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**SUBORDINATE TRUST AGREEMENT**

**by and between the**

**LOS ANGELES COUNTY  
METROPOLITAN TRANSPORTATION AUTHORITY**

**and**

**U.S. BANK NATIONAL ASSOCIATION,  
as Trustee**

**Dated as of November 1, 2015**

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## **SUBORDINATE TRUST AGREEMENT**

THIS SUBORDINATE TRUST AGREEMENT (this “Agreement”) is dated as of November 1, 2015 and is by and between the LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (the “Authority”), a county transportation authority duly organized and existing pursuant to Section 130050.2 of the California Public Utilities Code, and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the “Trustee”).

WHEREAS, the Authority is authorized by Sections 130350.4 and 130350.5 of the California Public Utilities Code to impose a retail transactions and use tax at a rate of one-half of one percent that is applicable in the incorporated and unincorporated areas of the County of Los Angeles, California (the “County”) if authorized by at least two-thirds of the electors voting on the issue; and

WHEREAS, in accordance with such provisions, the LACMTA, on July 24, 2008, adopted Ordinance No. 08-01, known as the “Traffic Relief and Rail Expansion Ordinance” (the “Ordinance”), imposing a transactions and use tax of one-half of one percent for a period of thirty years, and the Ordinance was submitted to the electors of the County in the form of Measure R and approved by greater than a two-thirds vote at an election held on November 4, 2008; and

WHEREAS, the Ordinance, as so approved, imposed for a period of 30 years, beginning July 1, 2009, a tax upon the sale of tangible personal property at retail at a rate of one-half of one percent of the gross receipts of the sale and a complementary tax upon the storage, use or other consumption in the County at a rate of one-half of one percent of the sale price of the property whose storage, use or other consumption is subject to the tax (the “Measure R Sales Tax”); and

WHEREAS, the LACMTA has commenced and is proceeding with the financing of projects and programs described in the Expenditure Plan adopted as part of the Ordinance (the “Expenditure Plan”); and

WHEREAS, Section 130500 et seq. of the California Public Utilities Code (the “Act”) provides that the Authority may issue “Bonds,” which term includes indebtedness and securities of any kind or class, including bonds, notes, bond anticipation notes, commercial paper and other obligations, and all of such obligations shall be special obligations of the Authority, payable from the proceeds of the Measure R Sales Tax; and

WHEREAS, the Authority is party to an amended and restated trust agreement (as amended and supplemented, the “Senior and Junior Subordinate Trust Agreement”), dated as of February 1, 2014, with U.S. Bank National Association, as trustee thereunder (the “Senior and Junior Subordinate Trustee”).

WHEREAS, pursuant to the Senior and Junior Subordinate Trust Agreement, there has been granted to the Senior and Junior Subordinate Trustee a lien on and pledge of the “Pledged Revenues” which are defined in the Senior and Junior Subordinate Trust Agreement to include

(i) the amounts collected on account of the Measure R Sales Tax, less (a) 15% of the Measure R Sales Tax (net of refunds and the administrative fee of the Board of Equalization and net of the Authority's administrative costs permitted under the Ordinance), calculated on an annual basis, which 15% is, under the Ordinance, allocated to local jurisdictions for street improvements and transit purposes (the "Local Return") and (b) any refunds and the administrative fee deducted by the Board of Equalization, (ii) any "Swap Revenues" (as defined in the Senior and Junior Subordinate Trust Agreement) and (iii) any additional sources of revenue which may be pledged from time to time to pay "Bonds" as defined in the Senior and Junior Subordinate Trust Agreement; and

WHEREAS, the Authority has Senior Obligations (as defined in the Senior and Junior Subordinate Trust Agreement) outstanding under the Senior and Junior Subordinate Trust Agreement and may incur additional Senior Obligations thereunder in the future; and

WHEREAS, the Senior and Junior Subordinate Trust Agreement provides, in Section 3.06, that upon the satisfaction of conditions set forth therein, the Authority may issue Subordinate Obligations that are payable as to principal, premium, interest and reserve fund requirements, if any, only out of Pledged Revenues after the prior payment or deposit of all amounts then required to be paid or deposited thereunder from Pledged Revenues for principal, premium, interest and reserve fund requirements, if any, for all Senior Obligations outstanding under the Senior and Junior Subordinate Trust Agreement, as the same become due and payable, and at the times and in the amounts as required in the Senior and Junior Subordinate Trust Agreement and in the instrument or instruments pursuant to which any Parity Obligations (as defined in the Senior and Junior Subordinate Trust Agreement) were issued or incurred, and that are secured by a lien and charge on Pledged Revenues subordinate to the lien and charge on Pledged Revenues that secures the Senior Obligations; and

WHEREAS, the Senior and Junior Subordinate Trust Agreement provides that the Authority may incur certain fees and expenses (including Fees and Expenses as defined herein) that are payable solely out of Pledged Revenues after the prior payment or deposit of all amounts then required to be paid or deposited thereunder from Pledged Revenues for principal, premium, interest and reserve fund requirements, if any, for all "Outstanding" (within the meaning of such term in the Senior and Junior Subordinate Trust Agreement) Senior Obligations and Subordinate Obligations; and

WHEREAS, the Authority has Junior Subordinate Obligations (as defined in the Senior and Junior Subordinate Trust Agreement) outstanding under the Senior and Junior Subordinate Trust Agreement and may incur additional Junior Subordinate Obligations thereunder in the future, and such Junior Subordinate Obligations are payable as to principal, premium, interest and reserve fund requirements, if any, solely out of Pledged Revenues after the prior payment or deposit of all amounts then required to be paid or deposited thereunder from Pledged Revenues for principal, premium, interest and reserve fund requirements, if any, for all "Outstanding" (within the meaning of such term in the Senior and Junior Subordinate Trust Agreement) Senior Obligations and Subordinate Obligations and certain fees and expenses, as the same become due and payable, and at the times and in the amounts as required in the Senior and Junior Subordinate Trust Agreement and in the instrument or instruments pursuant to which any Senior Obligations, Subordinate Obligations or such obligations to pay fees and expenses were issued or incurred,

and that are secured by liens and charges on Pledged Revenues subordinate to the liens and charges on Pledged Revenues that secure such Senior Obligations, Subordinate Obligations and such fees and expenses; and

WHEREAS, Section 5.02 of the Senior Lien and Junior Subordinate Lien Trust Agreement establishes funds and accounts and a flow of funds to provide for the payment of and deposits with respect to Senior Obligations, Subordinate Obligations, certain fees and expenses (including Fees and Expenses as defined herein) and Junior Subordinate Obligations in the order described above; and

WHEREAS, the Authority has determined that it is appropriate and desirable to provide for the issuance of Subordinate Obligations and for a trust arrangement pledging the Subordinate Pledged Revenues and other amounts deposited hereunder to secure all obligations issued or incurred in accordance with the terms of this Agreement; and

WHEREAS, all obligations issued or incurred in accordance with the terms of Article II of this Agreement shall be "Subordinate Obligations" as defined in the Senior Lien and Junior Subordinate Lien Trust Agreement and are herein referred to as "Subordinate Obligations;" and

WHEREAS, the execution and delivery of this Agreement has in all respects been duly and validly authorized by resolution duly passed and approved by the Authority; and

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

NOW, THEREFORE, THIS AGREEMENT WITNESSETH, that in order to secure the payment of the principal of, premium, if any, and the interest on all Subordinate Obligations at any time issued, authenticated and delivered hereunder, in accordance with terms hereof and to provide the terms and conditions under which all property, rights and interests hereby assigned and pledged are to be dealt with and disposed of, and to secure performance and observance of the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and in consideration of the premises and of the material covenants herein contained and of the purchase and acceptance of the Subordinate Obligations by the owners thereof, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Authority does hereby agree and covenant with the Trustee for the benefit of the respective owners, from time to time, of the Subordinate Obligations, or any part thereof, in accordance with terms hereof, as follows: To secure the payment of the Subordinate Obligations and the performance and observance by the Authority of all the covenants, agreements and conditions expressed or implied herein and contained in the Subordinate Obligations, the Authority pledges and assigns to the Trustee and grants to the Trustee a security interest in all right, title and interest of the Authority in and to (i) the Subordinate Pledged Revenues and (ii) all moneys and securities (including proceeds of Subordinate Obligations), if any, held from time to time by the Trustee in the funds and accounts established under this Agreement for the equal and proportionate benefit and security of all Subordinate Obligations, all of which, regardless of the

time or times of their issuance or incurrence or maturity, shall be of equal rank without preference, priority or distinction as to lien or otherwise of any Subordinate Obligation over any other Subordinate Obligations, except as otherwise permitted by or provided for in this Agreement and, except that any funds held by the Trustee for the payment of specific Subordinate Obligations which are deemed to have been paid and any funds deposited with the Trustee hereunder specifically to be held in escrow or otherwise to provide additional security or an additional source of payment for specified Subordinate Obligations or a specified Series of Subordinate Obligations shall be held and used only to pay or provide security for the Subordinate Obligations or Series of Subordinate Obligations for which such deposit was made and shall not be held as security on a parity for all Subordinate Obligations. Funds and accounts created under a Supplemental Agreement and held by the Trustee in trust for specific Subordinate Obligations or a Series of Subordinate Obligations shall provide security only for those obligations designated as secured by such funds or accounts under the terms of the applicable Supplemental Agreement. Any fund or account created under any Supplemental Agreement to hold amounts required to be paid to the federal government of the United States of America shall not secure the Subordinate Obligations.

The Subordinate Obligations issued hereunder shall be secured and payable as Subordinate Obligations pursuant to the Senior and Junior Subordinate Trust Agreement.

## **ARTICLE I**

### **DEFINITIONS; INTERPRETATION**

The terms defined in this Article I and in any Supplemental Agreement shall, for all purposes of this Agreement, have the meanings specified unless the context clearly requires otherwise.

“*Act*” shall mean the Los Angeles County Transportation Commission Revenue Bond Act, Sections 130500 et seq. of the California Public Utilities, Code, as now in effect and as it may from time to time hereafter be amended or supplemented.

“*Aggregate Required Deposits*” shall mean, for any month, the sum of the Required Deposits under all Supplemental Agreements becoming due in the following month.

“*Agreement*” shall mean this Subordinate Trust Agreement dated as of November 1, 2015 between the Authority and the Trustee, together with all amendments and supplements hereto.

“*Authority*” shall mean the Los Angeles County Metropolitan Transportation Authority, a county transportation commission duly organized and existing pursuant to the County Transportation Commissions Act.

“*Authority Attorney*” shall mean general counsel to the Authority.

“*Authorized Authority Representative*” shall mean the Chief Executive Officer, the Executive Director, Finance and Budget, the Treasurer or Assistant Treasurer of the Authority, or any such officer serving in an acting or interim capacity, or any other person designated to act on behalf of the Authority by a written certificate furnished to the Trustee containing the specimen

signature of such person and signed on behalf of the Authority by an Authorized Authority Representative (other than such designated person).

“*Authorized Denomination*” shall mean, with respect to any Series of Subordinate Obligations, any denomination authorized by the Supplemental Agreement under which such Subordinate Obligations are issued.

“*Available Commitment*” shall mean, with respect to any Subordinate Obligation that relates to a revolving credit facility, drawdown bond or other program under which the Holder of such Subordinate Obligations is obligated to lend money or make advances under a drawdown bond to the Authority subject only to the satisfaction by the Authority of specified conditions, the amount that such Holder is obligated to lend or advance to the Authority upon satisfaction of such conditions and that is not already represented by an Outstanding Subordinate Obligation but that will be represented by a Subordinate Obligation that has been issued and is held by such Holder once such money has been lent; provided that if such Holder is not in material compliance with its obligation to lend under the applicable agreement, its Available Commitment shall be deemed to be zero.

“*Board of Equalization*” shall mean the State Board of Equalization, which collects the Measure R Sales Tax.

“*Bond Counsel*” shall mean a firm or firms of attorneys which are nationally recognized as experts in the area of municipal finance and which are familiar with the transactions contemplated under this Agreement and which are acceptable to the Authority.

“*Business Day*” shall mean, except as is otherwise provided in a Supplemental Agreement, any day other than (1) a Saturday, Sunday, or a day on which banking institutions in the State, the State of New York or the jurisdiction in which the Corporate Trust Office of the Trustee is located are authorized or obligated by law or executive order to be closed, or (2) a day on which the New York Stock Exchange is closed.

“*Chief Executive Officer*” shall mean the chief executive officer of the Authority or such other title as the Authority may from time to time assign for such position, and the officer or officers succeeding to such position as certified to the Trustee by the Authority.

“*Closing Date Borrowings*” shall mean the amounts borrowed under the First Supplemental Agreement, Second Supplemental Agreement and Third Supplemental Agreement on November 23, 2015.

“*Closing Date Borrowings Project Subaccount*” shall mean the account of such name established in the Tax-Exempt Project Account in the Project Fund pursuant to Section 4.02 hereof.

“*Code*” shall mean the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations proposed or in effect with respect thereto.

“*Corporate Trust Office*” or corporate trust office shall mean the corporate trust office of the Trustee at 633 West Fifth Street, 24th Floor, Los Angeles, California 90071, Attention:

Global Corporate Trust Services, or such other or additional offices as may be designated by the Trustee from time to time.

“*Costs*” or “*Costs of the Projects*,” as applied to a Project or portion thereof financed under this Agreement, shall have the meaning set forth in the Act, to wit, all or any part of the cost of construction and acquisition of all real or personal property, rights, rights-of-way, franchises, easements and interests acquired or used for a Project, the cost of demolishing or removing any structures on land so acquired, including the cost of acquiring any land to which the structures may be removed, the cost of all machinery and equipment, vehicles, rolling stock, financing charges, interest prior to, during and for a period after completion of construction as determined by the Authority, provisions for working capital, reserves for principal and interest, and for extensions, enlargements, additions, replacements, renovations and improvements, the cost of architectural, engineering, financial and legal services, plans, specifications, estimates and administrative expenses and other expenses necessary or incidental to the determination of the feasibility of constructing any Project or incidental to the construction, acquisition or financing of any Project and, with respect to the use of Subordinate Obligations proceeds, such other costs and expenses as are permitted by the Act at the time such Subordinate Obligations are issued.

“*County*” shall mean the County of Los Angeles, California.

“*County Transportation Commissions Act*” shall mean the County Transportation Commissions Act, Section 130000 et sec. of the California Public Utilities Code, as amended from time to time.

“*Default*” shall mean any event or condition that, with notice, the passage of time or both, would constitute an Event of Default.

“*Electronic Means*” shall mean facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

“*Event of Default*” shall mean any occurrence or event specified in Section 8.01 hereof.

“*Executive Director, Finance and Budget*” shall mean the executive director, finance and budget of the Authority or such other title as the Authority may from time to time assign for such position, and the officer or officers succeeding to such position as certified to the Trustee by the Authority.

“*Expenditure Plan*” shall mean the Expenditure Plan adopted as part of the Ordinance, including any future amendments thereto.

“*Fees and Expenses*” shall mean all amounts owed by the Authority to the Trustee for fees and expenses incurred under this Agreement, the fees and expenses of other agents performing services under this Agreement or any Supplemental Agreement and any other fees and expenses specified in a Supplemental Agreement.

“*First Supplemental Agreement*” means the First Supplemental Subordinate Trust Agreement, dated as of November 1, 2015, by and between the Authority and the Trustee.

“*Fiscal Year*” shall mean the period of time beginning on July 1 of one year and ending on June 30 of the immediately subsequent year, or such other similar period as the Authority designates as its fiscal year.

“*Fitch*” shall mean Fitch, Inc., and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“*Government Obligations*” means: (i) direct, non-callable obligations of the United States Treasury, (ii) direct non-callable and non-prepayable obligations which are unconditionally guaranteed by the United States of America as to full and timely payment of principal and interest, (iii) non-callable, non-prepayable coupons from the above securities which are stripped pursuant to United States Treasury programs, (iv) non-callable and non-prepayable refunded bonds that are obligations of the United States of America; (v) Resolution Funding Corporation (REFCORP) bonds and strips; (vi) non-callable and non-prepayable fixed rate Israel Notes guaranteed as to principal and interest by the United States of America through the United Agency for International Development (provided that, such notes are “Aaa”-rated and mature at least four business days before funds are needed for refunded bond debt service payments); (vii) United States Treasury Securities — State and Local Government Series (LO); (viii) the following non-callable, non-prepayable obligations of federal government-sponsored agencies that are not backed by the full faith and credit of the U.S. Government; Federal Home Loan Bank, Federal National Mortgage Association, Federal I-Tome Loan Mortgage Corporation, Tennessee Valley Authority, Farm Credit System, Washington Metropolitan Area Transit Authority, United States Import-Export Bank, United States Department of Housing and Urban Development, Farmers Home Administration, General Services Administration and United States Maritime Administration (provided such entities maintain a rating of “Aaa”); and (ix) any pre-refunded municipal security that is non-callable or has been irrevocably called for redemption and is rated “Aaa” at the time of deposit, which carries a fixed interest rate and matures or is to be redeemed on a date certain and is secured by art escrow containing securities listed in (i) through (viii) above.

“*Holder,*” “*owner*” or “*registered owner*” shall mean (i) with respect to registered Subordinate Obligations which are not registered to bearer, the person in whose name any Subordinate Obligation or Subordinate Obligations are registered on the books maintained by the Trustee in accordance with Section 2.04 hereof, (ii) with respect to any Subordinate Obligations which are issued in bearer form or registered to bearer, the bearer thereof or (iii) with respect to Subordinate Obligations in contractual form, the obligee of the obligation issued in contractual form.

“*Junior Subordinate Obligations*” shall have the meaning given to such term in the Senior and Junior Subordinate Trust Agreement.

“*Liquidity Facility*” shall have the meaning given to such term in the Senior and Junior Subordinate Trust Agreement.

“*Liquidity Facility Bonds*” shall have the meaning given to such term in the Senior and Junior Subordinate Trust Agreement.

“*Liquidity Provider*” shall have the meaning given to such term in the Senior and Junior Subordinate Trust Agreement.

“*Local Return*” shall mean 15% of the Measure R Sales Tax (net of refunds and the administrative fee of the Board of Equalization and net of the Authority’s administrative costs permitted under the Ordinance), calculated on an annual basis, which 15% is, under the Ordinance, allocated to local jurisdictions for street improvements and transit purposes.

“*Maximum Interest Rate*” means the lesser of (i) ■■■ per annum and (ii) the maximum rate of interest that may legally be paid on the Subordinate Obligations, from time to time.

“*Measure R Sales Tax*” shall mean the retail transactions and use tax imposed by the Ordinance and approved by a vote of more than two-thirds of the electors of the County at an election held November 4, 2008.

“*Moody’s*” shall mean Moody’s Investors Service, Inc., a corporation duly organized and existing under the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“*Ordinance*” shall mean Ordinance No. 08-01, including the Expenditure Plan, adopted by the Authority on July 24, 2008, and any amendments or extensions thereto, together with any future ordinance that is adopted pursuant to the County Transportation Commissions Act from time to time and that is designated as the “Ordinance” hereunder pursuant to a Supplemental Trust Agreement, as such future ordinance may be amended or extended pursuant to the County Transportation Commissions Act or other applicable law.

“*Outstanding*” shall mean all Subordinate Obligations which have been authenticated and delivered under this Agreement, except:

- (a) Subordinate Obligations cancelled or purchased by the Trustee for cancellation or delivered to or acquired by the Trustee for cancellation and, in all cases, with the intent to extinguish the debt represented thereby;
- (b) Subordinate Obligations deemed to be paid in accordance with Article VII;
- (c) Subordinate Obligations in lieu of which other Subordinate Obligations have been authenticated under Section 2.05 or 2.06;

(d) Subordinate Obligations that have become due (at maturity, on redemption or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Trustee;

(e) Subordinate Obligations which, under the terms of the Supplemental Agreement pursuant to which they were issued, are deemed to be no longer Outstanding; and

(f) for purposes of any consent or other action to be taken by the holders of a specified percentage of Subordinate Obligations under this Agreement, Subordinate Obligations held by or for the account of Authority or by any person controlling, controlled by or under common control with the Authority, unless such Subordinate Obligations are pledged to secure a debt to an unrelated party, in which case such Subordinate Obligations shall, for purposes of consents and other holder action, be deemed to be Outstanding and owned by the party to which such Subordinate Obligations are pledged.

“*Parity Obligations*” shall have the meaning given to such term in the Senior and Junior Subordinate Trust Agreement.

“*Pledged Revenues*” shall have the meaning given to such term in the Senior and Junior Subordinate Trust Agreement.

“*Pledged Tax Revenues*” shall mean the amounts collected on account of the Measure R Sales Tax (i) less any refunds and the administrative fee deducted by the Board of Equalization and (ii) less the Local Return.

“*Project*” shall mean capital outlay expenditures for transportation purposes, including, without limitation, the carrying out of transportation projects described in the Expenditure Plan, the construction, maintenance, improvement and operation of local streets, roads, and highways, state highways and freeways, and public transit systems including rail, and related purposes permitted by the Ordinance, including planning, environmental reviews, engineering and design costs and related right-of-way acquisition and also including, without limitation, administrative, engineering, inspection, legal, fiscal agent, financial consultant and other fees, bond and other reserve funds, working capital, bond or note interest estimated to accrue during the construction period and for a period of not to exceed three years thereafter, and expenses for all proceedings for the authorization, issuance and sale of Subordinate Obligations.

“*Project Allocation Subaccounts*” shall mean the following subaccounts established within accounts and subaccounts in the Project Fund as provided herein or as directed by an Authorized Authority Representative: (a) the Transit Capital Subaccount, consisting of the New Rail/Bus Rapid Transit Capital Projects Subaccount, the Metrolink Capital Improvement Projects Subaccount and the Metro Rail Capital Subaccount; (b) the Highway Capital Subaccount; and (c) the Operations Subaccount, consisting of the Rail Operations Subaccount and the Bus Operations Subaccount.

“*Project Fund*” shall mean the fund or funds created or authorized to be created by Section 4.02 hereof.

“*Publication*” shall mean publication of a notice by printing in a newspaper or distribution by another means of public dissemination of information which media is generally deemed to be a source of information for the entities to whom the notice would be of interest.

“*Rebate Fund*” shall mean the “Los Angeles County Metropolitan Transportation Authority Subordinate Measure R Sales Tax Revenue Obligations Rebate Fund” created pursuant to Section 4.05 hereof and, as applicable, any additional fund or funds designated as a “Rebate Fund” as described in Section 4.05(e).

“*Required Deposits*” means, with respect to any Series of Subordinate Obligations, the amount determined in accordance with the terms of the Supplemental Agreement under which such Subordinate Obligations are issued and/or incurred, required to be deposited into funds and accounts created under such Supplemental Agreement for the purpose of paying principal (or face amount, as applicable) and interest on Subordinate Obligations or accumulating funds from which to make such payments and to pay other obligations specifically secured by the Subordinate Pledged Revenues under such Supplemental Agreement. On or before the Subordinate Pledged Revenues Payment Date, the Trustee shall determine the Aggregate Required Deposits and the Required Deposits described under each Supplemental Agreement.

“*Responsible Officer*” shall mean an officer or assistant officer of the Trustee assigned by the Trustee to administer this Agreement.

“*Second Supplemental Agreement*” means the Second Supplemental Subordinate Trust Agreement, dated as of November 1, 2015, by and between the Authority and the Trustee.

“*Senior Obligations*” shall have the meaning given to such term in the Senior and Junior Subordinate Trust Agreement.

“*Senior and Junior Subordinate Trust Agreement*” shall mean the Amended and Restated Trust Agreement, dated February 1, 2014, between the Authority and the Senior and Junior Subordinate Trustee, together with all amendments and supplements thereto.

“*Senior and Junior Subordinate Trustee*” shall mean the entity from time to time serving in such capacity under the Senior and Junior Subordinate Trust Agreement and which, at the time of execution of this Agreement, is U.S. Bank National Association.

“*Series*” shall mean Subordinate Obligations issued at the same time or sharing some other common term or characteristic and designated as a separate Series.

