the this transaction, the Authority should discuss the information contained herein with the Authority's own legal, accounting, tax, financial and other advisors, as the Authority deems appropriate.

Section 10.16. No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the Authority acknowledges and agrees, that: (a) the Authority has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (b) the Authority is capable of evaluating,

and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Related Documents.

Section 10.17. EMMA. The Authority shall post this Agreement and the Letter of Credit on EMMA within thirty (30) days of the Closing Date and shall provide copies thereof to the Rating Agencies, provided that the Authority agrees that it shall not post this Agreement or the Letter of Credit or any amendment hereto or thereto on EMMA or any other website until the Bank or its counsel has provided redacted versions of this Agreement and the Letter of Credit or such amendment, as applicable.

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

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

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY

By _____
[_____, _____]

[Signature page to Letter of Credit Reimbursement Agreement (Citibank)]

CERTIFICATE OF AUTHENTICATION

The Notes and all Reimbursement Obligations are Subordinate Obligations, as defined in the Subordinate Trust Agreement, and constitute a "*Reimbursement Agreement*" as defined in the First Supplemental Subordinate Trust Agreement.

Date of Authentication: [_____, 2017]

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

By _____
Authorized Signatory

CITIBANK, N.A.

By _____
Name _____
Title _____

EXHIBIT A

FORM OF REIMBURSEMENT NOTE

$[**149,999,999**] [_____, 2017]

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

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

FOR VALUE RECEIVED, LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (the "*Authority*"), hereby unconditionally promises to pay to the order of CITIBANK, N.A. (the "*Bank*"), the principal amount of U.S. Dollars advanced by the Bank to or for the benefit of the Authority pursuant to the terms of the Letter of Credit issued pursuant to the Letter of Credit Reimbursement Agreement, dated as of [_____, 2017], between the Authority and the Bank, as the same may be amended or supplemented from time to time (the "*Agreement*"), together with interest as provided in the Agreement. The aggregate amount advanced by the Bank as part of a Drawing or Drawings or Liquidity Advance or Liquidity Advances is not to exceed an amount equal to $[**149,999,999**]. All capitalized terms used herein and not otherwise defined shall have the meaning assigned in the Agreement. All amounts due hereunder shall be computed and payable at such times and in such amounts as provided in the Agreement.

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

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

The Authority waives diligence, demand, presentment, protest, and notice of every kind whatsoever. The failure of the holder hereof to exercise any of its rights hereunder in any particular instance shall not constitute a waiver of the same or any other right in that or any subsequent instance. Time is of the essence for this Reimbursement Note. THIS NOTE SHALL

BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH LAWS OF THE STATE OF CALIFORNIA.

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

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

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

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY

By _____
Name _____
Title _____

CERTIFICATE OF AUTHENTICATION

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

Date of Authentication: [_____, 2017]

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

By _____
Authorized Signatory

SCHEDULE I

Date	Amount of Bank Loan	Amount of Principal Paid or Prepaid	Interest Period (if applicable)	Principal Balance Unpaid	Name of Person Making Notation

EXHIBIT B

FORM REQUEST FOR EXTENSION

[DATE]

Citibank, N.A.

Attention:
Facsimile:
Telephone:

With a copy to:

Citibank, N.A.

Attention:
Telephone:
Facsimile:

Re: Request for Extension

Ladies and Gentlemen:

Reference is hereby made to that certain Letter of Credit Reimbursement Agreement, dated as of [_____, 2017] (the "*Agreement*"), between the Los Angeles County Metropolitan Transportation Authority (the "*Authority*") and Citibank, N.A. All capitalized terms contained herein which are not specifically defined shall be deemed to have the definition set forth in the Agreement. The Authority hereby requests that the Stated Expiration Date of the Letter of Credit be extended to [DATE]. Pursuant to the Agreement, we have enclosed along with this request the following information, all as of the date hereof:

1. A reasonably detailed description of any and all Events of Default and all conditions, events and acts which with notice or lapse of time or both would become an Event of Default;

2. Any other pertinent information previously requested by the Bank; and

3. Confirmation that the representations and warranties set forth in Article IV of the Agreement are true and correct as though made on the date hereof and that no Event of Default has occurred and is continuing except for the defaults (if any) described under paragraph 2 above.