“*Southern California Rapid Transit District Law*” shall mean the Southern California Rapid Transit District Law, Section 30000 et seq. of the California Public Utilities Code, as amended from time to time.

“*Standard & Poor’s*” or “*S&P*” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and its successors and assigns, except that if such corporation or division shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“*State*” shall mean the State of California.

“*Subordinate Obligations Fund*” shall mean the Subordinate Obligations Fund created pursuant to the Senior and Junior Subordinate Trust Agreement.

“*Subordinate Obligation*” or “*Subordinate Obligations*” shall mean indebtedness or securities of any kind or class, including bonds, notes, bond anticipation notes, commercial paper, obligations in contractual form, obligations incurred in connection with investment agreements, swap or hedges, but only to the extent specified in a Supplemental Agreement, and other obligations issued or incurred under the provisions of Article II of this Agreement, as specified in a Supplemental Agreement and secured by this Agreement. “*Subordinate Obligation*” or “*Subordinate Obligations*” shall not include Junior Subordinate Obligations or other obligations incurred by the Authority as permitted by Section 5.06 which are payable on a basis subordinate to the Subordinate Obligations.

“*Subordinate Pledged Revenues*” shall mean the Pledged Revenues deposited or required to be deposited in the Subordinate Obligations Fund in accordance with the Senior and Junior Subordinate Trust Agreement and transferred to the Trustee for deposit in the Subordinate Pledged Revenues Fund. For the avoidance of doubt, Subordinate Pledged Revenues do not include Pledged Revenues that have been pledged to secure Senior Obligations.

“*Subordinate Pledged Revenues Fund*” shall mean the fund created by Section 4.03 hereof.

“*Subordinate Pledged Revenues Payment Date*” shall mean the date on which the Trustee receives the Subordinate Pledged Revenues from the Senior and Junior Subordinate Trustee, which date shall occur no less frequently than once per month.

“*Supplemental Agreement*” shall mean any supplemental trust agreement then in full force and effect which has been signed by the Authority and the Trustee and providing for the issuance of a Series or multiple Series of Subordinate Obligations, amending and/or supplementing this Agreement or amending and/or supplementing another Supplemental Agreement.

“*Tax Certificate*” means the Tax Certificate delivered by the Authority concurrently with this Agreement, as originally executed and as it may from time to time be amended or supplemented pursuant to its terms, and any additional or supplemental tax certificates delivered in connection with any additional borrowings under the First Supplemental Agreement, Second Supplemental Agreement or Third Supplemental Agreement, or any other tax certificate entered into the Authority in the future with respect to any other Subordinate Obligations.

“*Tax-Exempt Subordinate Obligation*” means a Subordinate Obligation the interest on which is excluded from the gross income of the holder of such Subordinate Obligation for federal income tax purposes.

“*Tax-Exempt Project*” means a Project described in the Tax Certificate provided by the Authority with respect to the applicable Tax-Exempt Subordinate Obligation and which the Authority is lawfully permitted to undertake with the proceeds of such Tax-Exempt Subordinate

Obligation, and which is acquired, constructed, improved, expanded or otherwise financed with the proceeds of such Tax-Exempt Subordinate Obligation, or any other purpose allowed by the Act, the Ordinance and the Agreement (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Authority) and which Project generally satisfies the requirements of Section 141 of the Code and of the applicable Tax Certificate.

“*Tax Expiration Date*” shall have the meaning given to such term in the Senior and Junior Subordinate Trust Agreement.

“*Taxable Project*” means a Project described in a Certificate provided by the Authority with respect to the applicable Taxable Subordinate Obligation prior to or at the time of incurrence of such Taxable Subordinate Obligation and which the Authority is lawfully permitted to undertake with the proceeds of such Taxable Subordinate Obligation and which is acquired, constructed, improved, expanded or otherwise financed with the proceeds of such Subordinate Obligation, or any other purpose allowed by the Act, the Ordinance and the Agreement (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Authority).

“*Taxable Subordinate Obligation*” means a Subordinate Obligation the interest on which is included in the gross income of the holder of such Subordinate Obligation for federal income tax purposes.

“*Third Supplemental Agreement*” means the Third Supplemental Subordinate Trust Agreement, dated as of November 1, 2015, by and between the Authority and the Trustee.

“*Trustee*” shall mean the entity named as such in the heading of this Agreement until a successor replaces it, and thereafter means such successor.

Except as otherwise indicated, references to Articles and Sections are to the Articles and Sections of this Agreement.

## ARTICLE II

### FORM, EXECUTION, DELIVERY AND REGISTRATION OF SUBORDINATE OBLIGATIONS

**Section 2.01. *Issuance of Subordinate Obligations; Form; Dating.*** Subordinate Obligations may be issued by the Authority under the terms of this Agreement for any purpose for which the Authority, at the time of such issuance, may incur debt which, if the Authority may then otherwise do so, may include issuing Subordinate Obligations and loaning the proceeds to other entities. Subordinate Obligations may be issued under this Agreement only if the provisions of Section 2.09 are satisfied. The total principal amount (or face amount, as applicable) of Subordinate Obligations of each Series Outstanding may not exceed the amount specified in the Supplemental Agreement providing for the issuance of such Subordinate Obligations, except as provided in Section 2.05 with respect to replacement of mutilated, lost, stolen, destroyed or transferred Subordinate Obligations. The Subordinate Obligations may be in certificated or, if permitted by the Act, uncertificated form, and Subordinate Obligations which are issued in certificated form may be freely transferable or may be immobilized and held by a

custodian for the beneficial owners, all as shall be set forth or permitted in the Supplemental Agreement providing for the issuance of such Subordinate Obligations. The Subordinate Obligations may have notations, legends or endorsements required by law or usage. In addition, Subordinate Obligations may be in the form of notes, contracts or other evidences of indebtedness issued to banks, other financial institutions or creditors providing money, goods or services to the Authority as provided in the applicable Supplemental Agreement and in all cases subject to compliance with the provisions of Section 2.09 of this Agreement.

Subordinate Obligations will be numbered and dated as provided in the applicable Supplemental Agreement.

All Subordinate Obligations shall contain on the face thereof a statement to the following effect:

Neither the faith and the credit nor the taxing power of the County of Los Angeles, the State of California or any political subdivision or any public agency, other than the Los Angeles County Metropolitan Transportation Authority to the extent of the Pledged Revenues (to the extent provided in the Senior and Junior Subordinate Trust Agreement) and the Subordinate Pledged Revenues, is pledged to the payment of the principal (or face amount, as applicable) of, or interest on, this obligation.

In addition, each Subordinate Obligation shall contain an express statement that such obligation and the interest thereon are junior and subordinate in all respects to the Senior Obligations as to lien on and source and security for payment from the Pledged Revenues.

**Section 2.02. *Terms, Medium and Place of Payment.*** The Subordinate Obligations shall be issued in the principal amount (or face amount, as applicable), if interest bearing, shall bear interest at a rate or rates, including variable or adjustable rates, not exceeding the Maximum Interest Rate, shall mature and shall be subject to redemption or prepayment prior to their respective maturities, all as shall be set forth in a Supplemental Agreement directly or by reference; provided that no Subordinate Obligation shall have a maturity date later than the Tax Expiration Date. The Subordinate Obligations of each Series issued under the provisions of this Article shall be designated “Los Angeles County Metropolitan Transportation Authority Subordinate Measure R Sales Tax Revenue [Bonds] [Notes] [Obligations] [Revolving Obligations], Series [ ],” inserting an appropriate identifying series letter, number or year and including such other characteristics as may be provided by a Supplemental Agreement or if such obligation is in a contract form may, instead, make a specific reference in such document that it constitutes a Subordinate Obligation under this Agreement.

The Subordinate Obligations shall be paid in lawful money of the United States, and the payment of principal (or face amount, as applicable) of, premium, if any, and interest, if any, on and other amounts constituting the Subordinate Obligations shall be made as provided in the Supplemental Agreement providing for the issuance or incurrence of such Subordinate Obligations or as provided in the Subordinate Obligations.

**Section 2.03. Execution and Authentication.** The Subordinate Obligations will be signed for the Authority with the manual or facsimile signature of one or more of its Authorized Authority Representatives. The Authority may deliver to the Trustee or its agent duly executed Subordinate Obligations for authentication from time to time by the Trustee or its agent as and to the extent authentication of such Subordinate Obligations may be required. Subordinate Obligations executed and so delivered and authenticated will be valid. In case any officer of the Authority whose signature or whose facsimile signature shall appear on any Subordinate Obligations shall cease to be such officer before the authentication of such Subordinate Obligations, such signature or the facsimile signature thereof shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until authentication. Also, if a person signing a Subordinate Obligation is the proper officer on the actual date of execution, the Subordinate Obligation will be valid even if that person is not the proper officer on the nominal date of action and even though, at the date of this Agreement, such person was not such officer.

A Subordinate Obligation will not be valid until the Trustee or its agent, or an authenticating agent, manually signs the certificate of authentication on the Subordinate Obligation. Such signature will be conclusive evidence that the Subordinate Obligation has been authenticated under this Agreement.

The Authority may appoint an authenticating agent acceptable to the Authority to authenticate Subordinate Obligations or may appoint different authenticating agents for different Series of Subordinate Obligations. The authenticating agent may authenticate Subordinate Obligations whenever the Trustee may do so. Each reference in this Agreement to authentication by the Trustee includes authentication by such agent. Any authenticating agent so appointed shall promptly notify Trustee of any Subordinate Obligations it is authenticating, including all relevant registration information.

Notwithstanding anything to the contrary contained herein, if a Subordinate Obligation is in contractual form, such Subordinate Obligation need not be authenticated by the Trustee or its agent, provided that such Subordinate Obligation is subject to compliance with the provisions of Section 2.09 of this Agreement.

**Section 2.04. Registration of Subordinate Obligations.** The Trustee shall establish and maintain registration books and shall register the Holders of all Subordinate Obligations which are issued as registered obligations other than those registered to bearer and shall keep a record of such obligations and their transfer and exchange. With respect to those Subordinate Obligations which are issued in bearer form, the Trustee shall keep a record of those Owners that have provided to the Trustee information with respect to such Owner. At reasonable times and under reasonable regulations established by the Authority and approved by the Trustee, the list of Holders may be inspected and copied by any Holder (or a designated representative thereof) which owns Subordinate Obligations then Outstanding and/or has an Available Commitment in a combined principal amount (or face amount, as applicable) of \$1,000,000 or more.

**Section 2.05. *Mutilated, Lost, Stolen or Destroyed Certificates.***

(a) In the event any certificate representing a Subordinate Obligation is mutilated or defaced but identifiable by number and description, the Authority shall execute and the Trustee shall authenticate and deliver a new Subordinate Obligation of like series, date, maturity and denomination as such Subordinate Obligation, upon surrender thereof to the Trustee; provided that there shall first be furnished to the Authority and the Trustee clear and unequivocal proof satisfactory to the Trustee that the Subordinate Obligation is mutilated or defaced to such an extent as to impair its value to the Holder. The Holder shall accompany the above with a deposit of money required by the Authority for the cost of preparing the substitute Subordinate Obligation and all other expenses connected with the issuance of such substitute. The Authority shall then cause proper record to be made of the cancellation of the original, and thereafter the substitute shall have the validity of the original.

(b) In the event any certificate representing a Subordinate Obligation is lost, stolen or destroyed, the Authority may execute and the Trustee may authenticate and deliver a new Subordinate Obligation of like date, maturity and denomination as that Subordinate Obligation lost, stolen or destroyed; provided that there shall first be furnished to the Authority and the Trustee evidence of such loss, theft or destruction satisfactory to the Authority and the Trustee, together with indemnity satisfactory to them.

(c) The Authority and the Trustee shall charge the holder of such Subordinate Obligation all transfer taxes, if any, and their reasonable fees and expenses in this connection. All substitute Subordinate Obligations issued and authenticated pursuant to this Section shall be issued as a substitute and numbered, if numbering is provided for by the Supplemental Agreement or the Trustee, as determined by the Trustee. In the event any such Subordinate Obligation shall be about to mature or has matured or been called for redemption, instead of issuing a substitute Subordinate Obligation, the Trustee may pay the same at its maturity or redemption without surrender thereof upon receipt of indemnification satisfactory to the Trustee.

**Section 2.06. *Transfer and Exchange of Subordinate Obligations; Persons Treated as Owners.*** Subordinate Obligations of each Series may be presented at the Corporate Trust Office, unless a different office has been designated for such purpose, for registration, transfer and exchange. Terms, limitations and conditions for the registration, transfer and exchange of Subordinate Obligations of any Series shall be as set forth in the Supplemental Agreement under which the terms of such Subordinate Obligations are established.

**Section 2.07. *Destruction of Subordinate Obligations.*** Except as otherwise provided by Supplemental Agreement with respect to any Series, whenever any certificate representing a Subordinate Obligation is delivered to the Trustee for cancellation under this Agreement, including any Supplemental Agreement, upon payment or for exchange or transfer, such Subordinate Obligation shall be cancelled and destroyed by the Trustee and, upon the written request of the Authority, a certificate of destruction evidencing such destruction shall be furnished to the Authority by the Trustee cancelling such obligation.

**Section 2.08. *Temporary Subordinate Obligations.*** Pending preparation of definitive Subordinate Obligations of any Series, the Authority may execute and the Trustee shall

authenticate and deliver, in lieu of definitive Subordinate Obligations and subject to the same limitations and conditions, interim receipts, certificates or temporary bonds which shall be exchanged for the Subordinate Obligations.

If temporary Subordinate Obligations shall be issued, the Authority shall cause the definitive Subordinate Obligations to be prepared and to be executed, authenticated and delivered to the Trustee, and the Trustee, upon presentation to it of any temporary bond, shall cancel the same and deliver in exchange therefor at the place designated by the Holder, without charge to the Holder thereof, definitive Subordinate Obligations of an equal aggregate principal amount (or face amount, as applicable), of the same series, maturity and bearing interest, if applicable, at the same rate or rates as the temporary Subordinate Obligations surrendered. Until so exchanged, the temporary Subordinate Obligations shall in all respects be entitled to the same benefit and security of this Agreement as the definitive Subordinate Obligations to be issued and authenticated hereunder.

**Section 2.09. Issuance of Series of Subordinate Obligations; Supplemental Agreement; Application of Proceeds.** The Subordinate Obligations shall be issued, at one time or in Series from time to time, subject to the conditions of this Section 2.09; provided, however, that each Series may be composed of more than one issuance of Subordinate Obligations.

Each Series of Subordinate Obligations shall be dated, shall mature, shall bear interest, shall be subject to redemption and shall be amortized and shall otherwise be payable, all as provided in the Supplemental Agreement under which such Subordinate Obligations are issued. In addition, each such Supplemental Agreement may provide for the appointment of other agents in addition to or in place of the Trustee to carry out various functions described in such Supplemental Agreement.

Such Supplemental Agreement may provide that the interest rate on the Subordinate Obligations and the duration of the periods during which such interest accrues may from time to time be adjusted (provided that the Subordinate Obligation interest rate shall never exceed the Maximum Interest Rate) and that the Subordinate Obligations may be purchased upon the demand of the owners thereof or may be subject to mandatory purchase upon the occurrence of certain events or certain times, and such provisions may include, without limitation, the creation of objective standards for such adjustments, the appointment of agents to apply such standards to the Subordinate Obligations, the criteria for such purchases upon demand and the procurement of liquidity and credit support facilities with respect to the Subordinate Obligations.

Each of the Subordinate Obligations, upon execution by the Authority, shall be deposited with the Trustee for authentication, if necessary, and delivery. Prior to or simultaneously with the delivery of such Subordinate Obligations, there shall be filed with the Trustee the following documents:

(a) an original executed counterpart or a copy, certified by an Authorized Authority Representative, of this Agreement, together with all Supplemental Agreements;

(b) an original executed counterpart or a copy, certified by an Authorized Authority Representative, of the Supplemental Agreement providing for the issuance of such Series of Subordinate Obligations and setting forth the terms of such Subordinate Obligations;

(c) an opinion of Bond Counsel to the effect that the Supplemental Agreement is being entered into in accordance with this Agreement and that such Series of Subordinate Obligations, when duly executed by the Authority and authenticated and delivered by the Trustee (if required) will be valid and binding obligations of the Authority; provided that the opinion in this subsection (c) shall not be required with respect to the Subordinate Obligations issued simultaneously with the original execution and delivery of this Agreement;

(d) a certificate of an Authorized Authority Representative stating that no Default or Event of Default under this Agreement has occurred and is continuing, or that prior to or contemporaneously with the issuance of such Subordinate Obligations, such Default or Event of Default shall be cured; provided that the certificate described in this subsection (d) shall not be required with respect to the Subordinate Obligations issued simultaneously with the original execution and delivery of this Agreement;

(e) written instructions from the Authority to authenticate the Subordinate Obligations, if applicable, and, upon receipt of the purchase price, to deliver the Subordinate Obligations to or upon the order of the purchasers, if applicable; and

(f) so long as the Senior and Junior Subordinate Lien Trust Agreement is in effect, a certificate of an Authorized Authority Representative stating that the conditions to issuance of Subordinate Obligations set forth in Section 3.06 of the Senior and Junior Subordinate Trust Agreement have been satisfied.

When the documents mentioned in clauses (a) to (f), inclusive, of this Section shall have been filed with the Trustee and when such Subordinate Obligations shall have been executed and authenticated, the Trustee shall deliver such Subordinate Obligations to or upon the order of the purchasers thereof, but only upon payment by the purchasers of the purchase price of such Subordinate Obligations. Notwithstanding anything herein to the contrary, with respect to any commercial paper program, revolving credit agreement, drawdown bond or any other program that allows borrowing from time to time (including the programs under the First Supplemental Agreement, Second Supplemental Agreement and Third Supplemental Agreement), these need be delivered only with respect to the original establishment of the program unless the applicable Subordinate Agreement provides otherwise.

Proceeds of the sale of any Subordinate Obligations, if applicable, shall be applied as provided in the Supplemental Agreement setting forth the terms of such Series.

### **ARTICLE III**

#### **REDEMPTION OR PREPAYMENT OF SUBORDINATE OBLIGATIONS**

**Section 3.01.** *Subordinate Obligations Redeemable or Subject to Prepayment.* The Subordinate Obligations of each Series issued under the provisions of Article II may be made subject to redemption or prepayment either in whole or in part and at such times, prices and in

such order and under such terms as may be provided by the Supplemental Agreement providing for the issuance of such Subordinate Obligations or as provided in such Subordinate Obligations. The Authority may provide for the redemption or prepayment of Subordinate Obligations from any funds available to the Authority and not obligated for other purposes. In the following provisions of this Article III, redemption shall be read to include prepayments.

**Section 3.02. *Selection of Subordinate Obligations To Be Redeemed.*** If less than all the Subordinate Obligations shall be called for redemption, the Subordinate Obligations to be redeemed shall be selected from such Series of Subordinate Obligations as the Authority shall determine, except to the extent such discretion is limited by the applicable Supplemental Agreement(s), and, within a Series, if less than all of the Subordinate Obligations of that Series are to be redeemed, Subordinate Obligations shall be selected as provided in the Supplemental Agreement under which such Subordinate Obligations were issued or as provided in the Subordinate Obligations.

**Section 3.03. *Notice of Redemption.*** In the event any of the Subordinate Obligations are called for redemption, the Trustee shall give notice, at the times and in the manner specified by Supplemental Agreement or in the Subordinate Obligation, in the name of the Authority, to the holders of the Subordinate Obligations, of the redemption of such Subordinate Obligations.

**Section 3.04. *Effect of Redemption Call.*** On the date so designated for redemption, notice having been given in the manner and under the conditions provided herein and in the Supplemental Agreement relating to such Subordinate Obligations or in the Subordinate Obligation, as are to be redeemed and moneys for payment of the redemption price being held in trust to pay the redemption price, unless otherwise provided in a Supplemental Agreement or in the Subordinate Obligation, the Subordinate Obligations so called for redemption shall become and be due and payable on the redemption date, interest on such Subordinate Obligations shall cease to accrue, such Subordinate Obligations shall cease to be entitled to any lien, benefit or security under this Agreement and the owners of such Subordinate Obligations shall have no rights in respect thereof except to receive payment of the redemption price.

## ARTICLE IV

### REVENUES AND FUNDS

**Section 4.01. *Subordinate Obligations Secured by Lien on Subordinate Pledged Revenues.*** The Subordinate Obligations issued or incurred in accordance with the terms of this Agreement shall be secured by a lien on and pledge of the Pledged Revenues subordinate solely to the lien and pledge securing Senior Obligations issued or to be issued thereunder and to the extent provided for in the Senior and Junior Subordinate Trust Agreement. The Subordinate Obligations shall be further secured by a lien on and pledge of Subordinate Pledged Revenues, and by execution of this Agreement, the Authority does hereby grant such pledge and lien on the Subordinate Pledged Revenues to secure the Subordinate Obligations. The Authority hereby represents and states that other than as provided in the Senior and Junior Subordinate Trust Agreement, it has not previously created any charge or lien on the Pledged Revenues, and the Authority covenants that, until all the Subordinate Obligations and the interest thereon shall have been paid or are deemed to have been paid, except as provided in Section 2.09 hereof and except

for Senior Obligations issued in accordance with the Senior and Junior Subordinate Trust Agreement, the Authority will not grant any prior or parity pledge of Pledged Revenues or Subordinate Pledged Revenues or create or permit to be created any charge or lien on the Pledged Revenues or Subordinate Pledged Revenues ranking prior to or on a parity with the charge or lien of the Subordinate Obligations. The Authority has created under the Senior and Junior Subordinate Trust Agreement and may in the future, in accordance with Section 5.06 hereof and the applicable terms of the Senior and Junior Subordinate Trust Agreement, create or permit to be created a charge or lien on the Pledged Revenues ranking junior and subordinate to the charge or lien of the Subordinate Obligations issued or incurred in accordance with the terms of this Agreement. The Authority will not grant any pledge or lien on amounts deposited into the Subordinate Obligations Fund under the Senior and Junior Subordinate Trust Agreement prior to the pledge and lien of the Subordinate Obligations, except with respect to Senior Obligations heretofore issued or hereafter issued in accordance with the Senior and Junior Subordinate Trust Agreement; notwithstanding anything to the contrary herein, however, Junior Subordinate Obligations and other obligations may be issued which are junior and subordinate to the Subordinate Obligations. Notwithstanding anything to the contrary set forth in this Agreement, the Subordinate Obligations are junior and subordinate in all respects to the Senior Obligations issued or hereafter issued as to lien on and source and security for payment from Pledged Revenues in each case as and to the extent provided for in the Senior and Junior Subordinate Trust Agreement.

**Section 4.02. *Creation, Funding and Application of Project Fund.***

(a) The Trustee shall establish a fund designated the “Los Angeles County Metropolitan Transportation Authority Measure R Sales Tax Subordinate Obligations Project Fund” (the “Project Fund”). The Project Fund shall be deemed to be part of the sales tax revenue fund referred to in the Ordinance. The Trustee shall establish within the Project Fund a Tax-Exempt Project Account and a Taxable Project Account.

(b) Within the Tax-Exempt Project Account, the Trustee shall establish a subaccount designated the “Closing Date Borrowings Subaccount” and within such subaccount, the following Project Allocation Subaccounts: the Transit Capital Subaccount, consisting of the New Rail/Bus Rapid Transit Capital Projects Subaccount and the Metro Rail Capital Subaccount.

The Trustee shall also establish separate subaccounts within the Tax-Exempt Project Account and the Taxable Project Account as directed by the Authority, including appropriate Project Allocation Subaccounts.

(c) The Trustee shall deposit the proceeds of the Closing Date Borrowings in the Project Allocation Subaccounts in the Closing Date Borrowings Subaccount as directed by the Authority. The Trustee shall deposit other proceeds of Subordinate Obligations in the accounts and subaccount(s) in the Project Fund (or in an additional Project Fund created pursuant to subsection (c) below) as directed by an Authorized Authority Representative. The Trustee shall transfer moneys between and among the subfunds, accounts and subaccounts in the Project Fund or an additional Project Fund (or

between Project Funds) to the extent held by it upon the receipt of a written request of the Authority signed by an Authorized Authority Representative.