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

Very truly yours,

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY

By _____
Name _____
Title _____

[_____], 2017
U.S. $[149,999,999**]

CITIBANK, N.A.
IRREVOCABLE LETTER OF CREDIT NO. [_____]

[_____, 2017]

U.S. Bank National Association, as Beneficiary
Suite 1600
100 Wall Street
New York, New York 10005
Attention: Corporate Trust Department

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

and
Los Angeles County Metropolitan Transportation Authority
Second Subordinate Sales Tax Revenue
Commercial Paper Notes,
Series A-T-Citi

Ladies and Gentlemen:

At the request and for the account of Los Angeles County Metropolitan Transportation Authority (the *"Authority"*), pursuant to the Letter of Credit Reimbursement Agreement dated as of **[_____]**, 2017, between us (the *"Bank"*) and the Authority (as amended, supplemented, modified or restated from time to time pursuant to its terms, the *"Reimbursement Agreement"*), we hereby establish this Irrevocable Letter of Credit (this *"Letter of Credit"*) in your favor, as Beneficiary (the *"Beneficiary"*), and as issuing and paying agent and trustee (in such capacity, the *"Issuing and Paying Agent"*) under the Subordinate Trust Agreement dated as of January 1, 1991 (as amended and supplemented to date, the *"Trust Agreement"*), between the Authority and U.S. Bank National Association, as trustee (in such capacity, the *"Trustee"*), for the benefit of the holders of the Authority's above-referenced series of Notes issued under the Trust Agreement (the *"Notes"*) in accordance with the following terms and conditions.

1. **Expiration**. This Letter of Credit automatically shall expire on the Termination Date. As used herein, "*Termination Date*" shall mean 5:00 p.m., New York City time (except as otherwise specified in the following subparagraphs) on the earliest of:

(a) [_____, 2020], as such date may be extended, subject to our consent, pursuant to delivery by the Bank of a properly completed Notice of Extension to you in the form attached hereto as Exhibit G (the *"Stated Expiration Date"*);

(b) the date on which we receive an appropriately completed certificate from you in the form of Exhibit D hereto that the principal amount of and interest with respect to all of the Notes has been paid in full or deemed paid in full in accordance with the provisions of the Trust Agreement;

(c) the date on which a substitute Letter of Credit has become effective under the Trust Agreement, in substitution for this Letter of Credit, and we have received an appropriately completed certificate from you in the form of Exhibit E hereto;

(d) the date of payment of a Drawing (as defined in paragraph 5), not subject to reinstatement, which when added to all other Drawings honored hereunder which were not subject to reinstatement as provided herein, in the aggregate equals the principal component of the Stated Amount on the date of issuance hereof as adjusted pursuant to the terms and conditions of this Letter of Credit; or

(e) the first to occur of (i) the date which is ten (10) days after you have received written notice from us (a "*Final Drawing Notice*") in the form of Schedule III stating that an Event of Default has occurred under the Reimbursement Agreement and directing that you make a Final Drawing (as defined in paragraph 5) hereunder, pursuant to a draft and certificate for Final Drawing in the form of Exhibit B, whereby you shall draw an amount hereunder equal to the principal of and accrued interest to maturity on all outstanding Notes in the manner provided herein and in the notice in the form of Schedule III or (ii) the date, following receipt of such notice in the form of Schedule III, upon which you have made such Final Drawing under this Letter of Credit and the proceeds of the Drawing have been distributed to you.

In the event the Termination Date shall not be a Business Day, then this Letter of Credit shall expire on the next succeeding Business Day.

2. **Stated Amount**. The maximum aggregate amount available under this Letter of Credit shall be **[$149,999,999**], which amount as from time to time reduced and reinstated as provided in Paragraphs 3 and 4 is hereinafter referred to as the "*Stated Amount*." Of the Stated Amount, up to **[$137,770,507**] is available for the payment of the unpaid principal of the Notes (the "*Principal Portion*") and up to **[$12,229,492**] is available for the payment of the unpaid interest accrued with respect to the Notes (the "Interest Portion") for the immediately preceding two hundred seventy (270) days, calculated at a rate of 12% per annum based on a year of 365 days. On each date on which payment is to be made on the Notes secured by this Letter of Credit you may submit a Drawing (as defined in paragraph 5 hereof) to us as provided in paragraph 6 hereof in an amount equal to the lesser of (1) the Stated Amount or (2) the amount

of principal and interest due on the Notes maturing (whether due to acceleration or otherwise) on the date for which the Drawing is requested.

3. **Reductions in the Stated Amount**. The Stated Amount shall be reduced automatically from time to time as follows:

(a) Upon our honoring of a Drawing hereunder, the Stated Amount shall be reduced by an amount equal to the amount of such Drawing.

(b) Upon our receipt of your certificate in the form of Exhibit C hereto appropriately completed, the Stated Amount shall be reduced by an amount equal to the amount specified in such certificate.

Upon such a reduction, we may require you to return the original of this Letter of Credit and to accept in substitution hereof a substitute Letter of Credit for a Stated Amount reflecting such reduction, but otherwise identical in form and substance to this Letter of Credit.

4. **Reinstatement**.

(a) Reductions under Paragraph 3(a) with respect to any Maturity Drawing (as defined in paragraph 5) in accordance with a draft and certificate in the form of Exhibit A hereto properly completed and presented prior to the delivery to you of a Notice of No Issuance in the form of Schedule I hereto shall be reinstated automatically to the extent we receive reimbursement for the amounts so drawn. Any such automatic reinstatement shall be in an amount equal to the amount of such reimbursement. We will advise the Issuing and Paying Agent of such reinstatement and the amount thereof upon request.

(b) Reductions under Paragraph 3(a) with respect to any Final Drawing (as defined in paragraph 5) in accordance with a draft and certificate in the form of Exhibit B hereto or a Drawing in the form of Exhibit A hereto following the delivery to you of a Notice of No Issuance in the form of Schedule I hereto shall not be subject to reinstatement.

(c) Reductions under Paragraph 3(b) shall not be subject to reinstatement.

5. **Documents to Be Presented**. Funds under this Letter of Credit are available to you, against a draft and certificate purported to be signed by you in the form of Exhibit A hereto (each, a "*Maturity Drawing*") or Exhibit B hereto (the "*Final Drawing*") appropriately completed (Maturity or Redemption Drawings and the Final Drawing are herein individually referred to as a "*Drawing*" and collectively referred to as "*Drawings*").

6. **Method and Notice of Presentment**. Each Drawing and any other certificate or notice required or permitted to be provided to us hereunder, shall be in writing and dated the date of presentation and, in the case of each Drawing and the certificate in the form of Exhibit E, shall be delivered to us by facsimile; and, in all other cases, shall be delivered to us at the address stated in this paragraph, in person, by first class registered or certified mail or by an express delivery service. A Drawing (and any certificate in the form of Exhibit E) shall be presented on or after the date of this Letter of Credit during our business hours on a Business Day on or prior

to the Termination Date at our office at Citibank, N.A., c/o Citicorp North America, Inc., and addressed to 3800 Citibank Center, Building B, First Floor, Tampa, FL 33610, Attention: Standby Letter of Credit Department, Facsimile No.: (813) 604-7187, or at such other address or facsimile number as we may notify you in writing from time to time. As used herein, Business Day" shall mean any day other than (a) a Saturday or Sunday or other day on which commercial banks in Los Angeles, California or New York, New York are authorized or required by law or executive order to close or (b) a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed, or (c) a day on which commercial banks are authorized or required by law or executive order to be closed in the city in which demands for payment are to be presented under this Letter of Credit.

7. **Time and Method for Payment**.

(a) If a Drawing is made by you in strict conformity with the terms and conditions of this Letter of Credit, we will honor the Drawing if such Drawing is received by us prior to 11:30 a.m. on a Business Day, not later than 2:30 p.m. on such Business Day or such later date as you may specify in such Drawing. If a Drawing is received by us on a day which is not a Business Day or is received after 11:30 a.m., but prior to 4:00 p.m. on a Business Day, such Drawing shall be deemed to have been received by us on the next Business Day, and we will honor such Drawing by 2:30 p.m. on the Business Day on which the Drawing is deemed to have been received by us; provided in any case that the Business Day on which a Drawing is requested to be honored by us in accordance with the terms of this Paragraph 7 is on or prior to the Termination Date. All times referenced herein are as of New York City time.

(b) Unless otherwise agreed, payment under this Letter of Credit shall be made by Fedwire in immediately available funds to [**U.S. Bank National Association, ABA No. 091-000-022, Account No. [_____], Attn: Roselyn Callendar, Ref: Los Angeles County Metropolitan Transportation Authority Second Subordinate Sales Tax Revenue Commercial Paper Notes, Series A-TE-Citi and A-T-Citi**]. For the purposes of determining compliance with the times for payment specified in (a) above, payment shall be deemed to have been made by us when we have delivered appropriate wire transfer instructions to an appropriate Federal Reserve Bank.

(c) All payments made by the Bank under this Letter of Credit shall be made with the Bank's own funds.

8. **Other Documents in the case of a Substitution**. You agree to provide to us a duly completed certificate in the form of Exhibit F hereto upon the substitution of a substitute Letter of Credit for this Letter of Credit as set forth in Paragraph 1(c) hereof; and you agree that each such certificate shall be provided (x) on the same day as any Drawing is made upon this Letter of Credit in connection with the substitution or (y) if no Drawing is made, on the effective date of such substitution.