(d) The Authority may by Supplemental Agreement or by written direction create additional subfunds, accounts and subaccounts within the Project Fund and may create an additional fund designated as a "Project Fund" and subfunds, accounts and subaccounts therein. The Trustee shall transfer moneys between and among such subfunds, accounts and subaccounts and among Project Funds to the extent held by it upon the receipt of a written request of the Authority signed by an Authorized Authority Representative.

(e) Except as provided in subsection (f) below, (i) moneys deposited in the Tax-Exempt Project Account shall be withdrawn from time to time as directed in writing by an Authorized Authority Representative solely to pay the Costs of Tax-Exempt Projects, and (ii) moneys deposited in the Taxable Project Account shall be withdrawn from time to time as directed by an Authorized Authority Representative solely to pay Costs of Taxable Projects.

(f) The Trustee shall make payments or disbursements from the accounts and subaccounts within the Project Fund upon receipt of a written requisition executed by an Authorized Authority Representative, in substantially the form attached as Exhibit A hereto, which requisition shall state, with respect to each amount requested thereby, (i) the account and/or subaccount from which such payment is to be made, (ii) the number of the requisition from such account and/or subaccount, (iii) the amount to be paid, the name of the entity to which the payment is to be made and the manner in which the payment is to be made, which may be the Authority in the case of reimbursement for costs theretofore paid by the Authority, (iv) the identity of the Project (or such other purpose(s) as allowed by the Act, the Ordinance and the Agreement (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Authority)) to which such payment corresponds, and (v) with respect to the proceeds of Tax-Exempt Subordinate Obligations, that the amounts requisitioned will be expended only in accordance with and subject to the limitations set forth in the Tax Certificate. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of the facts stated therein.

(g) The completion of a Project (or such other purpose(s) as allowed by the Act, the Ordinance and the Agreement (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Authority)) shall be evidenced by the filing with the Trustee of a certificate of an Authorized Authority Representative stating either (i) the date of completion of the applicable Project and the amount, if any, required in the opinion of such Authorized Authority Representative for the payment of any remaining part of the Costs of such Project or (ii) that all amounts in the applicable account and/or subaccount of the Project Fund have been disbursed or expenses in respect thereof have been incurred. Any amount remaining in the applicable account and/or subaccount of the Project Fund following the delivery of such certificate, or upon the determination of the Authority not to proceed with the applicable Project (or such other purposes as allowed by the Act, the Ordinance and the Agreement), may, at the

determination of the Authority, be applied upon written requisition of an Authorized Authority Representative to any other lawful purpose designated in such requisition and for which purpose such proceeds may be used under the Act, the Ordinance and the Agreement (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Authority). As a condition to the disbursement of funds from the Tax-Exempt Project Account for a purpose other than those described in Section 4.02(d) hereof or for the purpose of paying principal or interest on the Subordinate Obligations from which such funds were derived, there shall be delivered to the Trustee with the requisition an Opinion of Bond Counsel that such use shall not result in the inclusion of interest on any Tax-Exempt Subordinate Obligations in gross income of the recipient thereof for federal income tax purposes (subject to the inclusion of any exception contained in the initial Opinion of Bond Counsel delivered with respect to such Tax-Exempt Subordinate Obligations).

**Section 4.03. *Creation of Subordinate Pledged Revenues Fund.*** (a) A special fund is hereby created with the Trustee and designated the “Los Angeles County Metropolitan Transportation Authority Subordinate Pledged Revenues Fund” (the “Subordinate Pledged Revenues Fund”). The Authority may by Supplemental Agreement create additional subfunds, accounts and subaccounts within the Subordinate Pledged Revenues Fund. The Authority covenants that simultaneously with, or prior to, the execution of this Agreement it has irrevocably instructed the Senior and Junior Subordinate Trustee to pay all Aggregate Required Deposits to the Trustee from available Pledged Revenues deposited in the Subordinate Obligations Fund of the Senior and Junior Subordinate Trust Agreement. The Trustee shall deposit such Aggregate Required Deposits into the Subordinate Pledged Revenues Fund. The Trustee shall also deposit into the Subordinate Pledged Revenues Fund moneys received by the Trustee from any other source with instructions from the Authority to deposit such moneys into the Subordinate Pledged Revenues Fund. All moneys in the Subordinate Pledged Revenues Fund shall be held by the Trustee in trust and applied as provided in this Article IV.

(b) Notwithstanding anything in subsection (a) to the contrary, if at any time the Senior and Junior Subordinate Trust Agreement is no longer in effect, the Authority shall enter into an agreement with the Board of Equalization pursuant to which the Board of Equalization shall deposit all Pledged Revenues with the Trustee. The Trustee shall deposit from such Pledged Revenues all Aggregate Required Deposits into the Subordinate Pledged Revenues Fund to be applied as provided in this Article IV.

**Section 4.04. *Withdrawals From Subordinate Pledged Revenues Fund; Excess Moneys.*** The Trustee shall, on or before each Subordinate Pledged Revenues Payment Date in any month, calculate, and adjust such calculation as needed with respect to, the Aggregate Required Deposits for such month based upon instructions from the Authority and shall request that the Senior and Junior Subordinate Trustee transfer an amount equal to the Aggregate Required Deposits to the Trustee on or before the date required for deposit into the funds and accounts established hereunder so that such funds are available to pay Subordinate Obligations on their respective due dates. As Subordinate Pledged Revenues or other moneys (in accordance with Section 4.03) are received and deposited into the Subordinate Pledged Revenues Fund during such month, the Trustee shall accumulate Subordinate Pledged Revenues in the Subordinate Pledged Revenues Fund until the Aggregate Required Deposits for such month are

on deposit in such fund. The Trustee shall transfer or pay all Required Deposits as provided in the applicable Supplemental Agreement.

Any Subordinate Pledged Revenues or other moneys deposited in the Subordinate Pledged Revenues Fund in accordance with Section 4.03 remaining after all Required Deposits for such month have been transferred or paid in accordance with the applicable Supplemental Agreement shall be returned to the Senior and Junior Subordinate Trustee for deposit in the Revenue Fund or, if the Senior and Junior Subordinate Trust Agreement is no longer in effect, shall be transferred as directed by an Authorized Authority Representative.

If, by the fifth Business Day before any Required Deposit is required to be made, the Trustee does not hold in the Subordinate Pledged Revenues Fund an amount equal to the Required Deposits to be made on such date, the Trustee shall immediately notify the Authority.

If the Subordinate Pledged Revenues are at any time insufficient to make the deposits required by this Section 4.04, or at any time, the Authority may, at its election (but shall not be obligated to), deposit with the Trustee funds from any available sources with the direction that such funds be deposited into the funds and accounts or specified funds and accounts held by the Trustee.

**Section 4.05. *Rebate Fund.***

(a) The Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the “Los Angeles County Metropolitan Transportation Authority Subordinate Measure R Sales Tax Revenue Obligations Rebate Fund.” Within the Rebate Fund, the Trustee shall establish the “Closing Date Borrowings Account.” In addition, the Trustee shall establish within the Rebate Fund separate accounts as the Authority shall direct in writing to comply with the terms and requirements of each Tax Certificate. Subject to the transfer provisions provided in subsection (c) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee for the account of the Authority in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the federal government of the United States of America, and neither the Trustee nor any holder of Subordinate Obligations shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Agreement and by each applicable Tax Certificate (which is incorporated herein by reference). The Authority hereby covenants to comply with the directions contained in each applicable Tax Certificate and the Trustee hereby covenants to comply with all written instructions of the Authority delivered to the Trustee pursuant to each Tax Certificate (which instructions shall state the actual amounts to be deposited in or withdrawn from the Rebate Fund and the accounts therein and shall not require the Trustee to make any calculations with respect thereto). The Trustee shall be deemed conclusively to have complied with the provisions of this Section 4.05(a) if it follows such written instructions of the Authority, and the Trustee shall have no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate nor to make computations in connection therewith.

(b) The Trustee shall invest all amounts held in the Rebate Fund, solely as directed by an Authorized Authority Representative in writing, solely in Government Obligations, subject to the restrictions set forth in the Tax Certificates.

(c) Upon receipt of the written instructions of the Authority, the Trustee shall remit part or all of the balances in the Rebate Fund to the federal government of the United States of America, as directed. In addition, if such instructions so direct, the Trustee will transfer money among accounts in the Rebate Fund, deposit moneys into or transfer moneys out of the Rebate Fund and from or into such accounts or funds as directed. Any funds remaining in the Rebate Fund after payment of all Subordinate Obligations issued under the First Supplemental Agreement, the Second Supplemental Agreement and the Third Supplemental Agreement and the expiration of all related Available Commitments and payment and satisfaction of any Rebate Requirement, shall be withdrawn and remitted to the Authority in accordance with a request from an Authorized Authority Representative.

(d) Notwithstanding any other provision of this Agreement, including in particular Article VII hereof, the obligation to remit the Rebate Requirement to the federal government of the United States of America and to comply with all other requirements of this Section and the Tax Certificate shall survive the defeasance or payment in full of all Subordinate Obligations and expiration of all Available Commitments.

(e) The Trustee shall establish additional, separate funds each of which shall be a "Rebate Fund" within the meaning of this Agreement pursuant to a Supplemental Agreement or as the Authority shall direct in writing to comply with the terms and requirements of a Tax Certificate.

(f) Notwithstanding any provision of this Section 4.05 hereof, if the Authority shall receive an opinion of Bond Counsel to the effect that any action required under the Tax Certificate or this Section 4.05 hereof is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest paid on the Tax-Exempt Revolving Obligations pursuant to Section 103 of the Code, the Authority and the Trustee may rely conclusively on such opinion in complying with the provisions hereof, and the covenants hereunder shall be deemed to be modified to that extent.

**Section 4.06. *Additional Funds and Accounts.*** The Trustee shall create additional funds and accounts as directed by an Authorized Authority Representative for such purposes as the Authority deems appropriate, including separate funds available only for specified Subordinate Obligations or Series of Subordinate Obligations and the special revenue sources; however, the Subordinate Pledged Revenues shall, in all events, first be deposited into the Subordinate Pledged Revenues Fund and used to make the Aggregate Required Deposits before any amounts of Subordinate Pledged Revenues are used for other purposes authorized by this Agreement.

**Section 4.07. *Additional Security.*** The Subordinate Pledged Revenues secure all Subordinate Obligations issued or incurred in accordance with the terms of this Agreement on an equal and ratable basis. The Authority may, however, in its discretion, provide as additional security, an additional source or additional sources of payment or credit enhancement for specified Subordinate Obligations or Series of Subordinate Obligations with no obligation to provide such additional security, source of payment or credit enhancement to other Subordinate Obligations; provided that no Subordinate Obligation or Series of Subordinate Obligations shall be given preference or priority over any other Subordinate Obligation or Series of Subordinate Obligations with respect to the Subordinate Pledged Revenues or the Pledged Revenues.

## ARTICLE V

### COVENANTS OF THE AUTHORITY

**Section 5.01. *Payment of Principal (or Face Amount) and Interest.*** The Authority covenants and agrees that it will duly and punctually pay or cause to be paid from the Subordinate Pledged Revenues hereinabove described and to the extent thereof the principal (or face amount, as applicable) of, premium, if any, and interest, if any, on every Subordinate Obligation and all other amounts due to the Holders of Subordinate Obligations at the place and on the dates and in the manner herein and in the Subordinate Obligations specified, according to the true intent and meaning thereof, and that it will faithfully do and perform all covenants and agreements herein and in the Subordinate Obligations contained and the Authority agrees that time is of the essence of this Agreement, provided that the Authority's obligation to make payment of the principal (or face amount, as applicable), premium, if any, and interest, if any, on the Subordinate Obligations shall be limited to payment from the Subordinate Pledged Revenues and any funds and accounts available therefor hereunder or under the terms of the Supplemental Agreement describing such Subordinate Obligations and any other source which the Authority may specifically provide for such purpose and no Holder shall have any right to force payment from any other funds of the Authority.

**Section 5.02. *Performance of Covenants by Authority; Authority; Due Execution.*** The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement, in any and every Subordinate Obligation executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The Authority covenants that it is duly authorized under the constitution and laws of the State, including particularly the Act, to issue the Subordinate Obligations and pledge the Subordinate Pledged Revenues to the payment thereof.

**Section 5.03. *Instruments of Further Assurance.*** The Authority covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such Supplemental Agreements, and such further acts, instruments and transfers as the Trustee may reasonably request for the better assuring and confirming to the Trustee all and singular the rights and obligations of the Authority under and pursuant to this Agreement. The Authority shall, upon the reasonable request of the Trustee, from time to time execute and deliver such further instructions and take such further action as may be reasonable and as may be required to effectuate the purposes of this Agreement or any provisions hereof; provided,

however, that no such instruments or actions shall pledge the full faith and credit or the taxing powers of the State or any political subdivision thereof.

**Section 5.04. *Receipt and Deposit of Pledged Revenues—Revenue Fund.***

(a) The Authority covenants and agrees that it has duly levied the Measure R Sales Tax in accordance with the County Transportation Commissions Act, pursuant to and in accordance with the Ordinance, duly passed and adopted by the Authority. So long as any of the Subordinate Obligations are Outstanding or Available Commitments are in effect, the Ordinance will not be amended, modified or altered in any manner which would reduce the amount of or timing of receipt of Pledged Tax Revenues, and the Authority will continue to levy and collect the Measure R Sales Tax to the full amount permitted by law. The Authority further covenants that it has entered into an agreement with the Board of Equalization under and pursuant to which the Board of Equalization will process and supervise collection of the Measure R Sales Tax and will transmit Pledged Tax Revenues directly to the Senior and Junior Subordinate Trustee. Said agreement will be continued in effect so long as any Subordinate Obligations are Outstanding or any Available Commitments are in effect and shall not be amended, modified or altered without the written consent of the Trustee so long as any of the Subordinate Bonds are Outstanding or any Available Commitments are in effect; provided that if at any time the Senior and Junior Subordinate Trust Agreement is no longer in effect, the Authority shall enter into an agreement with the Board of Equalization (or modify its existing agreement with the Board of Equalization) such that the Pledged Tax Revenues shall be transferred directly to the Trustee. The Authority will receive and hold in trust for the Senior and Junior Subordinate Trustee and the Trustee any Pledged Tax Revenues paid to the Authority by the Board of Equalization and will immediately remit such Pledged Tax Revenues to the Senior and Junior Subordinate Trustee (or, if the Senior and Junior Subordinate Trust Agreement is no longer in effect, the Trustee).

(b) The Authority covenants and agrees to separately account for all Pledged Revenues and to provide to the Trustee access to such accounting records at reasonable hours and under reasonable circumstances.

(c) The Authority covenants that so long as the Subordinate Obligations are Outstanding or Available Commitments are in effect, it will not, to the best of its ability, suffer or permit any change, modification or alteration to be made to the Act or the Ordinance that would materially and adversely affect the rights, security or interests of Holders.

(d) The Authority covenants that so long as the Subordinate Obligations are Outstanding or Available Commitments are in effect, it will not consent to any change, modification or alteration to the Senior and Junior Subordinate Trust Agreement that would materially and adversely affect the rights of Holders; provided that neither the issuance of additional Senior Obligations or Junior Subordinate Obligations nor modifications of any provision of the Senior and Junior Subordinate Trust Agreement that is in effect only so long as the Junior Subordinate Obligations are outstanding or otherwise relates solely to Junior Subordinate Obligations shall in any event be considered to materially and adversely affect the rights of Holders.

**Section 5.05. *No Inconsistent Action.*** The Authority covenants that no contract or contracts will be entered into or any action taken by the Authority which shall be inconsistent with the provisions of this Agreement.

**Section 5.06. *Restrictions on Pledge of Subordinate Pledged Revenues; Junior Liens Permitted.*** The Authority covenants that it will not issue any other obligations payable from Pledged Revenues or Subordinate Pledged Revenues on a parity with or senior to the Subordinate Obligations and the Authority covenants that it will not voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or any other charge having priority to or being on a parity with the lien held by the Trustee for the benefit of Holders of the Subordinate Obligations upon the Pledged Revenues or Subordinate Pledged Revenues, or any part thereof, in each case except as provided in Sections 2.09 and 4.01 hereof and except for Senior Obligations issued in accordance with the Senior and Junior Subordinate Trust Agreement. The Authority has issued Junior Subordinate Obligations and may issue additional obligations on a basis subordinate to the Subordinate Obligations, provided that any such subordinated obligations issued by the Authority and payable from the Pledged Revenues shall be issued as Junior Subordinate Obligations under the Senior and Junior Subordinate Trust Agreement or shall contain an express statement that such obligations are junior and subordinate in all respects to the Subordinate Obligations issued under Article II of this Agreement as to lien on and source and security for payment from the Pledged Revenues and as to priority of payment.

**Section 5.07. *No Adverse Action.*** The Authority covenants that it will not take any action which will impair or adversely affect the Pledged Revenues, or impair or adversely affect in any manner the pledge of the Pledged Revenues under the Senior and Junior Subordinate Agreement for the benefit of the Holders (for the avoidance of doubt, the issuance of Senior Obligations in accordance with the Senior and Junior Subordinate Trust Agreement shall not be considered to impair or adversely affect the Pledged Revenues) or the pledge of the Subordinate Pledged Revenues made herein or the rights of the Holders of the Subordinate Obligations. The Authority shall be unconditionally and irrevocably obligated, so long as any of the Subordinate Obligations are Outstanding and unpaid or any Available Commitments are in effect, to take all lawful action necessary or required to continue to entitle the Authority to receive the Pledged Revenues at the same rates as now provided by law to pay from the Pledged Revenues and Subordinate Pledged Revenues the principal (or face amount, as applicable) of and interest, if any, on the obligations issued under the Senior and Junior Subordinate Trust Agreement and on all Subordinate Obligations, respectively, and to make the other payments provided for herein.

**Section 5.08. *Maintenance of Powers.*** The Authority covenants that it will at all times use its best efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to the Act, the Southern California Rapid Transit District Law and the County Transportation Commissions Act and will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to hinder, delay or imperil either the payment of the indebtedness evidenced by any of the Subordinate Obligations or the performance or observance of any of the covenants herein contained.

**Section 5.09. *Covenants of Authority Binding on Authority and Successors.*** All covenants, stipulations, obligations and agreements of the Authority contained in this Agreement

shall be deemed to be covenants, stipulations, obligations and agreements of the Authority to the full extent authorized or permitted by law. If the powers or duties of the Authority shall hereafter be transferred by amendment of the Act, the Southern California Rapid Transit District Law, the County Transportation Commissions Act, any new act or any provision of the Constitution or any other law of the State or in any other manner there shall be a successor to the Authority, and if such transfer shall relate to any matter or thing permitted or required to be done under this Agreement by the Authority then the entity that shall succeed to such powers or duties of the Authority shall act and be obligated in the place and stead of the Authority as in this Agreement provided, and all such covenants, stipulations, obligations and agreements shall be binding upon the successor or successors thereof from time to time and upon any officer, board, body or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreement shall be transferred by or in accordance with law.

Except as otherwise provided in this Agreement, all rights, powers and privileges conferred and duties and liabilities imposed upon the Authority by the provision of this Agreement shall be exercised or performed by the Authority or by such officers, board, body or commission as may be required by law to exercise such powers or to perform such duties.

**Section 5.10. *Compliance with Allocation and Expenditure Requirements of the Ordinance.*** The Authority hereby covenants and agrees that it shall comply with the Ordinance. In conformance with Section 7 of the Ordinance, the Authority hereby covenants and agrees that it shall deposit or allocate the proceeds of the Subordinate Obligations in the appropriate subfunds, accounts and subaccounts of the Project Fund and shall account for the expenditure of such proceeds in accordance with the expenditure allocation categories defined in the Ordinance. In order to preserve its ability to comply with such expenditure allocation requirements during the entire period that the Measure R Sales Tax is levied, the Authority covenants and agrees that at the time of issuance of any Subordinate Obligations the portion of projected Measure R Sales Tax revenues attributable to such category in each year, as determined by the Authority, divided by the Debt Service (treating all indebtedness secured directly or indirectly by Measure R Sales Tax revenues as Obligations in the definition of “Debt Service” for purposes of this certificate, whether issued under this Agreement, the Senior and Junior Subordinate Trust Agreement or otherwise) attributable to all indebtedness secured directly or indirectly by Measure R Sales Tax revenues for any expenditure allocation category defined in the Ordinance shall not be less than 110%. For purposes of this covenant, “Debt Service” shall have the meaning given to such term in the Senior and Junior Subordinate Trust Agreement.

**Section 5.11. *Trust Agreement To Constitute a Contract.*** This Agreement is executed by the Authority for the benefit of the Holders and constitutes a contract with the Holders. The Authority hereby agrees with and for the benefit of the Holders that so long as any Subordinate Obligations remain Outstanding or any Available Commitments remain in effect, it will not repeal the Ordinance or reduce the Measure R Sales Tax imposed by such ordinance. In addition, the Authority as agent for the State and as provided in the Act hereby provides and the State does hereby pledge to, and agree with, the Holders of the Subordinate Obligations issued under the Act and with those parties who may enter into contracts with the Authority pursuant to the Act that the State will not limit or alter the rights vested in the Authority by the Act until the Subordinate Obligations, together with the interest thereon, are fully met and discharged and the contracts are fully performed on the part of the Authority and any Available Commitments have

been terminated; provided that nothing in this section precludes limitation or alteration if and when adequate provision has been made by law for the protection of the Holders or those entering into contracts with the Authority.

## **ARTICLE VI**

### **INVESTMENTS**

Moneys held by the Trustee in the funds and accounts created under this Agreement or under a Supplemental Agreement or by or on behalf of the Authority in the Project Fund shall be invested and reinvested as directed in writing by the Authority, subject to the restrictions set forth in this Article VI and in any Supplemental Agreement and subject to the investment restrictions imposed upon the Authority by the laws of the State. With respect to the investment of funds held by the Trustee, the Authority shall direct such investments by written certificate of an Authorized Authority Representative or by telephone instruction followed by prompt written confirmation by an Authorized Authority Representative at least two Business Days before the investment. The Trustee shall be under no obligation to invest moneys held under this Agreement if the Authority fails to direct the investment of such moneys as required by this Article, and the Trustee shall be under no obligation to determine or inquire into the legality of any investment made at the direction of the Authority. The Trustee shall not be liable for any loss from any investments made by the Trustee in accordance with this Agreement.

Investments of moneys in the funds and accounts created under this Agreement or any Supplemental Agreement shall be deemed at all times to be a part of such fund or account, and the interest accruing thereon and any profit realized from such investment shall be credited to such fund or account, and any loss resulting from such investment shall be charged to such fund or account.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grants the Authority the right to receive brokerage confirmations for security transactions made by the Trustee hereunder as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Authority periodic account transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

## **ARTICLE VII**

### **DEFEASANCE**

Subordinate Obligations or portions thereof (such portions to be in integral multiples of the Authorized Denomination) which have been paid in full or which are deemed to have been paid in full shall no longer be secured by or entitled to the benefits of this Agreement except for the purposes of payment from moneys or Government Obligations held by the Trustee for such purpose. When all Subordinate Obligations have been paid in full or are deemed to have been paid in full, and all other sums payable hereunder by the Authority, including all necessary and proper fees, compensation and expenses of the Trustee have been paid or are duly provided for, then the right, title and interest of the Trustee in and to the Subordinate Pledged Revenues shall

thereupon cease, terminate and become void, and upon request of the Authority, and, upon the preparation by the Authority of documents to accomplish such release, the Trustee shall execute, acknowledge and deliver to the Authority such instruments of satisfaction and discharge or release as the Authority shall determine are requisite to evidence such release and such satisfaction and discharge, and upon execution of such documents, the Trustee shall assign and deliver to the Authority any property and revenues at the time subject to this Agreement which may then be in the Trustee's possession, except funds or securities in which such funds are invested and held by the Trustee for the payment of the principal of (or face amount, as applicable), premium, if any, and interest on the Subordinate Obligations.