9. **Transferability**. This Letter of Credit is transferable in its entirety, but not in part, to any transferee who has succeeded you as Issuing and Paying Agent under the Issuing and Paying Agency Agreement and the Trust Agreement and may be successively transferred.

Transfer of the drawing rights under this Letter of Credit to such transferee shall be effected by (a) your presentation to us of the original of this Letter of Credit, including all amendments, if any, accompanied by a certificate in the form of Exhibit F hereto and (b) our transfer of this Letter of Credit (i) by endorsement on the original Letter of Credit or (ii) by issuance of a substitute Letter of Credit made out in favor of such transferee but otherwise identical in form and substance to this Letter of Credit.

10. **Governing Law and Practices**. This Letter of Credit is issued subject to the International Standby Practices (1998), International Chamber of Commerce, Publication No. 590 (the "ISP 98"). This Letter of Credit shall be deemed made under the laws of the State of New York, including Article 5 of the Uniform Commercial Code, and as to matters not addressed by the ISP 98 shall be governed by and construed in accordance with the laws of the State of New York and applicable U.S. Federal law.

11. **Irrevocability**. This Letter of Credit shall be irrevocable.

12. **No Negotiation**. A Drawing under this Letter of Credit shall be presented directly to us by you or by any transferee who has succeeded you as Issuing and Paying Agent under the Issuing and Paying Agency Agreement and the Trust Agreement and shall not be negotiated to or by any third party.

13. **Excluded Notes**. Notwithstanding any other provision of this Letter of Credit, no Drawing under this Letter of Credit may be made with respect to any (a) Notes issued after the Termination Date or maturing or selected for redemption after the Termination Date, (b) Notes issued after your receipt of any Notice of No Issuance in the form of Schedule I hereto or a Final Drawing Notice in the form of Schedule III hereto, in either case, from us and prior to your receipt of written notice from us in the form of Schedule IV hereto that such Notice of No Issuance or Final Drawing Notice, as applicable, is rescinded and (c) Notes issued in a principal amount in excess of the principal amount of Notes maturing on or selected for redemption on the date such Notes are issued after your receipt of any Restricted Issuance Notice, in the form of Schedule II hereto from us and prior to your receipt of written notice from us that such Restricted Issuance Notice is rescinded, (d) any Note registered in the name of, or to the best of your knowledge held for the account or benefit of, the Authority, or any Affiliate of the Authority, or a Person who is a guarantor of any of the obligations of the Authority in connection with the Notes, and (e) any Notes from and after the date we receive notice from the Issuing and Paying Agent in the form of Exhibit D hereto that payment or provision for payment of all the Notes has been made (Notes described in any of clauses (a), (b), (c), (d) and (e) of this Paragraph 13 being referred to as "*Excluded Notes*").

14. **Address for Communications**. Communications with respect to this Letter of Credit shall be in writing and shall be addressed to us at the address referenced in Paragraph 6, specifically referring thereon to our Irrevocable Letter of Credit No. [_____]. At the time any such communications or Drawings are sent, copies of such communications or Drawings shall also be sent by facsimile to us at Citibank, N.A., 388 Greenwich Street, 8th Floor, New York, New York 10013, Attention: Rebekah McGuire; *provided, however*, that the failure to send such copies shall not affect our obligations hereunder. Communications with respect to the Issuing and Paying Agent shall either be sent by first class registered or certified mail or

express courier service, properly addressed and prepaid, or physically delivered to the address set forth on the first page of this Letter of Credit.

15. **Definitions**. All capitalized terms herein which are not defined have the same meaning given to them in the Trust Agreement and the Reimbursement Agreement.

16. **Complete Agreement**. This Letter of Credit, including Exhibits A through G hereto and Schedules I, II, III and IV hereto, sets forth in full the terms of our obligation. Reference in this Letter of Credit to other documents or instruments is for identification purposes only and any such reference (including, without limitation, reference to the definitions in the Reimbursement Agreement of terms used and not defined herein) shall not modify, amend, amplify, limit or otherwise affect our obligation hereunder or cause such documents or instruments to be deemed incorporated herein.

[Remainder of page intentionally left blank]

We hereby agree with you to honor your Drawings presented in strict compliance with the terms and conditions of this Letter of Credit.

All parties to this Letter of Credit are advised that the U.S. Government has in place certain sanctions against certain countries, individuals, entities, and vessels. Citigroup entities, including branches and, in certain circumstances, subsidiaries, are/will be prohibited from engaging in transactions or other activities within the scope of applicable sanctions.

Very truly yours,

CITIBANK, N.A.

By _____
Name _____
Title _____

EXHIBIT A

DRAFT AND CERTIFICATE FOR MATURITY DRAWING

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

and
Los Angeles County Metropolitan Transportation Authority
Second Subordinate Sales Tax Revenue
Commercial Paper Notes,
Series A-T-Citi

Irrevocable Letter of Credit No. [_____]

The undersigned, a duly authorized officer of U.S. Bank National Association (the "Issuing and Paying Agent"), hereby certifies to Citibank, N.A. (the "Bank"), with reference to Irrevocable Letter of Credit No. [_____] (the "Letter of Credit"; any capitalized term used herein and not defined shall have its respective meaning as set forth in the Letter of Credit) issued by the Bank in favor of the Issuing and Paying Agent, that:

1. The Issuing and Paying Agent is the Issuing and Paying Agent under the Issuing and Paying Agency Agreement and is making this demand for payment of the principal of and interest on the above-referenced Notes in accordance with their terms, which amount is payable on [_____] (the "Payment Date").

2. The following amounts are owed on Notes maturing (whether due to acceleration or otherwise) on the Payment Date:

(a) $[_____] constitutes the principal of Notes; and

(b) $[_____] constitutes interest with respect to Notes.

3. Demand is hereby made under the Letter of Credit for $[_____], which amount does not exceed the lesser of (i) the sum of the amounts specified in (2)(a) and (b) above and (ii) the Stated Amount.

4. The amount demanded hereunder does not include any amount payable with respect to an Excluded Note as described in Paragraph 13 of the Letter of Credit.

5. The proceeds hereof shall be deposited in the Note Payment Fund (as defined in the Trust Agreement) and shall be applied solely to the payment of Notes in accordance with the Trust Agreement.

6. (a) Payment of this demand for payment is requested on or before 2:30 p.m., New York, New York time, on the later of (i) the Payment Date (or if the Payment Date is not a Business Day, the next succeeding Business Day) and (ii) the Business Day on which this Drawing is received or deemed to have been received by the Bank in accordance with paragraph 7(a) of the Letter of Credit.

(b) Payment of this demand for payment shall be made in accordance with the payment instructions provided in paragraph 7(b) of the Letter of Credit.

7. Drawn under Citibank, N.A. Irrevocable Letter of Credit No. [_____]: Pay the amount of [$_____] in interest with respect to the Notes as certified above.

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this Certificate as of the___day of _____, 20__.

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

By _____
Name _____
Title _____

EXHIBIT B

DRAFT AND CERTIFICATE FOR FINAL DRAWING

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

and
Los Angeles County Metropolitan Transportation Authority
Second Subordinate Sales Tax Revenue
Commercial Paper Notes,
Series A-T-Citi

Irrevocable Letter of Credit No. [_____]

The undersigned, a duly authorized officer of U.S. Bank National Association (the "Issuing and Paying Agent"), hereby certifies to Citibank, N.A. (the "Bank"), with reference to Irrevocable Letter of Credit No. [_____] (the "Letter of Credit"; any capitalized term used herein and not defined shall have its respective meaning as set forth in the Letter of Credit) issued by the Bank in favor of the Issuing and Paying Agent, that:

The Issuing and Paying Agent is the Issuing and Paying Agent under the Issuing and Paying Agency Agreement and is making this Drawing for amounts sufficient to pay the principal of and interest on the Notes outstanding at their respective maturity dates in accordance with the Trust Agreement. Payment for this demand for payment shall be made on _____ (the "Payment Date").

1. We are in receipt of the written notice from you described in paragraph 1(e) of the Letter of Credit.

2. The following amounts will be due and owing on the Notes currently outstanding at the respective maturity dates thereof occurring on or after the date of a Final Drawing Notice:

(a) $[_____] constitutes the principal of Notes; and

(b) $[_____] constitutes interest with respect to Notes.

3. Demand is hereby made under the Letter of Credit for $[_____], which amount does not exceed the lesser of the sum of the amounts specified in 2(a) and (b) above and the Stated Amount.

4. The amount demanded hereunder does not include any amount payable with respect to an Excluded Note as described in Paragraph 13 of the Letter of Credit.

5. The proceeds hereof shall be deposited in the Note Payment Fund (as defined in Trust Agreement) and shall be applied solely to the payment of Notes in accordance with the Trust Agreement.

6. (a) Payment of this demand for payment is requested on or before 2:30 p.m., New York, New York time, on the later of (i) the Payment Date (or if the Payment Date is not a Business Day, the next succeeding Business Day) and (ii) the Business Day on which this Drawing is received or deemed to have been received by the Bank in accordance with paragraph 7(a) of the Letter of Credit.