A Subordinate Obligation shall be deemed to be paid within the meaning of this Article VII and for all purposes of this Agreement when (a) payment of the principal (or face amount, as applicable), interest, if any, and premium, if any, either (i) shall have been made or caused to be made in accordance with the terms of the Subordinate Obligations and this Agreement or (ii) shall have been provided for by irrevocably depositing with the Trustee in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment and/or (2) Government Obligations, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment on a timely basis, (b) all necessary and proper fees, compensation and expenses of the Trustee pertaining to the Subordinate Obligations with respect to which such deposit is made shall have been paid or provision made for the payment thereof to the reasonable satisfaction of the Trustee and (c) any other Fees and Expenses pertaining to the Subordinate Obligations with respect to which such deposit is made shall have been paid or provision made for the payment thereof to the reasonable satisfaction of the Person to whom such Fees and Expenses are payable. At such times as Subordinate Obligations shall be deemed to be paid hereunder, such Subordinate Obligations shall no longer be secured by or entitled to the benefits of this Agreement, except for the purposes of payment from such moneys or Government Obligations.

Notwithstanding the foregoing paragraph, no deposit under clause (a)(ii) of the immediately preceding paragraph shall be deemed a payment of such Subordinate Obligations until (1) proper notice of redemption or prepayment of such Subordinate Obligations shall have been given, if the Subordinate Obligations are to be redeemed or prepaid in advance of their maturity or until the Authority shall have given the Trustee irrevocable instructions to notify, as soon as practicable, the holders of the Subordinate Obligations that the deposit required by (a)(ii) above has been made with the Trustee and that such Subordinate Obligations are deemed to have been paid in accordance with this Article VII and stating the maturity or redemption or prepayment date upon which moneys are to be available for the payment of the principal (or face amount, as applicable) of and the applicable redemption premium, if any, on such Subordinate Obligations; or (2) the maturity of such Subordinate Obligations. In addition, no Subordinate Obligation shall be deemed to be paid as a result of a deposit under clause (a)(ii) of the immediately foregoing paragraph unless there shall have been delivered to the Trustee (x) a written opinion of counsel to the effect that, upon the deposit of the moneys and Government Obligations, the conditions set forth in this Article VII shall have been met and the Subordinate Obligations with respect to which such deposit is made will be deemed to be paid and (y) a written report or statement of an independent certified public accountant, a firm of independent certified public accountants or other independent consulting firm to the effect that such moneys and Government Obligations, together with the earnings thereon, will be sufficient to provide

funds when and as needed to pay principal (or face amount, as applicable) of, interest, if any, on and the redemption premium, if any, on the Subordinate Obligations for which such deposit is made to their maturity or earlier redemption.

## ARTICLE VIII

### DEFAULTS AND REMEDIES

**Section 8.01. *Events of Default.*** Each of the following events shall constitute and is referred to in this Agreement as an “Event of Default”:

(a) a failure to pay the principal (or face amount, as applicable) of or premium, if any, on any of the Subordinate Obligations when the same shall become due and payable at maturity, upon redemption or otherwise;

(b) a failure to pay any installment of interest on any of the Subordinate Obligations when such interest shall become due and payable;

(c) a failure to pay the purchase price of any Subordinate Obligation when such purchase price shall be due and payable upon an optional or mandatory tender date as provided in the Subordinate Obligation;

(d) a failure by the Authority to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a), (b) and (c) of this Section 8.01) contained in the Subordinate Obligations or in this Agreement on the part of the Authority to be observed or performed, which failure shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Authority by the Trustee; except that, if such failure can be remedied but not within such 60-day period and if the Authority has taken all action reasonably possible to remedy such failure within such 60-day period, such failure shall not become an Event of Default for so long as the Authority shall diligently proceed to remedy the same in accordance with and subject to any directions or limitations of time established by the Trustee;

(e) if the Authority files a petition in voluntary bankruptcy for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself;

(f) if a court of competent jurisdiction shall enter an order, judgment or decree declaring the Authority insolvent, or adjudging it bankrupt, or appointing a trustee or receiver of the Authority, or approving a petition filed against the Authority seeking reorganization of the Authority under any applicable law or statute of the United States of America or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within 60 days from the date of the entry thereof;

(g) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the

Pledged Revenues, and such custody or control shall not be terminated within 60 days from the date of assumption of such custody or control; or

(h) the occurrence of any other Event of Default as is provided in a Supplemental Agreement.

**Section 8.02. Remedies.**

(a) Upon the occurrence and continuation of any Event of Default, the Trustee in its discretion may, and shall, upon the written direction of the Holders of a majority of the principal amount (or face amount, as applicable) of the Subordinate Obligations then Outstanding, and receipt of indemnity to its satisfaction, in its own name and as the Trustee of an express trust:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Holders, and require the Authority to carry out any agreements with or for the benefit of the Holders and to perform its or their duties under the Act or any other law to which it is subject and this Agreement, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of this Agreement;

(ii) bring suit upon the Subordinate Obligations;

(iii) commence an action or suit in equity to require the Authority to account as if it were the trustee of an express trust for the Holders; or

(iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Holders.

Notwithstanding anything in this agreement to the contrary, in no event are the Subordinate Obligations subject to acceleration if any Event of Default occurs and is continuing; provided, however, that the accelerated payment of Liquidity Facility Bonds that constitute Subordinate Obligations or reimbursement obligations relating to such Liquidity Facility Bonds pursuant to the term-out provisions of the related Liquidity Facility, letter of credit reimbursement agreement or similar agreement between the Authority and the related Liquidity Provider shall not be considered to be an acceleration for purposes of this paragraph.

(b) The Trustee shall be under no obligation to take any action with respect to any Event of Default unless the Trustee has actual knowledge of the occurrence of such Event of Default.

(c) The Trustee shall not be deemed to have actual knowledge of any Event of Default under this Agreement except for Events of Default under Section 8.01(a), (b) or (c) unless specifically notified in writing of such Event of Default by the Authority or the Holders of a majority in aggregate principal amount of Subordinate Obligations then Outstanding or, if such Event of Default pertains only to a particular Series, the Holders of a majority in aggregate principal amount of Subordinate Obligations of such Series then Outstanding. However, the Trustee at any time, in its discretion, may require of the Authority reasonable information and

advice as to the performance of any of the covenants, conditions and agreements contained herein to the extent such information and advice is reasonably available to the Authority.

**Section 8.03. *Restoration to Former Position.*** In the event that any proceeding taken by the Trustee to enforce any right under this Agreement shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then the Authority, the Trustee, and the Holders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

**Section 8.04. *Right To Direct Proceedings.*** Anything in this Agreement to the contrary notwithstanding, Holders of a majority in principal amount of the Subordinate Obligations then Outstanding hereunder shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Trustee under this Agreement to be taken in connection with the enforcement of the terms of this Agreement or exercising any trust or power conferred on the Trustee by this Agreement; provided that such direction shall not be otherwise than in accordance with the provisions of the law and the Agreement and that there shall have been provided to the Trustee security and indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the Trustee.

**Section 8.05. *Limitation on Right To Institute Proceedings.*** No Holder shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power hereunder, or any other remedy hereunder or on such Subordinate Obligations, unless such Holder or Holders previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided and unless also holders of a majority of the principal amount (or face amount, as applicable) of the Subordinate Obligations then Outstanding shall have made written request of the Trustee so to do, after the right to institute such suit, action or proceeding under Section 8.02 hereof shall have accrued, and shall have afforded the Trustee a reasonable opportunity to proceed to institute the same in either its or their name, and unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the institution of such suit, action or proceeding; it being understood and intended that no one or more of the Holders shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Agreement, or to enforce any right hereunder or under the Subordinate Obligations, except in the manner herein provided, and that all suits, actions and proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Holders.

**Section 8.06. *No Impairment of Right To Enforce Payment.*** Notwithstanding any other provision in this Agreement, the right of any Holder to receive payment of the principal (or face amount, as applicable) of and interest, if any, on such Subordinate Obligation, on or after the respective due dates expressed therein and to the extent of the Subordinate Pledged Revenues, or to institute suit for the enforcement of any such payment on or after such respective date, shall not be impaired or affected without the consent of such Holder.

**Section 8.07. *Proceedings by Trustee Without Possession of Subordinate Obligations.*** All rights of action under this Agreement or under any of the Subordinate Obligations secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Subordinate Obligations, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the equal and ratable benefit of the Holders, subject to the provisions of this Agreement.

**Section 8.08. *No Remedy Exclusive.*** No remedy herein conferred upon or reserved to the Trustee or to Holders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute; provided, however, that any conditions set forth herein to the taking of any remedy to enforce the provisions of this Agreement or the Subordinate Obligations shall also be conditions to seeking any remedies under any of the foregoing pursuant to this Section 8.08.

**Section 8.09. *No Waiver of Remedies.*** No delay or omission of the Trustee or of any Holder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article VIII to the Trustee and to the Holders, respectively, may be exercised from time to time and as often as may be deemed expedient.

**Section 8.10. *Application of Moneys.*** Any moneys received by the Trustee, by any receiver or by any Holder pursuant to any right given or action taken under the provisions of this Article VIII, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, shall be deposited in a separate fund created by the Trustee for such purpose (the "Collection Fund") and all moneys so deposited in the Collection Fund during the continuation of an Event of Default shall be applied as follows:

All such moneys shall be applied (i) first, to the payment to the persons entitled thereto of all installments of interest then due on the Subordinate Obligations, with interest on overdue installments, if lawful, at the rate per annum borne by the Subordinate Obligations, as the case may be, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment and (ii) second, to the payment to the persons entitled thereto of the unpaid principal of (or face amount, as applicable, of) any of the Subordinate Obligations which shall have become due with interest on such Subordinate Obligations at their respective rate from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full Subordinate Obligations due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this Section 8.10, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of

additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal (or face amount, as applicable) and interest to be paid on such date shall cease to accrue. The Trustee shall give notice of the deposit with it of any such moneys and of the fixing of any such date by first class U.S. mail, postage prepaid, to all Holders and shall not be required to make payment to any Holder until such Subordinate Obligations shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

**Section 8.11. *Severability of Remedies.*** It is the purpose and intention of this Article VIII to provide rights and remedies to the Trustee and the Holders which may be lawfully granted under the provisions of the Act and other applicable law, but should any right or remedy herein granted be held to be unlawful, the Trustee and the Holders shall be entitled, as above set forth, to every other right and remedy provided in this Agreement and by applicable law.

**Section 8.12. *Additional Events of Default and Remedies.*** So long as any particular Series of Subordinate Obligations is Outstanding, the Events of Default and remedies as set forth in this Article VIII may be supplemented with additional Events of Default and remedies as set forth in the Supplemental Agreement under which such Series of Subordinate Obligations is issued or as set forth in the Subordinate Obligations and additional Events of Default, not necessarily limited to the time any Series of Subordinate Obligations is Outstanding, may likewise be added from time to time by Supplemental Agreement.

**Section 8.13. *Indemnification of Trustee.*** The Trustee shall be under no obligation to take any action toward the execution or enforcement of any of the trusts hereby created, or to institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing to do so by the Holders of a majority in aggregate principal amount (or face amount, as applicable) of the Subordinate Obligations affected thereby then Outstanding and, if in its opinion such action may tend to involve it in expense or liability, unless furnished, before the commencement of such action and thereafter from time to time as often as it may require, with security and indemnity satisfactory to it; but the foregoing provisions are intended only for the protection of the Trustee, and shall not affect any discretion or power given by any provision of this Agreement to the Trustee to take action in respect of any Event of Default; provided that this Section 8.13 shall not be applicable to the Trustee's obligation to draw funds under any letter of credit or other credit facility provided to the Trustee as a source of payment or security for any Subordinate Obligations. Any moneys advanced by the Trustee hereunder shall bear interest at the [REDACTED].

**Section 8.14. *Acknowledgement of Subordination Provisions.*** The rights of the Holders and the Trustee hereunder are subject to the provisions set forth in Sections 5.02(A) and 7.02 and Article XI of the Senior and Junior Subordinate Trust Agreement as in effect on the date hereof, and such provisions are incorporated by reference herein to the extent applicable for so long as there are Senior Obligations and/or Junior Subordinate Obligations outstanding under the Senior and Junior Subordinate Trust Agreement.

## ARTICLE IX

### THE TRUSTEE

#### **Section 9.01. *Appointment, Duties Immunities and Liabilities of Trustee.***

(a) U.S. Bank National Association is hereby appointed as Trustee under this Agreement and hereby accepts the trust imposed upon it as Trustee hereunder and to perform all the functions and duties of the Trustee hereunder, subject to the terms and conditions set forth in this Agreement. The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Agreement and no implied covenants shall be read into this Agreement against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The Authority may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Holders of not less than a majority in aggregate amount of Subordinate Obligations then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Authority by giving the Holders notice of such resignation by first class U.S. mail, postage prepaid, at the addresses shown on the registration books maintained by the Trustee. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Holder (on behalf of himself and all other Holders) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Agreement, shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless

at the request of an Authorized Authority Representative or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Agreement and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Authority shall give notice of the succession of such Trustee to the trusts hereunder by first class U.S. mail, postage prepaid, to the Holders at the addresses shown on the registration books maintained by the Trustee. If the Authority fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

(e) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank authorized to exercise trust powers, a trust company or bank having the powers of a trust company having (or, if such trust company or bank is a member of a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least \$100,000,000, and subject to supervision or examination by federal or state authority. If such bank or trust company or bank holding company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

**Section 9.02. *Accounting Records and Monthly Statements.*** The Trustee shall keep proper books of record and accounts containing complete and correct entries of all transactions made by the Trustee relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Subordinate Obligations, including proceeds of each Series of Subordinate Obligations and moneys derived from, pledged to, or to be used to make payments on each Series of Subordinate Obligations. Such records shall specify the account or fund to which each deposit and each investment (or portion thereof) held by the Trustee is allocated and shall set forth, in the case of each investment security, (a) its purchase price, (b) identifying information, including par amount, coupon rate, and payment dates, (c) the amount received at maturity or its sale price, as the case may be, including accrued interest, (d) the amounts and dates of any payments made with respect thereto, and (e) the dates of acquisition and disposition or maturity. The Trustee shall furnish the Authority with a monthly statement which shall include a summary of all deposits and all investment transactions made by the Trustee related to each Series of Subordinate Obligations then Outstanding or with respect to which there is an Available Commitment, such statement to be provided to the Authority no later than the fifth Business Day of the month following the month to which such statement relates, the first such monthly statement to be provided by the tenth Business Day of the month immediately following

the month in which the initial Subordinate Obligations are delivered by the Trustee pursuant to the provisions of this Agreement.

**Section 9.03. *Merger or Consolidation.*** Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (e) of Section 9.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

**Section 9.04. *Liability of Trustee.***

(a) The recitals of facts herein and in the Subordinate Obligations contained shall be taken as statements of the Authority, and the Trustee assumes no responsibility for the correctness of the same (other than the certificate of authentication of the Trustee on any Subordinate Obligation), and makes no representations as to the validity or sufficiency of this Agreement, or of the Subordinate Obligations, as to the sufficiency of the Subordinate Pledged Revenues or the priority of the lien of this Agreement thereon, or as to the financial or technical feasibility of any portion of the Project and shall not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly herein or in the Subordinate Obligations assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in any certificate of authentication on the Subordinate Obligations. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence, willful misconduct or breach of the express terms and conditions hereof. The Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Subordinate Obligations and may join in any action which any Holder of a Subordinate Obligation may be entitled to take, with like effect as if the Trustee was not the Trustee under this Agreement. The Trustee may in good faith hold any other form of indebtedness of the Authority, own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the Authority and make disbursements for the Authority and enter into any commercial or business arrangement therewith, without limitation.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in aggregate principal amount of the Subordinate Obligations at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Agreement.

(d) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement at the request, order or direction of any of the Holders

pursuant to the provisions of this Agreement, including, without limitation, the provisions of Article VIII hereof, unless such Holders shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby; provided, however, that no security or indemnity shall be requested or required for the Trustee to deliver a notice to obtain funds under a credit facility or liquidity facility delivered in connection with any Series of Subordinate Obligations in order to pay principal of and interest on such Series of Subordinate Obligations.

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

(f) The Trustee shall not be deemed to have knowledge of, and shall not be required to take any action with respect to, any Event of Default (other than an Event of Default described in subsections (a), (b) or (c) of Section 8.01) or event that would, with the giving of notice, the passage of time or both, constitute an Event of Default, unless the Trustee shall have actual knowledge of such event or shall have been notified of such event by the Authority or the Holders of a majority in aggregate principal amount of the Subordinate Obligations then Outstanding or, if such Event of Default pertains only to a particular Series, the Holders of a majority in aggregate principal amount of Subordinate Obligations of such Series then Outstanding. Without limiting the generality of the foregoing, the Trustee shall not be required to ascertain, monitor or inquire as to the performance or observance by the Authority of the terms, conditions, covenants or agreements set forth in Article V hereof (other than the covenants of the Authority to make payments with respect to the Bonds when due as set forth in Section 5.01 and to file with the Trustee when due, such reports and certifications as the Authority is required to file with the Trustee hereunder).

(g) No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy.

(h) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, requisition, bond, debenture, coupon or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Authority, personally or by agent or attorney.

(i) The Trustee shall not be responsible for:

(1) the application or handling by the Authority of any Pledged Revenues or other moneys transferred to or pursuant to any requisition or request of the Authority in accordance with the terms and conditions hereof;

(2) the application and handling by the Authority of any other fund or account designated to be held by the Authority hereunder;

(3) any error or omission by the Authority in making any computation or giving any instruction pursuant to any tax and nonarbitrage certificate or similar certificate executed and delivered in connection with the issuance of any Subordinate Obligations and relating to the exclusion from income of interest on such Subordinate Obligations for federal income tax purposes;

(4) the construction, operation or maintenance of any portion of the Project by the Authority.

(j) Whether or not therein expressly so provided, every provision of this Agreement relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article IX.

(k) The Trustee agrees to accept and act upon written instructions and/or directions provided by Electronic Means pursuant hereto, provided, however, that: (i) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, and (ii) such originally executed instructions and/or directions shall be signed on behalf of the Authority by an Authorized Authority Representative and shall be signed on behalf of any other party by a person authorized to sign for the party delivering such instructions and/or directions, which person shall provide such documentation as the Trustee shall request in order to evidence such authorization.

**Section 9.05. *Right of Trustee to Rely on Documents and Opinions.*** The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, including, without limitation, counsel of or to the Authority, and may request an opinion of counsel, with regard to legal questions, including, without limitation, legal questions relating to proposed modifications or amendments of this Agreement, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

Whenever in the administration of the trusts imposed upon it by this Agreement the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, including, without limitation, matters relating to proposed modifications or amendments of this Agreement, the Trustee may request a certificate of an Authorized Authority Representative and such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by such certificate, and such certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Agreement in reliance upon such certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable. The Trustee may also rely conclusively on any report, statement, requisition, facsimile transmission, electronic mail or certification of any certified public accountant, investment banker, financial consultant, or other expert selected by the Authority or selected by the Trustee with due care in connection with

matters required to be proven or ascertained in connection with its administration of the trusts created hereby.

**Section 9.06. *Compensation and Indemnification of Trustee.*** The Authority covenants to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties hereunder of the Trustee, and the Authority will pay or reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Agreement (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence, default or willful misconduct. The Authority, to the extent permitted by law, shall indemnify, defend and hold harmless the Trustee against any loss, damages, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of the trusts created hereby, including costs and expenses (including attorneys' fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Trustee and the obligations of the Authority under this Section 9.06 shall survive the discharge of the Subordinate Obligations and this Agreement and the resignation or removal of the Trustee.

**Section 9.07. *Other Agents.*** The Authority or the Trustee may from time to time appoint other agents to perform duties and obligations under this Agreement or under a Supplemental Agreement, which agents may include, but not be limited to authenticating agents, tender agents and remarketing agents all as provided by Supplemental Agreement or resolution of the Authority.

## ARTICLE X

### MODIFICATION OF THIS AGREEMENT

**Section 10.01. *Limitations.*** This Agreement shall not be modified or amended in any respect subsequent to the first delivery of fully executed and authenticated Subordinate Obligations except as provided in and in accordance with and subject to the provisions of this Article X.

**Section 10.02. *Supplemental Agreements Not Requiring Consent of Holders.*** The Authority and the Trustee may, from time to time and at any time, without the consent of or notice to the Holders, execute and deliver Supplemental Agreements supplementing and/or amending this Agreement or any Supplemental Agreement as follows:

(a) to provide for the issuance of a Series or multiple Series of Subordinate Obligations under the provisions of Section 2.09 of this Agreement and to set forth the terms of such Subordinate Obligations and the special provisions which shall apply to such Subordinate Obligations, to provide for any credit facility or liquidity facility with respect to such Subordinate Obligations or to establish a commercial paper or medium-term note program comprised of Subordinate Obligations;

(b) to cure any formal defect, omission, inconsistency or ambiguity in this Agreement or any Supplemental Agreement;

(c) to add to the covenants and agreements of the Authority in this Agreement or any Supplemental Agreement other covenants and agreements, or to surrender any right or power reserved or conferred upon the Authority, and which shall not materially adversely affect the interests of the Holders;

(d) to confirm, as further assurance, any interest of the Trustee in and to the Subordinate Pledged Revenues or in and to the funds and accounts held by the Trustee or in and to any other moneys, securities or funds of the Authority provided pursuant to this Agreement or to otherwise add additional security for the Holders or to assign and pledge under this Agreement additional revenues, properties or collateral;

(e) to evidence any change made in the terms of any Series of Subordinate Obligations if such changes are authorized by the Supplemental Agreement at the time the Series of Subordinate Obligations is issued and such change is made in accordance with the terms of such Supplemental Agreement;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended, or any similar federal statute hereafter in effect or to permit the qualification of the Subordinate Obligations for sale under the securities laws of any state of the United States or the United States;

(g) to provide for Subordinate Obligations in uncertificated form or for the issuance of bearer Subordinate Obligations or Subordinate Obligations registered only as to principal (or face amount, as applicable);

(h) to qualify the Subordinate Obligations or a Series of Subordinate Obligations for a rating or ratings by Moody's, S&P, Fitch or other nationally recognized rating agency;

(i) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the federal income taxation of the interest on Subordinate Obligations the interest on which is intended to be excluded from gross income for purposes of federal income taxation;

(j) to grant to or confer upon the Trustee for the benefit of the Holders or the provider of any credit facility any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders or the provider of any credit facility or the Trustee or any of them;

(k) to evidence the appointment of a separate trustee or the succession of a new trustee hereunder;

(l) to provide for the issuance of obligations, or to create a charge or lien, ranking junior and subordinate to the charge or lien of the Subordinate Obligations issued or

incurred in accordance with the terms of this Agreement, in accordance with Section 5.06 hereof;  
or

(m) to modify, alter, amend or supplement this Agreement or any Supplemental Agreement in any other respect which, in the judgment of the Authority, as concurred in by the Trustee, is not materially adverse to the Holders.

(n) Before the Authority shall, pursuant to this Section 10.02, execute any Supplemental Agreement subsequent to the Supplemental Agreements entered into concurrently with the entry into this Agreement, there shall have been delivered to the Authority an opinion of Bond Counsel stating that such Supplemental Agreement is authorized or permitted by this Agreement, the Act and other applicable law, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Authority in accordance with its terms and will not adversely affect the exemption from federal income taxation of interest on Subordinate Obligations which are then unpaid and for which there has been delivered an opinion of Bond Counsel to the effect that interest on such Subordinate Obligations is excluded from gross income for federal income tax purposes.

**Section 10.03. *Supplemental Agreement Requiring Consent of Holders.***

(a) Except for any Supplemental Agreement entered into pursuant to Section 10.02 and any Supplemental Agreement entered into pursuant to Section 10.03(b) below, subject to the terms and provisions contained in this Section 10.03 and not otherwise, the Holders of not less than a majority in aggregate principal amount (which shall mean face amount with respect to Subordinate Obligations issued at a discount) of the Subordinate Obligations then Outstanding and the Available Commitments, collectively, shall have the right from time to time to consent to and approve the execution by the Authority of any Supplemental Agreement deemed necessary or desirable by the Authority for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this Agreement or in a Supplemental Agreement; provided, however, that, unless approved in writing by the Holders of all the Subordinate Obligations then Outstanding and all Available Commitments or unless such change affects less than all Series of Subordinate Obligations and the following subsection (b) is applicable, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal (or face amount, as applicable) of or interest on any Outstanding Subordinate Obligations or (ii) a reduction in the principal amount (or face amount, as applicable) or redemption price of any Outstanding Subordinate Obligations or the rate of interest thereon; and provided that nothing herein contained, including the provisions of Section 10.03(b) below, shall, unless approved in writing by the Holders of all the Subordinate Obligations then Outstanding and all Available Commitments then in effect, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by this Agreement as originally executed) upon or pledge of the Subordinate Pledged Revenues created by this Agreement, ranking prior to or on a parity with the claim created by this Agreement, or (iv) except with respect to additional security which may be provided for a particular Series of Subordinate Obligations, a preference or priority of any Subordinate Obligation or Subordinate Obligations over any other Subordinate Obligation or Subordinate Obligations, or (v) a reduction in the aggregate principal amount (or face amount, as applicable) of Subordinate Obligations the consent of the Holders of which is required for any

such Supplemental Agreement. Nothing herein contained, however, shall be construed as making necessary the approval by Holders of the execution of any Supplemental Agreement as authorized in Section 10.02, including the granting, for the benefit of particular Series of Subordinate Obligations, security in addition to the pledge of the Subordinate Pledged Revenues.

(b) The Issuer may, from time to time and at any time execute a Supplemental Agreement which amends the provisions of an earlier Supplemental Agreement under which a Series or multiple Series of Subordinate Obligations were issued. If such Supplemental Agreement is executed for one of the purposes set forth in Section 10.02, no notice to or consent of the Holders shall be required. If such Supplemental Agreement contains provisions which affect the rights and interests of less than all Series of Subordinate Obligations Outstanding or with respect to which there is an Available Commitment in effect and Section 10.02 is not applicable, then this subsection (b) rather than subsection (a) above shall control and, subject to the terms and provisions contained in this Section 10.03 and not otherwise, the Holders of not less than a majority in aggregate principal amount (or face amount, as applicable) of the Subordinate Obligations Outstanding and of all Available Commitments in effect of all Series which are affected by such changes shall have the right from time to time to consent to and approve the execution by the Authority of any Supplemental Agreement deemed necessary or desirable by the Authority for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Agreement and affecting only the Subordinate Obligations of such Series; provided, however, that, unless approved in writing by the Holders of all the Subordinate Obligations then Outstanding and all Available Commitments then in effect of all the affected Series, nothing herein contained shall permit, or be construed as permitting, (i) a change in the times, amounts or currency of payment of the principal (or face amount, as applicable) of or interest on any Outstanding Subordinate Obligations of such Series or (ii) a reduction in the principal amount (or face amount, as applicable) or redemption price of any Outstanding Subordinate Obligations of such Series or the rate of interest thereon. Nothing herein contained, however, shall be construed as making necessary the approval by Holders of the adoption of any Supplemental Agreement as authorized in Section 10.02, including the granting, for the benefit of particular Series of Subordinate Obligations, security in addition to the pledge of the Subordinate Pledged Revenues.

(c) If at any time the Authority shall desire to enter into any Supplemental Agreement for any of the purposes of this Section 10.03, the Authority shall cause notice of the proposed execution of the Supplemental Agreement to be given by first class U.S. mail, postage prepaid, to all Holders whose names and addresses are then shown on the registration books kept by the Trustee or, under Section 10.03(b), all Holders of the affected Series whose names and addresses are then shown on the registration books kept by the Trustee. With respect to any Series all or a portion of which is issued in nonregistered form or registered to bearer, notice shall be given by Publication. Such notice shall briefly set forth the nature of the proposed Supplemental Agreement and shall state that a copy thereof is on file at the office of the Authority for inspection by all Holders.

(d) Within two weeks after the date of the first mailing of such notice and, if required, the giving of notice by Publication, the Authority may execute and deliver such Supplemental Agreement in substantially the form described in such notice, but only if there shall have first been delivered to the Authority (i) the required consents, in writing, of Holders

and (ii) an opinion of Bond Counsel stating that such Supplemental Agreement is authorized or permitted by this Agreement and other applicable law, complies with their respective terms and, upon the execution and delivery thereof, will be valid and binding upon the Authority in accordance with its terms and will not adversely affect the exemption from federal income taxation of interest on the Subordinate Obligations.

(e) If Holders of not less than the percentage of Subordinate Obligations required by this Section 10.03 shall have consented to and approved the execution and delivery thereof as herein provided, no Holders shall have any right to object to the adoption of such Supplemental Agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the Authority from executing the same or from taking any action pursuant to the provisions thereof.

**Section 10.04. *Effect of Supplemental Agreement.*** Upon execution and delivery of any Supplemental Agreement pursuant to the provisions of this Article X, this Agreement or the Supplemental Agreement shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Agreement and the Supplemental Agreement of the Authority, the Trustee and all Holders shall thereafter be determined, exercised and enforced under this Agreement and the Supplemental Agreement, if applicable, subject in all respects to such modifications and amendments.

**Section 10.05. *Supplemental Agreements To Be Part of This Agreement.*** Any Supplemental Agreement adopted in accordance with the provisions of this Article X shall thereafter form a part of this Agreement or the Supplemental Agreement which they supplement or amend, and all of the terms and conditions contained in any such Supplemental Agreement as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Agreement or the Supplemental Agreement which they supplement or amend for any and all purposes.

**Section 10.06. *Interests of the Trustee.*** The Trustee shall not be required under this Agreement to execute and deliver any Supplemental Agreement that the Trustee determines would adversely affect the rights, duties or immunities of the Trustee under this Agreement.

## ARTICLE XI

### MISCELLANEOUS PROVISIONS

**Section 11.01. *Parties in Interest.*** Except as herein or in a Supplemental Agreement otherwise specifically provided, nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the Authority, the Trustee and the Holders any right, remedy or claim under or by reason of this Agreement, this Agreement being intended to be for the sole and exclusive benefit of the Authority, the Trustee and the Holders.

**Section 11.02. *Severability.*** In case any one or more of the provisions of this Agreement, or of any Subordinate Obligations issued hereunder shall, for any reason, be held to

be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Agreement or of Subordinate Obligations, and this Agreement and any Subordinate Obligations issued hereunder shall be construed and enforced as if such illegal or invalid provisions had not been contained herein or therein.

**Section 11.03. *No Personal Liability of Authority Officials; Limited Liability of Authority to Holders.*** No covenant or agreement contained in the Subordinate Obligations or in this Agreement shall be deemed to be the covenant or agreement of any present or future official, officer, agent or employee of the Authority in his individual capacity, and neither the members of the Authority nor any person executing the Subordinate Obligations shall be liable personally on the Subordinate Obligations or be subject to any personal liability or accountability by reason of the issuance thereof.

Except for the payment from the Subordinate Pledged Revenues when due of the payments and the observance and performance of the other agreements, conditions, covenants and terms required to be performed by it contained in this Agreement, the Authority shall not have any obligation or liability to the Holders with respect to this Agreement or the preparation, execution, delivery, transfer, exchange or cancellation of the Subordinate Obligations or the receipt, deposit or disbursement of the payments by the Trustee, or with respect to the performance by the Trustee of any obligation required to be performed by it contained in this Agreement.

**Section 11.04. *Execution of Instruments; Proof of Ownership.*** Any request, direction, consent or other instrument in writing required or permitted by this Agreement to be signed or executed by Holders or on their behalf by an attorney-in-fact may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Holders in person or by an agent or attorney-in-fact appointed by an instrument in writing or as provided in the Subordinate Obligations. Proof of the execution of any such instrument and of the ownership of Subordinate Obligations shall be sufficient for any purpose of this Agreement and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(b) The fact of the holding by any person of Subordinate Obligations transferable by delivery and the amounts and numbers of such Subordinate Obligations, and the date of the holdings of the same, may be proved by a certificate deemed by the Trustee to be satisfactory, executed by any trust company, bank or banker, stating that, at the date thereof, the party therein did exhibit to the officer of such trust company or bank or to such banker, as the property of such party, the Subordinate Obligations mentioned therein. The Trustee may, in its discretion, require evidence that such Subordinate Obligations have been deposited with a bank or trust company before taking any action based on such ownership. In lieu of the foregoing, the Trustee may accept other proofs as it shall deem appropriate.

(c) The ownership of Subordinate Obligations registered otherwise than to bearer and the amount or amounts of such Subordinate Obligations shall be proved by the registration books kept under the provisions of Section 2.04 hereof.

Nothing contained in this Section 11.04 shall be construed as limiting the Trustee to such proof. The Trustee may accept any other evidence of matters herein stated which it may deem sufficient. Any request, consent of, or assignment by any Holder shall bind every future Holder of the same Subordinate Obligations or any Subordinate Obligations issued in lieu thereof in respect of anything done by the Trustee or the Authority in pursuance of such request or consent.

**Section 11.05. *Governing Law.*** The laws of the State shall govern the construction and enforcement of this Agreement and of all Subordinate Obligations issued hereunder.

**Section 11.06. *Notices.*** Except as otherwise provided in this Agreement, all notices, certificates, requests, requisitions or other communications by the Authority or the Trustee pursuant to this Agreement shall be in writing and shall be sufficiently given and shall be deemed given when mailed by certified, registered or first-class mail, postage prepaid, to the addresses below. Any such communication may also be sent to the Trustee, but not to the Authority by Electronic Means, receipt of which shall be confirmed.

Trustee:	U.S. Bank National Association 633 West Fifth Street 24 <sup>th</sup> Floor Mail Stop: LM-CA-T24T Los Angeles, California 90071 Attention: Global Corporate Trust Services Telephone: (213) 615-6047 Fax: (213) 615-6197
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Authority:	Los Angeles County Metropolitan Transportation Authority One Gateway Plaza Los Angeles, California 90012 Attention: Treasurer Telephone: (213) 922-4047 Fax: (213) 922-4027
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Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent hereunder.

**Section 11.07. *Business Days.*** If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, shall not be a Business Day, such payment may, unless otherwise provided in this Agreement or, with respect to any Series of Subordinate Obligations or portion of Series of Subordinate Obligations, provided in the Supplemental Agreement under which such Subordinate Obligations are issued or provided in the Subordinate Obligations, be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date

provided in this Agreement, and no interest shall accrue for the period from and after such nominal date.

**Section 11.08. *Validity of Subordinate Obligations Not Affected by Acts of Authority.***

The validity of the authorization and issuance of the Subordinate Obligations by the Authority shall not be dependent upon or affected in any way by:

(a) Proceedings taken by the Authority for the acquisition, construction or completion of the Projects or any part thereof;

(b) Any contracts made in connection with the acquisition, construction or completion of the Projects; or

(c) The failure to complete the Projects or any portion thereof for which the Subordinate Obligations are authorized to be issued.

**Section 11.09. *Counterparts.*** This Agreement may be executed in counterparts, each of which shall be an original and all of which constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

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

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

A large black rectangular redaction box covering the signature and name of the Los Angeles County Metropolitan Transportation Authority.

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

A large black rectangular redaction box covering the signature and name of U.S. Bank National Association.

[Signature page to Subordinate Trust Agreement]

**EXHIBIT A**

**FORM OF PROJECT FUND REQUISITION**

\_\_\_\_\_

To: U.S. Bank National Association  
633 West Fifth Street, 24th Floor  
Los Angeles, California 90071  
Attention: Global Corporate Trust Services  
Ref: [\_\_\_\_\_]

Re: Los Angeles County Metropolitan Transportation Authority Measure R Sales Tax  
Subordinate Obligations Project Fund

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The undersigned, an Authorized Authority Representative within the meaning of the Subordinate Trust Agreement, dated as of November 1, 2015 (the "Agreement"), by and between the Los Angeles County Metropolitan Transportation Authority (the "Authority") and U.S. Bank National Association, as trustee (the "Trustee"), hereby requisitions the amount set forth above and directs that such amount be paid to the party set forth above from funds held in **[the subaccount in the] [Tax-Exempt Project Subaccount][Taxable Project Subaccount]** identified above and held under the Agreement and directs that payment be made in the manner described above.

**[Amounts requisitioned hereby will be expended only in accordance with and subject to the limitations set forth in the applicable Tax Certificate.]**

Capitalized terms not otherwise defined herein shall have the applicable meanings in the Agreement.

Dated: \_\_\_\_\_

\_\_\_\_\_

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**FIRST SUPPLEMENTAL SUBORDINATE TRUST AGREEMENT**

by and between

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY**

and

**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

Relating to

\$100,000,000

Los Angeles County Metropolitan Transportation Authority  
Subordinate Measure R Sales Tax Revenue Revolving Obligations, Series A

Dated as of November 1, 2015

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## **FIRST SUPPLEMENTAL SUBORDINATE TRUST AGREEMENT**

**THIS FIRST SUPPLEMENTAL SUBORDINATE TRUST AGREEMENT** (this “First Supplemental Subordinate Agreement”), dated as of November 1, 2015, is made by and between the **LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY** (the “Authority”), duly organized and existing pursuant to Chapter 2, Division 12 of the California Public Utilities Code (commencing with Section 130050.2 thereof) (the “Act”), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”), and supplements that certain Subordinate Trust Agreement, dated as of November 1, 2015 (the “Agreement”), by and between the Authority and the Trustee (capitalized terms used but not defined herein shall have the meanings given to such terms in the Agreement);

WHEREAS, Section 2.09 of the Agreement provides for the issuance of Subordinate Obligations and Section 10.02 of the Agreement provides for the execution and delivery of Supplemental Agreements setting forth the terms of such Subordinate Obligations; and

WHEREAS, Section 5.02(A)(5) of the Senior and Junior Subordinate Trust Agreement provides for the payment of fees, expenses and similar charges with respect to Subordinate Obligations on a basis subordinate to the payment of such Subordinate Obligations but senior to the payment of Junior Subordinate Obligations; and

WHEREAS, the Authority desires to implement a short-term borrowing program pursuant to the provisions of the Agreement; and

WHEREAS, the Authority now, for the purpose of providing money to finance and refinance Projects and for such other purposes as allowed by the Act, the Ordinance and the Agreement (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Authority), by execution and delivery of this First Supplemental Subordinate Agreement and in compliance with the provisions of the Agreement, sets forth the terms of its Los Angeles County Metropolitan Transportation Authority Subordinate Measure R Sales Tax Revenue Revolving Obligations, Series A (the “Revolving Obligations”), in an aggregate authorized principal amount of not to exceed \$100,000,000 at any time outstanding, provides for the deposit and use of the proceeds of the Revolving Obligations and makes other provisions relating to the Revolving Obligations. For purposes of clarity, the Advances and Loans under the Credit Agreement are Revolving Obligations.

WHEREAS, the Revolving Obligations are being issued as Subordinate Obligations as provided for in Section 2.09 of the Agreement and, as such, are also “Subordinate Obligations” under the Senior and Junior Subordinate Trust Agreement.

### **GRANTING CLAUSE**

In order to secure the payment of the Revolving Obligations, the Authority hereby pledges, assigns and grants to the holders of the Revolving Obligations all of the liens, rights, interests and privileges set forth in the Granting Clause of, and elsewhere, in the Agreement.

The Revolving Obligations are also secured as “Subordinate Obligations” under the Senior and Junior Subordinate Trust Agreement.

The payment of other amounts under the Credit Agreement (defined below) shall be payable from the Fees and Expenses Fund established under the Senior and Junior Subordinate Trust Agreement on a basis subordinate to the Subordinate Obligations as provided in Section 5.02(A)(5) of the Senior and Junior Subordinate Trust Agreement.

## ARTICLE I

### DEFINITIONS; INTERPRETATIONS

**Section 1.01. Definitions.** The following definitions shall apply to terms used in this First Supplemental Subordinate Agreement unless the context clearly requires otherwise. Capitalized terms not otherwise defined in this Section 1.01 or elsewhere in this First Supplemental Subordinate Agreement shall have the same meanings as set forth in the Agreement.

“*Additional Tax Certificate*” means a tax certificate or supplemental tax certificate delivered in connection with one or more Advances.

“*Advance*” has the meaning given to such term in the Credit Agreement.

“*Agreement*” means the Subordinate Trust Agreement, dated as of November 1, 2015, by and between the Authority and the Trustee, under which the Revolving Obligations are authorized and secured, as the same may be amended, modified or restated from time to time.

“*Authorized Amount*” means the aggregate principal amount of \$100,000,000.

“*Available Credit Agreement Commitment*” has the meaning given to the term “Available Commitment” in the Credit Agreement.

“*Business Day*” means any day other than (a) a Saturday, Sunday, (b) a day on which banks in Los Angeles, California, New York, New York or Boston, Massachusetts or the jurisdiction in which the Corporate Trust Office are required or authorized by law to be closed, (c) a day on which the Lender is required or authorized by law to be closed, or (d) a day on which the office of the Lender at which requests for advances are to be presented is authorized or obligated by law or executive order to be closed and is, in fact, closed.

“*Certificate*,” “*Statement*,” “*Request*,” “*Requisition*” and “*Order*” of the Authority means, respectively, a written certificate, statement, request, requisition or order signed by an Authorized Authority Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.03 hereof, each such instrument shall include the statements provided for in Section 1.03 hereof.

“*Code*” means, collectively, the Internal Revenue Code of 1986 as amended, and the United States Treasury Regulations applicable with respect thereto.

“*Commitment Expiration Date*” has the meaning given to such term in the Credit Agreement.

“*Credit Agreement*” means the Revolving Credit Agreement, dated as of November 1, 2015, by and between the Authority and the Lender, and any and all modifications, alterations, amendments and supplements thereto and restatements thereof.

“*Credit Agreement Default*” has the meaning given to the term “Default” in the Credit Agreement.

“*Credit Agreement Event of Default*” means any event or circumstance specified in Section 10.1 of the Credit Agreement.

“*Effective Date*” has the meaning given to such term in the Credit Agreement.

“*First Supplemental Subordinate Agreement*” means this First Supplemental Subordinate Trust Agreement, dated as of November 1, 2015, by and between the Authority and the Trustee and which sets forth the terms of the Revolving Obligations.

“*Identified Project*” means a Project described in the Tax Certificate provided by the Authority at the time of an Advance and which the Authority is lawfully permitted to undertake and which is acquired, constructed, improved, expanded or otherwise financed with the Proceeds of an Advance, or any other purpose allowed by the Act, the Ordinance and the Agreement (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Authority).

“*Interest Account*” means the account of such name established in the Series A Revolving Obligation Debt Service Fund pursuant to Section 3.01 hereof

“*Lender*” means State Street Public Lending Corporation and its successors and assigns.

“*Loan*” and “*Loans*” have the meanings given to such terms in the Credit Agreement.

“*Maturity Date*” means the Amortization End Date (as defined in the Credit Agreement).

“*Note*” has the meaning given to such term in the Credit Agreement. The Note evidences the Revolving Obligations.

“*Opinion of Bond Counsel*” means a written opinion of Bond Counsel.

“*Principal Account*” means the account of such name established in the Series A Revolving Obligation Debt Service Fund pursuant to Section 3.01 hereof.

“*Reimbursement Obligations*” has the meaning given to such term in the Credit Agreement.

“*Request for Advance*” has the meaning given to such term in the Credit Agreement.

“*Revolving Loan*” has the meaning given to such term in the Credit Agreement.

“*Revolving Obligation*” means, without duplication, a Loan and the related Reimbursement Obligations.

“*Series A Revolving Obligation Debt Service Fund*” means the fund defined as such in Section 3.01 hereof and into which money is to be deposited to pay debt service on the Revolving Obligations.

“*Tax Certificate*” means the Tax Certificate delivered by the Authority concurrently with this First Supplemental Subordinate Agreement, as originally executed and as it may from time to time be amended or supplemented pursuant to its terms, and includes any Additional Tax Certificate.

“*Term Loan*” has the meaning given to such term in the Credit Agreement.

**Section 1.02. Article and Section References.** Except as otherwise indicated, references to Articles and Sections are to Articles and Sections of this First Supplemental Subordinate Agreement.

**Section 1.03. Content of Certificates and Opinions.** Every certificate or opinion provided for in this First Supplemental Subordinate Agreement with respect to compliance with any provision hereof or thereof shall include (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (c) a statement (i) that, in the opinion of such person, he or she has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter or (ii) that he or she had made or caused to be made his or her examination or investigation with respect to the subject matter in accordance with specified professional standards; and (d) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Authority may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant or an independent consultant, unless such officer or staff member knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant or an independent consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority) upon a certificate or opinion of or representation by an officer of the Authority, unless such counsel, accountant or independent consultant knows, or in the exercise of reasonable care should have

known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Authority, or the same counsel or accountant or independent consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this First Supplemental Subordinate Agreement, but different officers, staff members, counsel, accountants or independent consultants may certify to different matters, respectively.

## ARTICLE II

### THE REVOLVING OBLIGATIONS; NOTE

#### **Section 2.01. Authorized Amount of an Advance; Terms and Description of Advances and the Note.**

(a) No Revolving Obligations may be issued and/or incurred under the provisions of this First Supplemental Subordinate Agreement except in accordance with this Article and the Credit Agreement. The making of an Advance under the Credit Agreement constitutes the issuance or incurrence of a Revolving Obligation hereunder.

(b) The Authority hereby authorizes the issuance and/or incurrence of its "Los Angeles County Metropolitan Transportation Authority Subordinate Measure R Sales Tax Revenue Revolving Obligations, Series A" in the form of Revolving Obligations, subject to the provisions of the Credit Agreement, this Section 2.01 and as hereinafter provided. The Revolving Obligations shall be issued and/or incurred, from time to time, as provided herein to finance the Costs of the Projects or such other purposes as allowed by the Act, the Ordinance and the Agreement. Such authorization specifically includes the authorization to issue and/or incur Revolving Obligations for such purposes and to repay such obligations on or prior to their respective Maturity Dates, and thereafter, prior to the Commitment Expiration Date, issue new Revolving Obligations provided that at no time may the aggregate principal amount of Revolving Obligations exceed the lesser of the Authorized Amount or the total Available Credit Agreement Commitment without taking into account any Loans. The Available Credit Agreement Commitment may be modified in accordance with the terms of the Credit Agreement, provided, however, that in no event shall the Available Credit Agreement Commitment exceed the Authorized Amount.

(c) Prior to the issuance and/or incurrence of a Revolving Loan all conditions precedent to the Advance set forth in the Credit Agreement shall be satisfied (unless waived). Revolving Obligations shall bear interest from their respective dates of issuance and/or incurrence at the rates and in the manner determined under the Credit Agreement and shall be payable on the dates, at the times and in the manner set forth in the Credit Agreement.

(d) The Revolving Obligations shall be issued and/or incurred at a price not less than 100% of the principal amount thereof.

(e) The Revolving Obligations shall be payable in the amounts, at the times and in the manner set forth in the Credit Agreement; provided that in no event shall the interest component of the Revolving Obligations be at a rate in excess of the Maximum Interest Rate.

(f) The Revolving Obligations shall be subject to prepayment prior to maturity in the amounts, at the times and in the manner set forth in the Credit Agreement.

(g) The conditions set forth in Section 3.06 of the Senior and Junior Subordinate Trust Agreement shall be satisfied with respect to such Revolving Obligation.

(h) The certificate described in subsection (f) of Section 2.09 of the Agreement shall be delivered so long as such section is, by its terms, applicable. None of the other documents set forth in Section 2.09 need be provided with respect to the issuance of a Revolving Obligation subsequent to the Effective Date.