(b) Payment of this demand for payment shall be made in accordance with the payment instructions provided in paragraph 7(b) of the Letter of Credit.

7. The Letter of Credit shall be returned to the Bank upon our receipt of payment of this demand for payment and no additional amounts shall be drawn under the Letter of Credit.

Drawn under Citibank, N.A. Irrevocable Letter of Credit No. [_____]: Pay the amount of [$_____] in principal of the Notes as certified above.

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this Certificate as of the ___ day of _____, 20__.

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

By _____
Name _____
Title _____

EXHIBIT C

CERTIFICATE REGARDING REDUCTION OF STATED AMOUNT

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

and
Los Angeles County Metropolitan Transportation Authority
Second Subordinate Sales Tax Revenue
Commercial Paper Notes,
Series A-T-Citi

The undersigned, a duly authorized officer of U.S. Bank National Association (the "Issuing and Paying Agent"), hereby certifies to Citibank, N.A. (the "Bank"), with reference to Irrevocable Letter of Credit No. [_____] (the "Letter of Credit"; any capitalized term used herein and not defined shall have its respective meaning as set forth in the Letter of Credit) issued by the Bank in favor of the Issuing and Paying Agent, that:

1. The Authority has instructed the Issuing and Paying Agent to reduce the Stated Amount of the Letter of Credit.

2. The Principal Portion shall be reduced by $[_____] and the Interest Portion shall be reduced by $[_____] which is 270 days' interest at 12% per annum (based on a year of 365 days) on the amount of the reduction in the Principal Portion.

3. Pursuant to paragraph 3 of the Letter of Credit, the Stated Amount shall be reduced automatically by $[_____], such reduction to be allocated so that the Principal Portion and the Interest Portion of the Stated Amount are reduced by the amounts stated in paragraph 2, upon receipt by the Bank of this Certificate.

4. The Stated Amount, as so reduced, is at least equal to the outstanding principal amount of the Notes plus 270 days' interest thereon at 12% per annum (based on a year of 365 days).

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this Certificate as of the ___ day of _____, 20 __.

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

By _____
Name _____
Title _____

EXHIBIT D

TERMINATION CERTIFICATE—DEFEASANCE/PAYMENT

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

and
Los Angeles County Metropolitan Transportation Authority
Second Subordinate Sales Tax Revenue
Commercial Paper Notes,
Series A-T-Citi

Irrevocable Letter of Credit No. [_____]

The undersigned, a duly authorized officer of U.S. Bank National Association (the "Issuing and Paying Agent"), hereby certifies to Citibank, N.A. (the "Bank"), with reference to Irrevocable Letter of Credit No. [_____] (the "Letter of Credit"; any capitalized term used herein and not defined shall have its respective meaning as set forth in the Letter of Credit) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

We hereby instruct you **[to terminate the Letter of Credit as the principal amount of and interest on all outstanding Notes, other than Excluded Notes, has been paid or provision for such payment in full is deemed to have been made by the deposit of cash or eligible securities and all of the outstanding Notes, other than Excluded Notes, have been defeased in accordance with Section 6.06 of the First Supplemental Subordinate Trust Agreement.] [to terminate the Letter of Credit as the principal amount of and interest on all outstanding Notes, other than Excluded Notes, has been paid in full in accordance with the Trust Agreement.] [that the Letter of Credit shall terminate on [_____, _____] and that cash or eligible securities sufficient to pay the principal amount of and interest on all outstanding Notes, other than Excluded Notes, has been deposited under the Trust Agreement in accordance with Section 6.06 of the First Supplemental Subordinate Trust Agreement.]**

[The original Letter of Credit, including all amendments, if any, is attached hereto and being surrendered to you herewith.]

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this Certificate as of the ___ day of _____, 20__.

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

By _____
Name _____
Title _____

EXHIBIT E

TERMINATION CERTIFICATE—SUBSTITUTE LETTER OF CREDIT

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

and
Los Angeles County Metropolitan Transportation Authority
Second Subordinate Sales Tax Revenue
Commercial Paper Notes,
Series A-T-Citi

Irrevocable Letter of Credit No. [_____]

The undersigned, a duly authorized officer of U.S. Bank National Association (the "Issuing and Paying Agent"), hereby certifies to Citibank, N.A. (the "Bank"), with reference to Irrevocable Letter of Credit No. [_____] (the "Letter of Credit"; any capitalized term used herein and not defined shall have its respective meaning as set forth in the Letter of Credit) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

In accordance with the terms of the Trust Agreement, we hereby confirm the termination of the Letter of Credit for the reason that the conditions precedent to the acceptance of a substitute Letter of Credit under the Trust Agreement have been satisfied, all demands for payment under the Letter of Credit for Notes (other than Excluded Notes) have been paid in accordance with the provisions of the Letter of Credit and the substitute Letter of Credit has become effective under the Trust Agreement in substitution for the Letter of Credit.

[The original Letter of Credit, including all amendments, if any, is attached hereto and being surrendered to you herewith.]

IN WITNESS WHEREOF, the Issuing and Paying Agent has executed and delivered this Certificate as of the ___ day of _____, 20__.

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

By _____
Name _____
Title _____

EXHIBIT F

NOTICE OF TRANSFER

[DATE]

[**Citibank, N.A.**
c/o Citicorp North America, Inc.
3800 Citibank Center
Building B, Third Floor
Tampa, FL 33610]

Attention: Standby Letter of Credit Department

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

and
Los Angeles County Metropolitan Transportation Authority
Second Subordinate Sales Tax Revenue
Commercial Paper Notes,
Series A-T-Citi

Irrevocable Letter of Credit No. [_____]

Ladies and Gentlemen:

For value received, the undersigned beneficiary hereby irrevocably transfers to:

_____
(Name of Transferee)

_____
(Address)

all rights of the undersigned beneficiary to draw under the above Letter of Credit in its entirety. Any capitalized term used herein and not defined shall have its respective meaning as set forth in Letter of Credit No. [_____] issued by you in connection with the above-referenced Notes.

By this transfer, all rights of the undersigned beneficiary in such Letter of Credit are transferred to the transferee and the transferee shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments, whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised directly to the transferee without necessity of any consent of or notice to the undersigned beneficiary.

By its signature below the undersigned transferee acknowledges that it has duly succeeded as Issuing and Paying Agent under the Trust Agreement.

The original Letter of Credit, including all amendments, if any, is returned herewith and we ask you to notify the transferee in such form as you deem advisable of this transfer and of the terms and conditions of the Letter of Credit.

Yours very truly,

SIGNATURE AUTHENTICATED:

U.S. BANK NATIONAL ASSOCIATION

_____
(Authorized Signature)

By _____
Name _____
Title _____

ACKNOWLEDGED:

[TRANSFEREE]

By _____
Name _____
Title _____

EXHIBIT G

NOTICE OF EXTENSION

[DATE]

U.S. Bank National Association,
as Issuing and Paying Agent and Trustee
Suite 1600
100 Wall Street
New York, New York 10005

Attention: Corporate Trust Department

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

and
Los Angeles County Metropolitan Transportation Authority
Second Subordinate Sales Tax Revenue
Commercial Paper Notes,
Series A-T-Citi

Irrevocable Letter of Credit No. [_____]

Ladies and Gentlemen:

The undersigned, a duly authorized officer of Citibank, N.A. (the "Bank"), hereby advises you, with respect to the above-referenced Irrevocable Letter of Credit (the "Letter of Credit"; any capitalized term used herein and not defined shall have its respective meaning as set forth in the Letter of Credit) issued by the Bank in your favor, that:

1. At the request and for the account of the Los Angeles County Metropolitan Transportation Authority, we hereby extend the date referenced in paragraph 1(a) of the Letter of Credit (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 Letter of Credit remain unchanged and in full force and effect.

3. This Notice of Extension is an integral part of the Letter of Credit.

[Remainder of page intentionally left blank]

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

CITIBANK, N.A.

By _____
Name _____
Title _____

SCHEDULE I

FORM OF NOTICE OF NO ISSUANCE

[DATE]

U.S. Bank National Association,
as Issuing and Paying Agent and Trustee
Suite 1600
100 Wall Street
New York, New York 10005

Attention: Corporate Trust Department

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

and
Los Angeles County Metropolitan Transportation Authority
Second Subordinate Sales Tax Revenue
Commercial Paper Notes,
Series A-T-Citi

Irrevocable Letter of Credit No. [_____]

Ladies and Gentlemen:

The undersigned, pursuant to the Reimbursement Agreement between Citibank, N.A. (the "Bank") and the Los Angeles County Metropolitan Transportation Authority dated as of **[_____, 2017]** (as amended, supplemented, modified or restated from time to time pursuant to its terms, the "Reimbursement Agreement"), hereby notifies you as Issuing and Paying Agent for the above-referenced Notes (the "Notes") that an Event of Default, as defined in the Reimbursement Agreement, has occurred. Unless this notice is subsequently rescinded by the undersigned in writing, all Notes issued on or after the date you receive this notice shall be "Excluded Notes" as defined in the above-referenced Letter of Credit (the "Letter of Credit") issued for your benefit as Issuing and Paying Agent for the Notes. On the maturity date of the last maturing Note issued prior to your receipt of this notice and upon payment of all amounts drawn under the Letter of Credit with respect to such Notes, the Letter of Credit shall be returned to the undersigned for cancellation.