(i) On the Effective Date, the Authority will issue the Note in order to evidence the obligation of the Authority to repay the Lender for any Loans, together with interest thereon from time to time at the rates and times established in accordance with the Credit Agreement. Principal on each Loan shall be payable as provided in the Credit Agreement.

(j) The Revolving Obligations shall constitute Subordinate Obligations within the meaning of the Agreement and the Senior and Junior Subordinate Trust Agreement.

(k) The Revolving Obligations shall be represented by the Note.

(l) With respect to any Advance and related Loan, the Authority shall have obtained an Opinion of Bond Counsel, addressed to the Authority and the Lender, to the effect that the interest on the applicable Advance and related Loan is excluded from gross income for federal income tax purposes, and that the interest on such Advance is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. At the Authority's option, after consultation with Bond Counsel, the Authority may obtain an Opinion of Bond Counsel that relates to one or more Advances (and related Loans).

**Section 2.02. Payment of Revolving Obligations.** The Authority, as provided in Section 5.01 of the Agreement, covenants and agrees that it will duly and punctually pay or cause to be paid when due from the Subordinate Pledged Revenues and to the extent thereof the principal of and interest on every Revolving Obligation. The principal of and the interest on the Revolving Obligations shall be paid in federal or other immediately available funds in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. Notwithstanding anything herein or in the Agreement to the contrary, no presentation or surrender of any Note or Revolving Obligation shall be required for any payment of principal of or interest or premium on any Revolving Obligation.

**Section 2.03. Use of Revolving Obligation Proceeds.** The Authority may issue and/or incur Revolving Obligations under this First Supplemental Subordinate Agreement. The making of an Advance and the related Loan under the Credit Agreement constitutes the issuance or

incurrence of a Revolving Obligation hereunder. The proceeds of the Revolving Obligations shall be used only to pay Costs of the Identified Projects and for such other purposes as allowed by the Act, the Ordinance and the Agreement (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Authority).

### ARTICLE III

#### APPLICATION OF REVOLVING OBLIGATION PROCEEDS

**Section 3.01. Creation of Debt Service Fund.** The Authority hereby establishes the “Los Angeles County Metropolitan Transportation Authority Subordinate Measure R Sales Tax Revenue Revolving Obligations, Series A Debt Service Fund” (the “Series A Revolving Obligation Debt Service Fund”) and therein an Interest Account and a Principal Account, to be held by the Trustee. The Series A Revolving Obligation Debt Service Fund and each of the accounts held therein shall be maintained by the Trustee in trust for the benefit of the Lender and each holder of an interest in the Note and their respective permitted successors, transferees and assigns.

**Section 3.02. Deposit of Proceeds of Revolving Obligations.** Except as otherwise provided in the following sentence, upon receipt from the Lender, the Authority shall transfer or cause to be transferred the proceeds from each Advance to the Trustee immediately upon receipt thereof. The proceeds from each Advance shall be applied by (a) the Trustee, at the direction of an Authorized Authority Representative, for deposit into the appropriate account and/or subaccount of the Project Fund as directed by an Authorized Authority Representative in accordance with Section 4.02 of the Agreement.

**Section 3.03. Deposits into the Series A Revolving Obligation Debt Service Fund; Use of the Series A Revolving Obligation Debt Service Fund.**

(a) **Interest Account.** The Trustee shall deposit into the Interest Account from amounts deposited in the Subordinate Pledged Revenues Fund pursuant to Section 4.03 of the Agreement the amount necessary to pay interest on the Revolving Obligations in the amounts, at the rates and at the times when due as provided in the Credit Agreement. The Trustee shall also deposit into the Interest Account any other amounts deposited with the Trustee for deposit in the Interest Account or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Interest Account shall be held on a priority basis for the ratable security and payment of interest due on the Revolving Obligations in accordance with their terms at any time in proportion to the amounts due or accrued with respect to each of them. The Trustee shall use amounts on deposit in the Interest Account to pay interest on the Revolving Obligations in accordance with the Credit Agreement. On or about July 15 of each Fiscal Year, earnings on the Interest Account shall be withdrawn by the Trustee and deposited to the Subordinate Pledged Revenues Fund.

(b) **Principal Account.** No money shall be required to be deposited into the Principal Account before the Commitment Expiration Date. After the Commitment Expiration Date, the Trustee shall deposit into the Principal Account one day prior to an Amortization Payment Date

(as defined in the Credit Agreement) from amounts deposited in the Subordinate Pledged Revenues Fund pursuant to Section 4.03 of the Agreement an amount equal to the Amortization Payment (as defined in the Credit Agreement) due and payable on the Revolving Obligations on the next succeeding Amortization Payment Date. The Trustee shall also deposit into the Principal Account any other amounts deposited with the Trustee for deposit into the Principal Account or transferred from other funds and accounts for deposit therein. The Trustee shall use amounts on deposit in the Principal Account to pay principal of the Revolving Obligations in accordance with the Credit Agreement. On or about July 15 of each Fiscal Year, earnings on the Principal Account shall be withdrawn by the Trustee and deposited to the Subordinate Pledged Revenues Fund.

(c) If, by the fifth Business Day before any payment of interest or principal on a Revolving Obligation is required to be made, the Trustee does not hold in the relevant account in the Series A Revolving Obligation Debt Service Fund an amount equal to the amount required to be paid on such date, the Trustee shall immediately notify the Authority.

(d) If the amount in either the Interest Account or the Principal Account is at any time insufficient to make payments of interest or principal on a Revolving Obligation when due, or at any time, the Authority may, at its election (but shall not be obligated to), deposit with the Trustee funds from any available sources with the direction that such funds be deposited into the Interest Account, the Principal Account or any other fund or account held by the Trustee.

**Section 3.04. Investment of Moneys in Funds, Accounts and Subaccounts.** All moneys in any of the funds, subfunds, accounts and subaccounts held by the Trustee and established pursuant to this First Supplemental Subordinate Agreement shall be invested in accordance with the provisions of Article VI of the Agreement.

Unless an Authorized Authority Representative directs such investment earnings to be deposited directly into the Subordinate Pledged Revenues Fund, the Rebate Fund or as otherwise provided in the Tax Certificate, all interest, profits and other income received from the investment of moneys in any fund, subfund, account or subaccount shall remain in and be credited to such fund, subfund, account or subaccount. In addition, an amount of interest received with respect to any investments equal to the amount of accrued interest, if any, paid as part of the purchase price of such investment shall be credited to the fund, subfund, account or subaccount from which such accrued interest was paid.

The Trustee may, subject to the terms of the Tax Certificate, commingle any of the moneys on deposit in any of the funds, subfunds, accounts or subaccounts established pursuant to this First Supplemental Subordinate Agreement into a separate fund or funds for investment purposes only, provided that all funds, subfunds, accounts and subaccounts held by the Trustee hereunder shall be accounted for separately as required by this First Supplemental Subordinate Agreement. The Trustee may sell at the best price obtainable, or present for redemption, any investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund, subfund, account or subaccount to which such investment is credited.

The Trustee shall keep or cause to be kept proper books of record and accounts containing complete and correct entries of all transactions made by each, respectively, relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Revolving Obligations, including moneys derived from, pledged to, or to be used to make payments on the Revolving Obligations. Such records shall specify the fund, subfund, account or subaccount to which each investment (or portion thereof) is to be allocated and shall set forth, in the case of each investment, (a) its purchase price, (b) identifying information, including par amount, coupon rate and payment dates, (c) the amount received at maturity or its sale price, as the case may be, including accrued interest, (d) the amounts and dates of any payments made with respect thereto, and (e) the dates of acquisition of disposition or maturity.

**Section 3.05. Fees and Expenses.** Upon receipt of any invoice for amounts owing under the Credit Agreement other than principal and interest on the Revolving Obligations, the Trustee shall remit such invoices to the Senior and Junior Subordinate Trustee (with a copy to the Authority) for payment in accordance with the Senior and Junior Subordinate Trust Agreement.

## **ARTICLE IV**

### **PLEDGE AND PAYMENT**

The Revolving Obligations, the Note and the Reimbursement Obligations are Subordinate Obligations and, as such, are limited obligations of the Authority secured by a pledge of and shall be a lien upon and shall be payable solely from the funds, assets and security described hereunder and under the Agreement. The Revolving Obligations, the Note and the Reimbursement Obligations are also “Subordinate Obligations” under the Senior and Junior Subordinate Trust Agreement. For the avoidance of doubt, all obligations with respect to any Advance, including the Revolving Obligations, the Reimbursement Obligations, the Loans and the Note, insofar as they relate to a single Advance, represent a single indebtedness.

The Authority hereby pledges, places a lien upon and assigns Subordinate Pledged Revenues to secure the payment of the principal of and interest on the Revolving Obligations, the Note and any Reimbursement Obligations (without duplication) in accordance with their terms, including the terms of the Credit Agreement. The Subordinate Pledged Revenues constitute a trust fund for the security and payment of the interest on and principal of the Revolving Obligations, the Note, the Reimbursement Obligations and all other Subordinate Obligations, and the Lender, as holder of the Note and the payee of the Reimbursement Obligations and the holders from time to time of the other Subordinate Obligations of the Authority and any other future parity Subordinate Obligations, shall share *pari passu* without priority or distinction of one over the other in the Subordinate Pledged Revenues.

To provide additional security for the payment of the principal of and interest on the Revolving Obligations, the Note and the Reimbursement Obligations as the same shall become due and payable, the Authority hereby pledges and grants a lien upon, subject only to the provisions of this First Supplemental Subordinate Agreement and the Tax Certificate permitting the application thereof for purposes and on the terms and conditions set forth herein and therein,

(a) amounts held for the payment of such Revolving Obligations, Note and Reimbursement Obligations by the Trustee in the Series A Revolving Obligation Debt Service Fund, (b) amounts derived from such Revolving Obligations, Note and Reimbursement Obligations and held by the Trustee in the Project Fund, (c) the proceeds of any other evidences of indebtedness of the Authority issued or incurred solely for the payment of the principal of and interest on such Revolving Obligations, the Note and the Reimbursement Obligations, and (d) any other moneys of the Authority hereafter pledged by the Authority to the payment of the principal of and interest on the Revolving Obligations, the Note and the Reimbursement Obligations.

The “Other Obligations” under the Credit Agreement constitute Fees and Expenses under the Subordinate Trust Agreement and under the Senior and Junior Subordinate Trust Agreement and are payable from the “Fees and Expenses Fund” established pursuant to Section 5.02(A)(5) of the Senior and Junior Subordinate Trust Agreement after the Subordinate Obligations and prior to the Junior Subordinate Obligations. Such amounts, and other amounts payable from such fund, are payable on a parity basis without priority or distinction of one over the other in the amounts deposited in such fund in accordance with the Senior and Junior Subordinate Trust Agreement.

## ARTICLE V

### TAX COVENANTS

**Section 5.01. Tax Covenants.** The Authority covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest paid on the Revolving Obligations under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority shall comply with all requirements and covenants contained in the Tax Certificate. In the event that at any time the Authority is of the opinion that for purposes of this Section 5.01 hereof it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under this First Supplemental Subordinate Trust Agreement, the Authority shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

Notwithstanding any provision of this Section 5.01 hereof, if the Authority shall receive an opinion of Bond Counsel to the effect that any action required under the Tax Certificate or this Section 5.01 hereof is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest paid on the Revolving Obligations pursuant to Section 103 of the Code, the Authority and the Trustee may rely conclusively on such opinion in complying with the provisions hereof, and the covenants hereunder shall be deemed to be modified to that extent.

## ARTICLE VI

### MISCELLANEOUS

**Section 6.01. Additional Event of Default.** As permitted by Sections 8.01(h) and 8.12 of the Agreement, there is hereby provided an additional Event of Default for as long as there are Subordinate Obligations Outstanding hereunder or Available Credit Agreement Commitment in effect pursuant to the Credit Agreement:

“A Credit Agreement Event of Default shall be an Event of Default under Section 8.01 of the Agreement.”

**Section 6.02. Modification of the Agreement and this First Supplemental Subordinate Agreement.** Subject to Section 9.1(b) of the Credit Agreement, the Authority may, from time to time and at any time, execute and deliver Supplemental Agreements supplementing and/or amending the Agreement and this First Supplemental Subordinate Agreement in the manner set forth in Article X of the Agreement.

**Section 6.03. Reimbursement Obligations Afforded Status of Subordinate Obligations.** Reimbursement Obligations owed by the Authority to the Lender shall be afforded the status of a Subordinate Obligation and the Lender shall be the initial Subordinate Obligation holder subject to the payment and transfer terms established in the Credit Agreement.

**Section 6.04. Notices.**

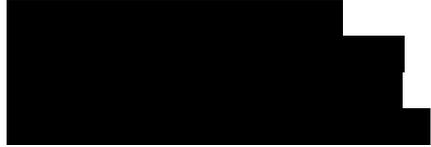
(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this First Supplemental Subordinate Agreement or the Revolving Obligations must be in writing, except as expressly provided otherwise, in this First Supplemental Subordinate Agreement or the Revolving Obligations.

(b) Any notice or other communication, unless otherwise specified, shall be sufficiently given and deemed given when mailed by first-class mail, postage prepaid, addressed to the Authority or the Trustee at the addresses provided in the Agreement or when delivered by hand and received by the Authority or the Trustee at the addresses provided in the Agreement. Any notice or other communication to the Lender shall be sent to the following addresses:

State Street Public Lending Corporation  
State Street Financial Center SFC/5  
Municipal Finance  
State Street Financial Center  
1 Lincoln Street  
Boston, MA 02111-2904



State Street Public Lending Corporation  
One Lincoln Street, 5th Floor  
Boston, Massachusetts 02111



Payment Instructions:



Any addressee may designate additional or different addresses for purposes of this Section.

**Section 6.05. Parties Interested Herein.** Nothing in this First Supplemental Subordinate Agreement expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Authority, the Trustee, the Lender and any other holder of any interest in the Note, any right, remedy or claim under or by reason of this First Supplemental Subordinate Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this First Supplemental Subordinate Agreement contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, the Lender and any other holder of the Note.

**Section 6.06. Agreement to Remain in Effect.** Save and except as amended and supplemented by this First Supplemental Subordinate Agreement, the Agreement shall remain in effect.

**Section 6.07. Severability.** If any provision of this First Supplemental Subordinate Agreement shall be determined to be unenforceable, that shall not affect any other provision of this First Supplemental Subordinate Agreement.

**Section 6.08. Payments or Actions Occurring on Non-Business Days.** Anything in Section 11.07 of the Agreement notwithstanding, if a payment date is not a Business Day at the place of payment, then payment may be made at that place on the next Business Day, provided that such extension of time shall be reflected in computing interest or fees, as the case may be. If any action required hereunder is required on a date that is not a Business Day, then such action

may be taken on the next Business Day with the same effect as if such action was taken on the stated date.

**Section 6.09. Governing Law.** This First Supplemental Subordinate Agreement shall be governed by and construed in accordance with the laws of the State.

**Section 6.10. Captions.** The captions in this First Supplemental Subordinate Agreement are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this First Supplemental Subordinate Agreement.

**Section 6.11. Counterparts.** This First Supplemental Subordinate Agreement may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

[End of First Supplemental Subordinate Trust Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Subordinate Trust Agreement to be duly executed, by their authorized signatories, all as of the date first above written.

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

A large black rectangular redaction box covering the signature area of the Los Angeles County Metropolitan Transportation Authority.

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

A large black rectangular redaction box covering the signature area of the U.S. Bank National Association.

[Signature page to First Supplemental Subordinate Trust Agreement]



**SECOND SUPPLEMENTAL SUBORDINATE TRUST AGREEMENT**

by and between

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY**

and

**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

Relating to

\$50,000,000

Los Angeles County Metropolitan Transportation Authority  
Subordinate Measure R Sales Tax Revenue Revolving Obligations, Series B

Dated as of November 1, 2015

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## **SECOND SUPPLEMENTAL SUBORDINATE TRUST AGREEMENT**

**THIS SECOND SUPPLEMENTAL SUBORDINATE TRUST AGREEMENT** (this “Second Supplemental Subordinate Agreement”), dated as of November 1, 2015, is made by and between the **LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY** (the “Authority”), duly organized and existing pursuant to Chapter 2, Division 12 of the California Public Utilities Code (commencing with Section 130050.2 thereof) (the “Act”), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”), and supplements that certain Subordinate Trust Agreement, dated as of November 1, 2015 (the “Agreement”), by and between the Authority and the Trustee (capitalized terms used but not defined herein shall have the meanings given to such terms in the Agreement);

WHEREAS, Section 2.09 of the Agreement provides for the issuance of Subordinate Obligations and Section 10.02 of the Agreement provides for the execution and delivery of Supplemental Agreements setting forth the terms of such Subordinate Obligations; and

WHEREAS, Section 5.02(A)(5) of the Senior and Junior Subordinate Trust Agreement provides for the payment of fees, expenses and similar charges with respect to Subordinate Obligations on a basis subordinate to the payment of such Subordinate Obligations but senior to the payment of Junior Subordinate Obligations; and

WHEREAS, the Authority desires to implement a short-term borrowing program pursuant to the provisions of the Agreement; and

WHEREAS, the Authority now, for the purpose of providing money to finance and refinance Projects and for such other purposes as allowed by the Act, the Ordinance and the Agreement (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Authority), by execution and delivery of this Second Supplemental Subordinate Agreement and in compliance with the provisions of the Agreement, sets forth the terms of its Los Angeles County Metropolitan Transportation Authority Subordinate Measure R Sales Tax Revenue Revolving Obligations, Series B (the “Revolving Obligations”), in an aggregate authorized principal amount of not to exceed \$50,000,000 at any time outstanding, provides for the deposit and use of the proceeds of the Revolving Obligations and makes other provisions relating to the Revolving Obligations. For purposes of clarity, the Advances and Loans under the Credit Agreement are Revolving Obligations.

WHEREAS, the Revolving Obligations are being issued as Subordinate Obligations as provided for in Section 2.09 of the Agreement and, as such, are also “Subordinate Obligations” under the Senior and Junior Subordinate Trust Agreement.

### **GRANTING CLAUSE**

In order to secure the payment of the Revolving Obligations, the Authority hereby pledges, assigns and grants to the holders of the Revolving Obligations all of the liens, rights, interests and privileges set forth in the Granting Clause of, and elsewhere, in the Agreement.

The Revolving Obligations are also secured as “Subordinate Obligations” under the Senior and Junior Subordinate Trust Agreement.

The payment of other amounts under the Credit Agreement (defined below) shall be payable from the Fees and Expenses Fund established under the Senior and Junior Subordinate Trust Agreement on a basis subordinate to the Subordinate Obligations as provided in Section 5.02(A)(5) of the Senior and Junior Subordinate Trust Agreement.

## ARTICLE I

### DEFINITIONS; INTERPRETATIONS

**Section 1.01. Definitions.** The following definitions shall apply to terms used in this Second Supplemental Subordinate Agreement unless the context clearly requires otherwise. Capitalized terms not otherwise defined in this Section 1.01 or elsewhere in this Second Supplemental Subordinate Agreement shall have the same meanings as set forth in the Agreement.

“*Additional Tax Certificate*” means a tax certificate or supplemental tax certificate delivered in connection with one or more Advances resulting in one or more Tax-Exempt Loans.

“*Advance*” has the meaning given to such term in the Credit Agreement.

“*Agreement*” means the Subordinate Trust Agreement, dated as of November 1, 2015, by and between the Authority and the Trustee, under which the Revolving Obligations are authorized and secured, as the same may be amended, modified or restated from time to time.

“*Authorized Amount*” means the aggregate principal amount of \$50,000,000.

“*Available Credit Agreement Commitment*” has the meaning given to the term “Available Commitment” in the Credit Agreement.

“*Business Day*” means any day other than (a) a Saturday, Sunday, (b) a day on which banks in Los Angeles, California, New York, New York or the jurisdiction in which the Corporate Trust Office are required or authorized by law to be closed, (c) a day on which the Lender is required or authorized by law to be closed or (d) a day on which the office of the Lender at which requests for advances are to be presented is authorized or obligated by law or executive order to be closed and is, in fact, closed.

“*Certificate*,” “*Statement*,” “*Request*,” “*Requisition*” and “*Order*” of the Authority means, respectively, a written certificate, statement, request, requisition or order signed by an Authorized Authority Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.03 hereof, each such instrument shall include the statements provided for in Section 1.03 hereof.

“*Code*” means, collectively, the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations applicable with respect thereto.

“*Commitment Expiration Date*” has the meaning given to such term in the Credit Agreement.

“*Credit Agreement*” means the Revolving Credit Agreement, dated as of November 1, 2015, by and between the Authority and the Lender, and any and all modifications, alterations, amendments and supplements thereto and restatements thereof.

“*Credit Agreement Default*” has the meaning given to the term “Default” in the Credit Agreement.

“*Credit Agreement Event of Default*” means any event or circumstance specified in Section 10.1 of the Credit Agreement.

“*Effective Date*” has the meaning given to such term in the Credit Agreement.

“*Interest Account*” means the account of such name established in the Series B Revolving Obligation Debt Service Fund pursuant to Section 3.01 hereof.

“*Lender*” means Bank of the West and its successors and assigns.

“*Loan*” and “*Loans*” have the meanings given to such terms in the Credit Agreement.

“*Maturity Date*” means the Amortization End Date (as defined in the Credit Agreement).

“*Note*” means each of the Tax-Exempt Note and the Taxable Note and “*Notes*” means both the Tax-Exempt Note and the Taxable Note. The Notes evidence the Revolving Obligations.

“*Opinion of Bond Counsel*” means a written opinion of Bond Counsel.

“*Principal Account*” means the account of such name established in the Series B Revolving Obligation Debt Service Fund pursuant to Section 3.01 hereof.

“*Reimbursement Obligations*” has the meaning given to such term in the Credit Agreement.

“*Request for Advance*” has the meaning given to such term in the Credit Agreement.

“*Revolving Loan*” has the meaning given to such term in the Credit Agreement.

“*Revolving Obligation*” means any Tax-Exempt Revolving Obligation or Taxable Revolving Obligation.

“*Second Supplemental Subordinate Agreement*” means this Second Supplemental Subordinate Trust Agreement, dated as of November 1, 2015, by and between the Authority and the Trustee and which sets forth the terms of the Revolving Obligations.

“*Series B Revolving Obligation Debt Service Fund*” means the fund defined as such in Section 3.01 hereof and into which money is to be deposited to pay debt service on the Revolving Obligations.

“*Tax Certificate*” means the Tax Certificate delivered by the Authority concurrently with this Second Supplemental Subordinate Agreement, as originally executed and as it may from time to time be amended or supplemented pursuant to its terms, and includes any Additional Tax Certificate.

“*Taxable Loan*” has the meaning given to such term in the Credit Agreement.

“*Taxable Note*” has the meaning given to such term in the Credit Agreement.

“*Taxable Project*” means a Project described in a Certificate provided by the Authority at or prior to the time of the applicable Advance resulting in a Taxable Loan and which the Authority is lawfully permitted to undertake with the proceeds of such Advance, and which is acquired, constructed, improved, expanded or otherwise financed with the proceeds of such Advance, or any other purpose allowed by the Act, the Ordinance and the Agreement (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Authority).

“*Taxable Revolving Obligation*” means, without duplication, a Loan and the related Reimbursement Obligations, the interest on which is included in the gross income of the holder of such Revolving Obligation for federal income tax purposes.

“*Tax-Exempt Loan*” has the meaning given to such term in the Credit Agreement.

“*Tax-Exempt Note*” has the meaning given to such term in the Credit Agreement.

“*Tax-Exempt Revolving Obligation*” means, without duplication, a Loan and the related Reimbursement Obligations, the interest on which is excluded from the gross income of the holder of such Revolving Obligation for federal income tax purposes.

“*Tax-Exempt Project*” means a Project described in the Tax Certificate provided by the Authority with respect to the applicable Advance resulting in a Tax-Exempt Loan and which the Authority is lawfully permitted to undertake with the proceeds of such Advance, and which is acquired, constructed, improved, expanded or otherwise financed with the proceeds of such Advance, or any other purpose allowed by the Act, the Ordinance and the Agreement (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Authority) and which project generally satisfies the requirements of Section 141 of the Code and of the Tax Certificate for a Tax-Exempt Project.