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

CITIBANK, N.A.

By _____
Name _____
Title _____

SCHEDULE II

FORM OF RESTRICTED ISSUANCE NOTICE

[DATE]

U.S. Bank National Association,
as Issuing and Paying Agent and Trustee
Suite 1600
100 Wall Street
New York, New York 10005

Attention: Corporate Trust Department

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

and
Los Angeles County Metropolitan Transportation Authority
Second Subordinate Sales Tax Revenue
Commercial Paper Notes,
Series A-T-Citi

Irrevocable Letter of Credit No. [_____]

Ladies and Gentlemen:

The undersigned, pursuant to the Letter of Credit Reimbursement Agreement between Citibank, N.A. (the "Bank"), and the Los Angeles County Metropolitan Transportation Authority dated as of [_____, 2017] (as amended, supplemented, modified or restated from time to time pursuant to its terms, the "Reimbursement Agreement"), hereby notifies you as Issuing and Paying Agent for the above-referenced Notes (the "Notes") that an Event of Default, as defined in the Reimbursement Agreement, has occurred. Unless this notice is subsequently rescinded by the undersigned in writing, all Notes issued on or after the date you receive this notice in a principal amount in excess of the principal amount of Notes maturing on such date of issuance or selected for redemption on such date of issuance shall be "Excluded Notes" as defined in the above-referenced Letter of Credit issued for your benefit as Issuing and Paying Agent for the Notes.

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

CITIBANK, N.A.

By _____
Name _____
Title _____

SCHEDULE III

FORM OF FINAL DRAWING NOTICE

[DATE]

U.S. Bank National Association,
as Issuing and Paying Agent and Trustee
Suite 1600
100 Wall Street
New York, New York 10005

Attention: Corporate Trust Department

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

and
Los Angeles County Metropolitan Transportation Authority
Second Subordinate Sales Tax Revenue
Commercial Paper Notes,
Series A-T-Citi

Irrevocable Letter of Credit No. [_____]

Ladies and Gentlemen:

The undersigned, pursuant to the Letter of Credit Reimbursement Agreement between Citibank, N.A. (the "Bank"), and the Los Angeles County Metropolitan Transportation Authority dated as of [_____, 2017] (as amended, supplemented, modified or restated from time to time pursuant to its terms, the "Reimbursement Agreement"), hereby notifies you as Issuing and Paying Agent for the above-referenced Notes (the "Notes") that an Event of Default, as defined in the Reimbursement Agreement, has occurred. Unless this notice is subsequently rescinded by the undersigned in writing, you are directed to make a Final Drawing under the above-referenced Letter of Credit (the "Letter of Credit") issued for your benefit as Issuing and Paying Agent for the Notes within fifteen calendar days of your receipt of this notice and all Notes issued on or after the date you receive this notice shall be "Excluded Notes" as defined in the Letter of Credit. You are further notified that the Letter of Credit shall terminate on the earlier of (a) date which is the 10th calendar day after the date of receipt by the Issuing and Paying Agent of this notice, and (b) the date on which the Drawing resulting from the delivery of this notice is honored by us.

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

CITIBANK, N.A.

By _____
Name _____
Title _____

SCHEDULE IV

FORM OF RESCISSION OF FINAL DRAWING NOTICE AND/OR NO ISSUANCE NOTICE

[DATE]

U.S. Bank National Association,
as Issuing and Paying Agent and Trustee
Suite 1600
100 Wall Street
New York, New York 10005

Attention: Corporate Trust Department

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

and
Los Angeles County Metropolitan Transportation Authority
Second Subordinate Sales Tax Revenue
Commercial Paper Notes,
Series A-T-Citi

Irrevocable Letter of Credit No. [_____]

Ladies and Gentlemen:

The undersigned, pursuant to the Letter of Credit Reimbursement Agreement between Citibank, N.A. (the "Bank"), and the Los Angeles County Metropolitan Transportation Authority dated as of **[_____, 2017]** (as amended, supplemented, modified or restated from time to time pursuant to its terms, the "Reimbursement Agreement"), hereby notifies you as Issuing and Paying Agent for the above-referenced Notes (the "Notes") that further Notes may be issued pursuant to the terms of the Trust Agreement which may be supported by the Letter of Credit. The Stated Amount of the Letter of Credit is reinstated to an amount equal to $_____. The Letter of Credit will continue to be reinstated in accordance with its terms.

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

CITIBANK, N.A.

By _____
Name _____
Title _____