“*Term Loan*” has the meaning given to such term in the Credit Agreement.

**Section 1.02. Article and Section References.** Except as otherwise indicated, references to Articles and Sections are to Articles and Sections of this Second Supplemental Subordinate Agreement.

**Section 1.03. Content of Certificates and Opinions.** Every certificate or opinion provided for in this Second Supplemental Subordinate Agreement with respect to compliance with any provision hereof or thereof shall include (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (c) a statement (i) that, in the opinion of such person, he or she has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter or (ii) that he or she had made or caused to be made his or her examination or investigation with respect to the subject matter in accordance with specified professional standards; and (d) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Authority may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant or an independent consultant, unless such officer or staff member knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant or an independent consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority) upon a certificate or opinion of or representation by an officer of the Authority, unless such counsel, accountant or independent consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Authority, or the same counsel or accountant or independent consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Second Supplemental Subordinate Agreement, but different officers, staff members, counsel, accountants or independent consultants may certify to different matters, respectively.

## ARTICLE II

### THE REVOLVING OBLIGATIONS; NOTES

**Section 2.01. Authorized Amount of an Advance; Terms and Description of Advances and the Notes.**

(a) No Revolving Obligations may be issued and/or incurred under the provisions of this Second Supplemental Subordinate Agreement except in accordance with this Article and the Credit Agreement. The making of an Advance under the Credit Agreement constitutes the issuance or incurrence of a Revolving Obligation hereunder.

(b) The Authority hereby authorizes the issuance and/or incurrence of its “Los Angeles County Metropolitan Transportation Authority Subordinate Measure R Sales Tax Revenue Revolving Obligations, Series B” in the form of Revolving Obligations, subject to the provisions of the Credit Agreement, this Section 2.01 and as hereinafter provided. The Revolving Obligations shall be issued and/or incurred, from time to time, as provided herein to finance the Costs of the Projects or such other purposes as allowed by the Act, the Ordinance and the Agreement. Such authorization specifically includes the authorization to issue and/or incur Revolving Obligations for such purposes and to repay such obligations on or prior to their respective Maturity Dates, and thereafter, prior to the Commitment Expiration Date, issue new Revolving Obligations provided that at no time may the aggregate principal amount of Revolving Obligations exceed the lesser of the Authorized Amount or the total Available Credit Agreement Commitment without taking into account any Loans. The Available Credit Agreement Commitment may be modified in accordance with the terms of the Credit Agreement, provided, however, that in no event shall the Available Credit Agreement Commitment exceed the Authorized Amount.

(c) Prior to the issuance and/or incurrence of a Revolving Loan all conditions precedent to the Advance set forth in the Credit Agreement shall be satisfied (unless waived). Revolving Obligations shall bear interest from their respective dates of issuance and/or incurrence at the rates and in the manner determined under the Credit Agreement and shall be payable on the dates, at the times and in the manner set forth in the Credit Agreement.

(d) The Revolving Obligations shall be issued and/or incurred at a price not less than 100% of the principal amount thereof.

(e) The Revolving Obligations shall be payable in the amounts, at the times and in the manner set forth in the Credit Agreement; provided that in no event shall the interest component of the Revolving Obligations be at a rate in excess of the Maximum Interest Rate.

(f) The Revolving Obligations shall be subject to prepayment prior to maturity in the amounts, at the times and in the manner set forth in the Credit Agreement.

(g) The conditions set forth in Section 3.06 of the Senior and Junior Subordinate Trust Agreement shall be satisfied with respect to such Revolving Obligation.

(h) The certificate described in subsection (f) of Section 2.09 of the Agreement shall be delivered so long as such section is, by its terms, applicable. None of the other documents set forth in Section 2.09 need be provided with respect to the issuance of a Revolving Obligation subsequent to the Effective Date.

(i) On the Effective Date, the Authority will issue the Tax-Exempt Note and the Taxable Note in order to evidence the obligation of the Authority to repay the Lender

for any Loans, together with interest thereon from time to time at the rates and times established in accordance with the Credit Agreement. Principal on each Loan shall be payable as provided in the Credit Agreement.

(j) The Revolving Obligations shall constitute Subordinate Obligations within the meaning of the Agreement and the Senior and Junior Subordinate Trust Agreement.

(k) The Tax-Exempt Revolving Obligations shall be represented by the Tax-Exempt Note and the Taxable Revolving Obligations shall be represented by the Taxable Note.

(l) With respect to any Advance resulting in a Tax-Exempt Loan, the Authority shall have obtained an Opinion of Bond Counsel, addressed to the Authority and the Lender, to the effect that the interest on the applicable Advance and related Loan is excluded from gross income for federal income tax purposes, and that the interest on such Advance is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. At the Authority's option, after consultation with Bond Counsel, the Authority may obtain an Opinion of Bond Counsel that relates to one or more Advances (and related Loans).

**Section 2.02. Payment of Revolving Obligations.** The Authority, as provided in Section 5.01 of the Agreement, covenants and agrees that it will duly and punctually pay or cause to be paid when due from the Subordinate Pledged Revenues and to the extent thereof the principal of and interest on every Revolving Obligation. The principal of and the interest on the Revolving Obligations shall be paid in federal or other immediately available funds in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. Notwithstanding anything herein or in the Agreement to the contrary, no presentation or surrender of any Note or Revolving Obligation shall be required for any payment of principal of or interest or premium on any Revolving Obligation.

**Section 2.03. Use of Revolving Obligation Proceeds.** The Authority may issue and/or incur Revolving Obligations under this Second Supplemental Subordinate Agreement. The making of an Advance and the related Loan under the Credit Agreement constitutes the issuance or incurrence of a Revolving Obligation hereunder. The proceeds of Tax-Exempt Revolving Obligations shall be used only to pay Costs of Tax-Exempt Projects and for such other purposes as allowed by the Act, the Ordinance and the Agreement (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Authority). The proceeds of Drawings on Taxable Revolving Obligations shall be used only to pay Costs of any Taxable Projects and for such other purposes as allowed by the Act, the Ordinance and the Agreement (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Authority).

## ARTICLE III

### APPLICATION OF REVOLVING OBLIGATION PROCEEDS

**Section 3.01. Creation of Debt Service Fund.** The Authority hereby establishes the “Los Angeles County Metropolitan Transportation Authority Subordinate Measure R Sales Tax Revenue Revolving Obligations, Series B Debt Service Fund” (the “Series B Revolving Obligation Debt Service Fund”) and therein an Interest Account and a Principal Account, to be held by the Trustee. The Series B Revolving Obligation Debt Service Fund and each of the accounts held therein shall be maintained by the Trustee in trust for the benefit of the Lender and each holder of an interest in a Note and their respective permitted successors, transferees and assigns.

**Section 3.02. Deposit of Proceeds of Revolving Obligations.** Except as otherwise provided in the following sentence, upon receipt from the Lender, the Authority shall transfer or cause to be transferred the proceeds from each Advance to the Trustee immediately upon receipt thereof. The proceeds from each Advance shall be applied by (a) the Trustee, at the direction of an Authorized Authority Representative, for deposit into the appropriate account and/or subaccount of the Project Fund as directed by an Authorized Authority Representative in accordance with Section 4.02 of the Agreement.

**Section 3.03. Deposits into the Series B Revolving Obligation Debt Service Fund; Use of the Series B Revolving Obligation Debt Service Fund.**

(a) **Interest Account.** The Trustee shall deposit into the Interest Account from amounts deposited in the Subordinate Pledged Revenues Fund pursuant to Section 4.03 of the Agreement the amount necessary to pay interest on the Revolving Obligations in the amounts, at the rates and at the times when due as provided in the Credit Agreement. The Trustee shall also deposit into the Interest Account any other amounts deposited with the Trustee for deposit in the Interest Account or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Interest Account shall be held on a priority basis for the ratable security and payment of interest due on the Revolving Obligations in accordance with their terms at any time in proportion to the amounts due or accrued with respect to each of them. The Trustee shall use amounts on deposit in the Interest Account to pay interest on the Revolving Obligations in accordance with the Credit Agreement. On or about July 15 of each Fiscal Year, earnings on the Interest Account shall be withdrawn by the Trustee and deposited to the Subordinate Pledged Revenues Fund.

(b) **Principal Account.** No money shall be required to be deposited into the Principal Account before the Commitment Expiration Date. After the Commitment Expiration Date, the Trustee shall deposit into the Principal Account one day prior to an Amortization Payment Date (as defined in the Credit Agreement) from amounts deposited in the Subordinate Pledged Revenues Fund pursuant to Section 4.03 of the Agreement an amount equal to the Amortization Payment (as defined in the Credit Agreement) due and payable on the Revolving Obligations on the next succeeding

Amortization Payment Date. The Trustee shall also deposit into the Principal Account any other amounts deposited with the Trustee for deposit into the Principal Account or transferred from other funds and accounts for deposit therein. The Trustee shall use amounts on deposit in the Principal Account to pay principal of the Revolving Obligations in accordance with the Credit Agreement. On or about July 15 of each Fiscal Year, earnings on the Principal Account shall be withdrawn by the Trustee and deposited to the Subordinate Pledged Revenues Fund.

(c) If, by the fifth Business Day before any payment of interest or principal on a Revolving Obligation is required to be made, the Trustee does not hold in the relevant account in the Series B Revolving Obligation Debt Service Fund an amount equal to the amount required to be paid on such date, the Trustee shall immediately notify the Authority.

(d) If the amount in either the Interest Account or the Principal Account is at any time insufficient to make payments of interest or principal on a Revolving Obligation when due, or at any time, the Authority may, at its election (but shall not be obligated to), deposit with the Trustee funds from any available sources with the direction that such funds be deposited into the Interest Account, the Principal Account or any other fund or account held by the Trustee.

**Section 3.04. Investment of Moneys in Funds, Accounts and Subaccounts.** All moneys in any of the funds, subfunds, accounts and subaccounts held by the Trustee and established pursuant to this Second Supplemental Subordinate Agreement shall be invested in accordance with the provisions of Article VI of the Agreement.

Unless an Authorized Authority Representative directs such investment earnings to be deposited directly into the Subordinate Pledged Revenues Fund, the Rebate Fund or as otherwise provided in the Tax Certificate, all interest, profits and other income received from the investment of moneys in any fund, subfund, account or subaccount shall remain in and be credited to such fund, subfund, account or subaccount. In addition, an amount of interest received with respect to any investments equal to the amount of accrued interest, if any, paid as part of the purchase price of such investment shall be credited to the fund, subfund, account or subaccount from which such accrued interest was paid.

The Trustee may, subject to the terms of the Tax Certificate, commingle any of the moneys on deposit in any of the funds, subfunds, accounts or subaccounts established pursuant to this Second Supplemental Subordinate Agreement into a separate fund or funds for investment purposes only, provided that all funds, subfunds, accounts and subaccounts held by the Trustee hereunder shall be accounted for separately as required by this Second Supplemental Subordinate Agreement. The Trustee may sell at the best price obtainable, or present for redemption, any investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund, subfund, account or subaccount to which such investment is credited.

The Trustee shall keep or cause to be kept proper books of record and accounts containing complete and correct entries of all transactions made by each, respectively, relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Revolving Obligations, including moneys derived from, pledged to, or to be used to make payments on the Revolving Obligations. Such records shall specify the fund, subfund, account or subaccount to which each investment (or portion thereof) is to be allocated and shall set forth, in the case of each investment, (a) its purchase price, (b) identifying information, including par amount, coupon rate and payment dates, (c) the amount received at maturity or its sale price, as the case may be, including accrued interest, (d) the amounts and dates of any payments made with respect thereto, and (e) the dates of acquisition of disposition or maturity.

**Section 3.05. Fees and Expenses.** Upon receipt of any invoice for amounts owing under the Credit Agreement other than principal and interest on the Revolving Obligations, the Trustee shall remit such invoices to the Senior and Junior Subordinate Trustee (with a copy to the Authority) for payment in accordance with the Senior and Junior Subordinate Trust Agreement.

## ARTICLE IV

### PLEDGE AND PAYMENT

The Revolving Obligations, the Notes and the Reimbursement Obligations are Subordinate Obligations and, as such, are limited obligations of the Authority secured by a pledge of and shall be a lien upon and shall be payable solely from the funds, assets and security described hereunder and under the Agreement. The Revolving Obligations, the Notes and the Reimbursement Obligations are also “Subordinate Obligations” under the Senior and Junior Subordinate Trust Agreement. For the avoidance of doubt, all obligations with respect to any Advance, including the Revolving Obligations, the Reimbursement Obligations, the Loans and the Note, insofar as they relate to a single Advance, represent a single indebtedness.

The Authority hereby pledges, places a lien upon and assigns Subordinate Pledged Revenues to secure the payment of the principal of and interest on the Revolving Obligations, the Notes and any Reimbursement Obligations (without duplication) in accordance with their terms, including the terms of the Credit Agreement. The Subordinate Pledged Revenues constitute a trust fund for the security and payment of the interest on and principal of the Revolving Obligations, the Notes, the Reimbursement Obligations and all other Subordinate Obligations, and the Lender, as holder of the Notes and the payee of the Reimbursement Obligations and the holders from time to time of the other Subordinate Obligations of the Authority and any other future parity Subordinate Obligations, shall share *pari passu* without priority or distinction of one over the other in the Subordinate Pledged Revenues.

To provide additional security for the payment of the principal of and interest on the Revolving Obligations, the Notes and the Reimbursement Obligations as the same shall become due and payable, the Authority hereby pledges and grants a lien upon, subject only to the provisions of this Second Supplemental Subordinate Agreement and the Tax Certificate permitting the application thereof for purposes and on the terms and conditions set forth herein

and therein, (a) amounts held for the payment of such Revolving Obligations, Notes and Reimbursement Obligations by the Trustee in the Series B Revolving Obligation Debt Service Fund, (b) amounts derived from such Revolving Obligations, Notes and Reimbursement Obligations and held by the Trustee in the Project Fund, (c) the proceeds of any other evidences of indebtedness of the Authority issued or incurred solely for the payment of the principal of and interest on such Revolving Obligations, the Notes and the Reimbursement Obligations, and (d) any other moneys of the Authority hereafter pledged by the Authority to the payment of the principal of and interest on the Revolving Obligations, the Notes and the Reimbursement Obligations.

The “Other Obligations” under the Credit Agreement constitute Fees and Expenses under the Subordinate Trust Agreement and under the Senior and Junior Subordinate Trust Agreement and are payable from the “Fees and Expenses Fund” established pursuant to Section 5.02(A)(5) of the Senior and Junior Subordinate Trust Agreement after the Subordinate Obligations and prior to the Junior Subordinate Obligations. Such amounts, and other amounts payable from such fund, are payable on a parity basis without priority or distinction of one over the other in the amounts deposited in such fund in accordance with the Senior and Junior Subordinate Trust Agreement.

## ARTICLE V

### TAX COVENANTS

**Section 5.01. Tax Covenants.** The Authority covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest paid on the Tax-Exempt Revolving Obligations under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority shall comply with all requirements and covenants contained in the Tax Certificate. In the event that at any time the Authority is of the opinion that for purposes of this Section 5.02 it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under this Second Supplemental Subordinate Trust Agreement, the Authority shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

Notwithstanding any provision of this Section 5.01 hereof, if the Authority shall receive an opinion of Bond Counsel to the effect that any action required under the Tax Certificate or this Section 5.01 hereof is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest paid on the Tax-Exempt Revolving Obligations pursuant to Section 103 of the Code, the Authority and the Trustee may rely conclusively on such opinion in complying with the provisions hereof, and the covenants hereunder shall be deemed to be modified to that extent.

ARTICLE VI

MISCELLANEOUS

**Section 6.01. Additional Event of Default.** As permitted by Sections 8.01(h) and 8.12 of the Agreement, there is hereby provided an additional Event of Default for as long as there are Subordinate Obligations Outstanding hereunder or Available Credit Agreement Commitment in effect pursuant to the Credit Agreement:

“A Credit Agreement Event of Default shall be an Event of Default under Section 8.01 of the Agreement.”

**Section 6.02. Modification of the Agreement and this Second Supplemental Subordinate Agreement.** Subject to Section 9.1(b) of the Credit Agreement, the Authority may, from time to time and at any time, execute and deliver Supplemental Agreements supplementing and/or amending the Agreement and this Second Supplemental Subordinate Agreement in the manner set forth in Article X of the Agreement.

**Section 6.03. Reimbursement Obligations Afforded Status of Subordinate Obligations.** Reimbursement Obligations owed by the Authority to the Lender shall be afforded the status of a Subordinate Obligation and the Lender shall be the initial Subordinate Obligation holder subject to the payment and transfer terms established in the Credit Agreement.

**Section 6.04. Notices.**

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Second Supplemental Subordinate Agreement or the Revolving Obligations must be in writing, except as expressly provided otherwise, in this Second Supplemental Subordinate Agreement or the Revolving Obligations.

(b) Any notice or other communication, unless otherwise specified, shall be sufficiently given and deemed given when mailed by first-class mail, postage prepaid, addressed to the Authority or the Trustee at the addresses provided in the Agreement or when delivered by hand and received by the Authority or the Trustee at the addresses provided in the Agreement. Any notice or other communication to the Lender shall be sent to the following address:

Lender:

Notice Addresses

Bank of the West  
180 Montgomery Street  
San Francisco, California 94104



[REDACTED]

with a copy to:

Bank of the West  
180 Montgomery Street  
San Francisco, California 94104

[REDACTED]

Payment Instructions:

[REDACTED]

Any addressee may designate additional or different addresses for purposes of this Section.

**Section 6.05. Parties Interested Herein.** Nothing in this Second Supplemental Subordinate Agreement expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Authority, the Trustee, the Lender and any other holder of any interest in the Note, any right, remedy or claim under or by reason of this Second Supplemental Subordinate Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Second Supplemental Subordinate Agreement contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, the Lender and any other holder of a Note.

**Section 6.06. Agreement to Remain in Effect.** Save and except as amended and supplemented by this Second Supplemental Subordinate Agreement, the Agreement shall remain in effect.

**Section 6.07. Severability.** If any provision of this Second Supplemental Subordinate Agreement shall be determined to be unenforceable, that shall not affect any other provision of this Second Supplemental Subordinate Agreement.

**Section 6.08. Payments or Actions Occurring on Non-Business Days.** Anything in Section 11.07 of the Agreement notwithstanding, if a payment date is not a Business Day at the place of payment, then payment may be made at that place on the next Business Day, provided that such extension of time shall be reflected in computing interest or fees, as the case may be. If

any action required hereunder is required on a date that is not a Business Day, then such action may be taken on the next Business Day with the same effect as if such action was taken on the stated date.

**Section 6.09. Governing Law.** This Second Supplemental Subordinate Agreement shall be governed by and construed in accordance with the laws of the State.

**Section 6.10. Captions.** The captions in this Second Supplemental Subordinate Agreement are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Second Supplemental Subordinate Agreement.

**Section 6.11. Counterparts.** This Second Supplemental Subordinate Agreement may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

[End of Second Supplemental Subordinate Trust Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Subordinate Trust Agreement to be duly executed, by their authorized signatories, all as of the date first above written.

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

A large black rectangular redaction box covering the signature and name of the Los Angeles County Metropolitan Transportation Authority representative.

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

A large black rectangular redaction box covering the signature and name of the U.S. Bank National Association representative.

[Signature page to Second Supplemental Subordinate Trust Agreement]

**EXECUTION COPY**

#2015-1944

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**THIRD SUPPLEMENTAL SUBORDINATE TRUST AGREEMENT**

by and between

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY**

and

**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

Relating to

\$150,000,000

Los Angeles County Metropolitan Transportation Authority  
Subordinate Measure R Sales Tax Revenue Drawdown Bonds, Series C

Dated as of November 1, 2015

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EXHIBIT A FORM OF DRAWDOWN BOND

EXHIBIT B FORM OF DRAWDOWN BOND PROJECT ACCOUNT REQUISITION

## **THIRD SUPPLEMENTAL SUBORDINATE TRUST AGREEMENT**

**THIS THIRD SUPPLEMENTAL SUBORDINATE TRUST AGREEMENT** (this “Third Supplemental Subordinate Agreement”), dated as of November 1, 2015, is made by and between the **LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY** (the “Authority”), duly organized and existing pursuant to Chapter 2, Division 12 of the California Public Utilities Code (commencing with Section 130050.2 thereof) (the “Act”), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”), and supplements that certain Subordinate Trust Agreement, dated as of November 1, 2015 (the “Agreement”), by and between the Authority and the Trustee (capitalized terms used but not defined herein shall have the meanings given to such terms in the Agreement);

WHEREAS, Section 2.09 of the Agreement provides for the issuance of Subordinate Obligations and Section 10.02 of the Agreement provides for the execution and delivery of Supplemental Agreements setting forth the terms of such Subordinate Obligations; and

WHEREAS, Section 5.02(A)(5) of the Senior and Junior Subordinate Trust Agreement provides for the payment of fees, expenses and similar charges with respect to Subordinate Obligations on a basis subordinate to the payment of such Subordinate Obligations but senior to the payment of Junior Subordinate Obligations;

WHEREAS, the Authority desires to implement a short-term borrowing program pursuant to the provisions of the Agreement; and

WHEREAS, the Authority now, for the purpose of providing money to finance and refinance Projects and for such other purposes as allowed by the Act, the Ordinance and the Agreement (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Authority), by execution and delivery of this Third Supplemental Subordinate Agreement and in compliance with the provisions of the Agreement, sets forth the terms of its Los Angeles County Metropolitan Transportation Authority Subordinate Measure R Sales Tax Revenue Drawdown Bonds, Series C (the “Drawdown Bonds”), provides for the deposit and use of the proceeds of the Drawdown Bonds and makes other provisions relating to the Drawdown Bonds.

WHEREAS, the Drawdown Bonds shall be issued in two subseries (Subseries C-1 (Tax-Exempt) and Subseries C-2 (Taxable)) and no more than \$150,000,000 in aggregate principal amount of Drawdown Bonds shall at any time Outstanding;

WHEREAS, the Drawdown Bonds are being issued as Subordinate Obligations as provided for in Section 2.09 of the Agreement and, as such, are also “Subordinate Obligations” under the Senior and Junior Subordinate Trust Agreement.

### **GRANTING CLAUSE**

In order to secure the payment of the Drawdown Bonds, the Authority hereby pledges, assigns and grants to the holders of the Drawdown Bonds all of the liens, rights, interests and

privileges set forth in the Granting Clause of, and elsewhere, in the Agreement. The Drawdown Bonds are also secured as “Subordinate Obligations” under the Senior and Junior Subordinate Trust Agreement.

The payment of other amounts under the Bondholder’s Agreement (defined below) shall be payable from the Fees and Expenses Fund established under the Senior and Junior Subordinate Trust Agreement on a basis subordinate to the Subordinate Obligations as provided in Section 5.02(A)(5) of the Senior and Junior Subordinate Trust Agreement.

## ARTICLE I

### DEFINITIONS; INTERPRETATIONS

**Section 1.01. Definitions.** The following definitions shall apply to terms used in this Third Supplemental Subordinate Agreement unless the context clearly requires otherwise. Capitalized terms not otherwise defined in this Section 1.01 or elsewhere in this Third Supplemental Subordinate Agreement shall have the same meanings as set forth in the Agreement.

“*Additional Tax Certificate*” means a tax certificate or supplemental tax certificate delivered in connection with one or more Drawings.

“*Agreement*” means the Subordinate Trust Agreement, dated as of November 1, 2015, by and between the Authority and the Trustee, under which the Drawdown Bonds are authorized and secured, as amended, modified or restated from time to time.

“*Alternate Index*”

“*Amortization End Date*”

“*Amortization Payments*” shall mean the payments of the principal amount of Drawdown Bonds to be redeemed in installments payable on each Amortization Payment Date.

“*Amortization Payment Date*” means (a) the Initial Amortization Payment Date and the corresponding date in every third month thereafter occurring prior to the Amortization End Date and (b) the Amortization End Date.

“*Amortization Period*” means the period commencing on the Commitment End Date and ending on the Amortization End Date.

“*Amortization Period Interest Rate*” has the meaning given to such term in the Bondholder’s Agreement.

“*Authority Rating*” has the meaning given to such term in the Bondholder’s Agreement.

“*Authorized Denominations*” means \$100,000, and any integral multiples of \$5,000 in excess of \$100,000.

“*Available Bond Purchase Agreement Commitment*” means the Commitment Amount (as defined in the Bondholder’s Agreement) minus the amount Outstanding on the Drawdown Bonds.

“*Base Rate*” has the meaning given to such term in the Bondholder’s Agreement.

“*Beneficial Owner*” a person in whose name a Drawdown Bond is recorded as beneficial owner of such Drawdown Bond by DTC or a DTC Participant on its records, or such person’s subrogee.

“*Bond Register*” means the book or books of registration kept by the Trustee in which are maintained the names and addresses and principal amounts registered to each registered Owner.

“*Book-Entry Bonds*” means the Drawdown Bonds held by DTC (or its nominee) as the registered Owner thereof pursuant to the terms and provisions of Section 3.02 hereof.

“*Bondholder’s Agreement*” means the Bondholder’s Agreement, dated as of November 1, 2015, by and between the Authority and the Purchaser, as amended, supplemented, modified or restated from time to time.

“*Bondholder’s Agreement Event of Default*” has the meaning given to such term in the Bondholder’s Agreement.

“*Bond Purchase Agreement*” means the Bond Purchase Agreement, dated as of November 19, 2015, by and between the Authority and the Underwriter, as amended, supplemented, modified or restated from time to time.

“*Business Day*” means any day other than (a) a Saturday, Sunday, (b) a day on which banks in Los Angeles, California or New York, New York or the location in which the Corporate Trust Office is located are required or authorized by law to be closed, (c) a day on which the Purchaser or the Calculation Agent is required or authorized by law to be closed; (d) a day on which the New York Stock Exchange or the Federal Reserve Bank is closed; or (e) a day on which the office of the Underwriter or the Purchaser at which requests for draws are to be presented is authorized or obligated by law or executive order to be closed and is, in fact, closed.

“*Calculation Agent*” means Commerce Bank, a Missouri state chartered bank, and its permitted successors and assigns.

“*Closing Date*” means November 23, 2015.

“*Commitment End Date*” [REDACTED] may be extended with the written consent of the Authority, the Underwriter and the Purchaser), or such earlier date on which [REDACTED] under the Bond Purchase Agreement is terminated at the election of the Authority; provided, however that if any such day [REDACTED] means the immediately preceding Business Day. For the avoidance of doubt, the termination of the obligation to honor Drawings under the Bond Purchase Agreement as a result of an event of default or one of the events [REDACTED] modification to the Amortization Period or an acceleration of any [REDACTED].

“*Corporate Trust Office*” means the Corporate Trust Office of the Trustee (as defined in the Agreement); provided, however, for transfer, registration, exchange, payment and surrender of the Drawdown Bonds, it shall mean the corporate trust office of the Trustee in St. Paul, Minnesota. The Trustee may hereafter designate alternate Corporate Trust Offices and any successor Trustee shall designate its Corporate Trust Office by written notice delivered to the Authority.

“*Debt*” has the meaning given to such term in the Bondholder’s Agreement.

“*Default Rate*” means the Maximum Interest Rate.

“*Draw Certificate*” means a draw certificate duly executed by the Authority for the applicable Subseries of Drawdown Bonds, a form of which is attached to the Bond Purchase Agreement as Exhibit A-1 or Exhibit A-2, as applicable.

“*Drawdown Bonds*” means the Los Angeles County Metropolitan Transportation Authority Subordinate Measure R Sales Tax Revenue Drawdown Bonds, Series C, including both Subseries C-1 (Tax-Exempt) and Subseries C-2 (Taxable).

“*Drawdown Rate*” means the Taxable Drawdown Rate or the Tax-Exempt Drawdown Rate, as applicable.

“*Drawing*” means each installment of principal and, if such Drawing is on a date other than an Interest Payment Date, accrued interest thereon from the most recent Interest Payment Date, advanced by the Underwriter with respect to a Drawdown Bond pursuant to the terms of the Bond Purchase Agreement.

“*DTC*” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“*EMMA System*” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system or any successor nationally recognized municipal securities information repositories recognized by the Securities and Exchange Commission.

“*Federal Funds Rate*” has the meaning given to such term in the Bondholder’s Agreement.

“*Holder*” or “*Bondholder*” or “*Owner*” means the registered owner of any Drawdown Bond, including DTC or its nominee as the sole registered owner of Book-Entry Bonds.

“*Initial Amortization Payment Date*” means the ninetieth (90<sup>th</sup>) calendar day following the Commitment End Date.

“*Interest Account*” means the account of such name established in the Series C Drawdown Bonds Debt Service Fund pursuant to Section 4.01 hereof.

“*Interest Accrual Period*” with respect to a Drawdown Bond means initially, the period commencing on the date of issuance of such Drawdown Bond and ending on and not including the first Thursday thereafter, and thereafter shall mean the period from (and including) Thursday of each week to (but not including) the Thursday of the following week (or, if sooner, to but not including the Commitment End Date).

“*Interest Payment Date*” means January 4, 2016, and the first Business Day of each month thereafter

“*Law*” has the meaning given to such term in the Bondholder’s Agreement.

“*LIBOR*” means, for each day, the rate of interest, quoted by the ICE Benchmark Administration Limited (or any successor as approved by the Purchaser, each an “Alternate LIBOR Source”) at approximately 11:00 a.m., London, England time, on such day, relating to quotations for the one month London Interbank Offered Rate on U.S. Dollar deposits as published on Bloomberg LP (or any successor to, or replacement of, Bloomberg LP as approved by the Purchaser, each an “Approved Bloomberg Successor”), all as determined by the Purchaser for purposes of this Agreement. If LIBOR is no longer published on Bloomberg LP (or any Approved Bloomberg Successor), LIBOR shall be determined in good faith by the Purchaser from such other sources as it shall determine to be comparable to Bloomberg LP (or any Approved Bloomberg Successor). Each determination by the Purchaser of LIBOR shall be binding and conclusive in the absence of manifest error. If such rate is not available at such time for any reason, then the rate for that day will be determined by such alternate method as commercially reasonably selected by the Purchaser.

“*London Business Day*” means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency) in the City of London, United Kingdom.

“*Opinion of Bond Counsel*” means a written opinion of Bond Counsel.

“*Participant*” means the participants of DTC which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

“*Prime Rate*” has the meaning given to such term in the Bondholder’s Agreement.

“*Principal Account*” means the account of such name established in the Series C Drawdown Bonds Debt Service Fund pursuant to Section 4.01 hereof.

“*Purchaser*” means RBC Municipal Products, LLC, as initial Beneficial Owner of the Drawdown Bonds, and its successors, assignees, designees and nominees under the Bondholder’s Agreement and any Trust.

“*Rate Reset Date*” means, with respect to the Tax-Exempt Drawdown Bonds, each Wednesday preceding the first day of an Interest Accrual Period with respect thereto and, if such is not a Business Day, the next succeeding Business Day and, with respect to Taxable Drawdown Bonds, the second London Business Day preceding the first day of an Interest Accrual Period with respect thereto; provided, however, that the initial Rate Reset Date with respect to the Tax-Exempt Drawdown Bonds shall be the Wednesday preceding the Closing Date and with respect to the date of issuance of any Taxable Drawdown Bonds, the second London Business Day preceding the date of issuance of the Taxable Drawdown Bonds.

“*Record Date*” means the Business Day immediately preceding an Interest Payment Date.

“*Redemption Date*” means the date on which the Drawdown Bonds shall be redeemed (whether by optional redemption, mandatory sinking fund redemption, or otherwise) pursuant to this Third Supplemental Subordinate Agreement.

“*Redemption Price*” means the principal amount of Drawdown Bonds to be redeemed plus interest accrued at the applicable interest rate, payable upon redemption thereof pursuant to this Third Supplemental Subordinate Agreement.

“*Registrar*” means, for purposes of this Third Supplemental Subordinate Agreement, the Trustee.

“*Representation Letter*” means the Blanket Issuer Letter of Representations from the Authority to DTC as supplemented and amended from time to time.

“*Schedule of Drawings and Redemptions*” means the schedule attached to each Drawdown Bond reflecting the date and amount of each Drawing and each redemption made by the Authority and the principal amount of such Drawdown Bond Outstanding.

“*Securities Depositories*” means The Depository Trust Company, 55 Water Street, New York, New York 10041, Telephone: (212) 855-1000, Facsimile: (212) 855-7232, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a certificate of the Authority delivered to the Trustee.

“*Series C Drawdown Bonds Debt Service Fund*” means the fund defined as such in Section 4.01 hereof and into which money is to be deposited to pay debt service on the Drawdown Bonds.

“*SIFMA Index*” with respect to Drawdown Bonds, means, the SIFMA Municipal Swap Index (a weekly, high-grade market index comprised of seven (7) day tax-exempt, variable rate demand notes produced by Municipal Market Data) in effect. If the SIFMA Index or a successor equivalent index is no longer calculated and published by Municipal Market Data in its current form, then the SIFMA Index shall be replaced by the Alternate Index.

“*SIFMA Index Rate*” [REDACTED].

“*Subaccount*” means a subaccount established within an account.

“*Subseries*” whenever used herein with respect to Drawdown Bonds, means all of the Drawdown Bonds designated as being of the same subseries, including Subseries C-1 and Subseries C-2.

“*Tax Certificate*” means the Tax Certificate delivered by the Authority concurrently with this Third Supplemental Subordinate Agreement, as originally executed and as it may from time to time be amended or supplemented pursuant to its terms, and includes any Additional Tax Certificate.

“*Taxable Drawdown Bonds*” mean the Subseries C-2 Drawdown Bonds issued pursuant to the terms hereof, the interest on which is included in the gross income of the holder of such Drawdown Bonds for federal income tax purposes.

“*Taxable Drawdown Rate*” [REDACTED].

“*Taxable Project*” means a Project described in a Certificate provided by the Authority at or prior to the time of the applicable Drawing and which the Authority is lawfully permitted to undertake, including, but not limited to, a Tax-Exempt Project, and which is acquired,

constructed, improved, expanded or otherwise financed with the proceeds of Taxable Drawdown Bonds, or any other purpose allowed by the Act, the Ordinance and the Agreement (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Authority).

“*Taxable Series C Drawdown Bonds Debt Service Fund*” means the fund defined as such in Section 4.01 hereof and into which money is to be deposited to pay debt service on the Drawdown Bonds.

[REDACTED]

	[REDACTED]			[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

“*Tax-Exempt Drawdown Bonds*” means any Subseries C-1 Drawdown Bonds issued pursuant to the terms hereof, the interest on which is not included in the gross income of the

holder thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations.

[REDACTED]

“*Tax-Exempt Project*” means a Project which is described in the Tax Certificate provided by the Authority with respect to the applicable Drawing and which the Authority is lawfully permitted to undertake with the proceeds of the Drawing, and which is acquired, constructed, reconstructed, improved, expanded or otherwise financed with proceeds of Tax-Exempt Drawdown Bonds and which project generally satisfies the requirements of Section 141 of the Code and of the Tax Certificate for a Tax-Exempt Project, or any other purpose allowed by the Act, the Ordinance and the Agreement (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Authority).

[REDACTED]

	[REDACTED]			[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]



“*Third Supplemental Subordinate Agreement*” means this Third Supplemental Subordinate Agreement, dated as of November 1, 2015, by and between the Authority and the Trustee and which sets forth the terms of the Drawdown Bonds.

“*Trust*” means either (a) a common law trust established by the Purchaser or any affiliate of the Purchaser under the laws of the State of New York or (b) a statutory trust established by the Purchaser or an affiliate of the Purchaser under Delaware statutory trust statute, which, in either case, has an interest in the Drawdown Bonds.

“*Underwriter*” means RBCCM LLC, as underwriter under the Bond Purchase Agreement.

“*Unutilized Fee*” has the meaning assigned to such term in the Bondholder’s Agreement.

**Section 1.02. Article and Section References.** Except as otherwise indicated, references to Articles and Sections are to Articles and Sections of this Third Supplemental Subordinate Agreement.

**Section 1.03. Content of Certificates and Opinions.** Every certificate or opinion provided for in this Third Supplemental Subordinate Agreement with respect to compliance with any provision hereof or thereof shall include (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (c) a statement (i) that, in the opinion of such person, he or she has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter or (ii) that he or she had made or caused to be made his or her examination or investigation with respect to the subject matter in accordance with specified professional standards; and (d) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Authority may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant or an independent consultant, unless such officer or staff member knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant or an independent consultant may be based, insofar as it relates

to factual matters (with respect to which information is in the possession of the Authority) upon a certificate or opinion of or representation by an officer of the Authority, unless such counsel, accountant or independent consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Authority, or the same counsel or accountant or independent consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Third Supplemental Subordinate Agreement, but different officers, staff members, counsel, accountants or independent consultants may certify to different matters, respectively.

## ARTICLE II

### THE DRAWDOWN BONDS

#### **Section 2.01. Authorization of Drawdown Bonds.**

The Authority hereby authorizes the issuance of its Drawdown Bonds, subject to the provisions of the Bondholder's Agreement, the Bond Purchase Agreement, and Section 2.02 hereof. The Drawdown Bonds shall be substantially in the form attached to this Third Supplemental Subordinate Agreement as Exhibit A. Drawdown Bonds may be issued as either Tax-Exempt Drawdown Bonds or Taxable Drawdown Bonds. The Tax-Exempt Drawdown Bonds shall be designated as "Los Angeles County Metropolitan Transportation Authority Subordinate Measure R Sales Tax Revenue Drawdown Bonds, Subseries C-1 (Tax-Exempt)" and the Taxable Drawdown Bonds shall be designated as "Los Angeles County Metropolitan Transportation Authority Subordinate Measure R Sales Tax Revenue Drawdown Bonds, Subseries C-2 (Taxable)." The Drawdown Bonds shall constitute Subordinate Obligations within the meaning of the Agreement and the Senior and Junior Subordinate Trust Agreement.

#### **Section 2.02. Terms of Drawdown Bonds.**

(a) **Issuance.** The Drawdown Bonds shall be issued in two subseries and in Authorized Denominations. One Tax-Exempt Drawdown Bond shall be issued in a maximum outstanding aggregate amount of \$150,000,000. The Tax-Exempt Drawdown Bond shall be issued on the Closing Date. The Taxable Drawdown Bond shall be issued in a maximum outstanding aggregate principal amount of \$100,000,000. The Taxable Drawdown Bond shall be issued on the date of the first Drawing on the Taxable Drawdown Bond, and the issuance of such Taxable Drawdown Bond shall not be subject to the satisfaction of the conditions set forth in Section 2.09 of the Agreement..

(b) **Drawings.** Drawings shall be made on the Tax-Exempt Drawdown Bond and the Taxable Drawdown Bond in the manner and upon the terms and conditions set forth in the Bond Purchase Agreement. The Authority may make a Drawing on a Drawdown Bond,

repay such Drawing pursuant to Section 2.02(g) hereof and the Bond Purchase Agreement and make a subsequent Drawing as provided in the Bond Purchase Agreement.

(i) Drawing may be made only upon satisfaction of the conditions set forth in Section 3.06 of the Senior and Junior Subordinate Trust Agreement and the conditions precedent set forth in the Bond Purchase Agreement (unless waived).

(ii) The certificate described in subsection (f) of Section 2.09 of the Agreement shall be delivered so long as such section is, by its terms, applicable. None of the other documents set forth in Section 2.09 need be provided with respect to any Drawing subsequent to the Effective Date.

(iii) Drawings on Tax-Exempt Drawdown Bonds may be made only if the Authority shall have obtained an Opinion of Bond Counsel, addressed to the Authority, the Underwriter and the Purchaser, to the effect that the interest on the applicable Drawing is excluded from gross income for federal income tax purposes, and that the interest on such Drawing is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. At the Authority's option, after consultation with Bond Counsel, the Authority may obtain and deliver to the Underwriter and the Purchaser an opinion of Bond Counsel that relates to one or more Drawings under the Tax-Exempt Drawdown Bonds.

(iv) Other than the initial Drawing under the Tax-Exempt Drawdown Bonds on the Closing Date and the initial Drawing under the Taxable Drawdown Bonds on the issuance date of the Taxable Drawdown Bonds, Drawings shall be deemed to occur on the Interest Payment Date preceding the Drawing. Interest with respect to a Drawing shall accrue from the date that the Drawing occurs or is deemed to occur in accordance with the prior sentence. Drawings on an Interest Payment Date will be drawn at the par amount thereof and Drawings on a date other than an Interest Payment Date will be drawn at the par amount thereof plus accrued interest thereon from the most recent Interest Payment Date.

(c) **Maximum Principal Amount.** No more than \$150,000,000 aggregate principal amount may be Outstanding under the Drawdown Bonds at any one time, of which no more than \$100,000,000 shall be Taxable Drawdown Bonds. The aggregate principal amount of the Drawdown Bonds may be repaid and reborrowed. Interest shall accrue only on the principal amount of any Subseries of Drawdown Bonds that has been actually drawn by the Authority and not yet redeemed, as reflected on the Schedule of Drawings and Redemption maintained by the Trustee, and only such amounts as have been actually drawn and not yet redeemed shall be deemed Outstanding for purposes of the Agreement and this Third Supplemental Subordinate Agreement.

(d) **Date and Maturity Date.** Drawdown Bonds shall be dated their date of issuance and shall mature on November 22, 2023.

(e) **Interest Rate.** Interest on the Drawdown Bonds shall be due and payable on each Interest Payment Date. Before the Amortization Period, the Tax-Exempt Drawdown Bonds will accrue interest during each Interest Accrual Period at an interest rate equal to the Tax-Exempt Drawdown Rate and the Taxable Drawdown Bonds will accrue interest during each Interest Accrual Period at the Taxable Drawdown Rate. Upon the occurrence of any Bondholder's Agreement Event of Default, all Drawdown Bonds shall immediately and automatically accrue interest at the Default Rate. During the Amortization Period, all Drawdown Bonds shall accrue interest at the Amortization Period Interest Rate. All calculations of interest on the Drawdown Bonds shall be made by the Calculation Agent and shall be calculated on the [REDACTED] and actual days elapsed. In no event may any Drawdown Bond bear interest in excess of the Maximum Interest Rate.

(f) **Excess Interest.**

(A) If the amount of interest payable for any period in accordance with the terms hereof exceeds the amount of interest that would be payable for such period had interest for such period been calculated at the Maximum Interest Rate, then interest for such period shall be payable in an amount calculated at the Maximum Interest Rate;

(B) any interest that would have been due and payable by the Authority for any period but for the operation of the immediately preceding paragraph (A) shall accrue and be payable as provided in this paragraph (B) and shall, after deducting any interest actually paid to the Owners during such period, constitute the "*Excess Interest Amount.*" If there is any accrued and unpaid Excess Interest Amount as of any date, then the principal amount owing by the Authority to the Owners hereunder with respect to which interest is payable shall bear interest at the Maximum Interest Rate until payment to the Owners of the entire Excess Interest Amount owed to them; and

(C) notwithstanding the foregoing, on the date on which no principal amount hereunder remains unpaid, to the extent possible without violating applicable Laws, the Authority shall pay to the Owners an amount equal to any accrued and unpaid Excess Interest Amount owed to them..

(g) **Optional Redemption of Drawdown Bonds.** Drawdown Bonds are subject to optional redemption at any time, provided that Drawdown Bonds may be redeemed in only amounts such that if the balance of a Subseries is not paid in full, at least \$10,000,000 shall remain outstanding on such Subseries.

(h) **Notice of Redemption.** If the Authority wishes that any Drawdown Bond be redeemed pursuant to any optional redemption provision in this Third Supplemental Subordinate Agreement, the Authority will notify the Trustee of the redemption date, the Subseries and principal amount of Drawdown Bonds to be redeemed and other necessary particulars. The Authority will give notice to the Trustee at least thirty (30) days before the

redemption date, provided that the Trustee may, at its option, waive such notice or accept notice at a later date. The Trustee shall give notice of redemption to Bondholders affected by such redemption and the Underwriter at least twenty (20) days but not more than sixty (60) days before each redemption, send such notice of redemption by first class mail (or, with respect to Drawdown Bonds held by DTC, by an express delivery service for delivery on the next following Business Day) to each Owner of a Drawdown Bond to be redeemed; each such notice shall be sent to the Owner's registered address.

In addition to the notice described in the foregoing paragraph, on the same day as the date of the mailing required by the preceding paragraph, such redemption notice shall be given by (a) registered or certified mail, postage prepaid, (b) telephonically confirmed facsimile transmission or (c) overnight delivery service, to each of the Securities Depositories.

On the date of the mailing of the redemption notice required by the first paragraph of this Section 2.02(h), if any Drawdown Bonds are at such time not Book-Entry Bonds, such redemption notice shall be provided to the EMMA System and by registered or certified mail, postage prepaid, or overnight delivery service, to the Information Services.

Each notice of redemption shall specify the date of such notice; the date of issue and Subseries of Drawdown Bonds to which such notice relates; the redemption date; the redemption price and the place or places where amounts due upon such redemption will be payable and if less than all of the Drawdown Bonds are to be redeemed, the portions of Drawdown Bonds to be redeemed; any condition to the redemption; and that on the redemption date, and upon the satisfaction of any such condition, the Drawdown Bonds to be redeemed shall cease to bear interest.

If at the time of mailing of notice of an optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Drawdown Bonds called for redemption, such notice may, at the election of the Authority, state that it is conditional, that is, subject to the deposit of the redemption moneys with the Trustee not later than the opening of business one Business Day prior to the scheduled redemption date, and such notice shall be of no effect unless such moneys are so deposited. In the event sufficient moneys are not on deposit on the required date, then the redemption shall be canceled and on such cancellation date notice shall be mailed to the holders of such Drawdown Bonds that were to be redeemed in the manner provided in this Section 2.02(h).

Failure to give the redemption notice described in this Section 2.02(h) to any Bondholder or any defect therein shall not in any matter affect the redemption of any Drawdown Bond in respect of which no such failure or defect occurs. In addition, failure to give notice pursuant to this Section 2.02(h) to the EMMA System, the Information Services or the Securities Depositories or any defect therein shall not in any manner affect the redemption of any Drawdown Bond. Any notice sent as provided herein will be conclusively presumed to have been given whether or not actually received as sent by the addressee.

(i) ***Mandatory Sinking Fund Redemption During an Amortization Period.***

Drawdown Bonds shall be subject to Amortization Payments during the Amortization Period. During the Amortization Period, the Outstanding Drawdown Bonds shall be subject to mandatory redemption, commencing on the Initial Amortization Payment Date and on each succeeding Amortization Payment Date. Each Amortization Payment due on each Amortization Payment Date shall be in equal installments of the entire principal amount of Drawdown Bonds outstanding at the beginning of the Amortization Period. During the Amortization Period, the Redemption Price of the Drawdown Bonds shall be equal to the principal amount of the Drawdown Bonds to be redeemed on such date plus interest accrued to but excluding the Redemption Date. During the Amortization Period, interest on Outstanding Drawdown Bonds shall accrue at the Amortization Period Interest Rate payable monthly in arrears on each Interest Payment Date. Any Taxable Drawdown Bonds and Tax-Exempt Drawdown Bonds redeemed pursuant to this Section 2.02(i) shall be redeemed on a pro rata basis.

**Section 2.03. Payment of Drawdown Bonds.** The Authority covenants that it will duly and punctually pay or cause to be paid when due from Subordinate Pledged Revenues and to the extent thereof the principal of and interest on every Drawdown Bond. Payment of the final principal payment (i.e., the final payment made on a Subseries of Drawdown Bonds on or after the Commitment End Date) of either Subseries of the Drawdown Bonds shall be made upon surrender of the Drawdown Bonds to the Trustee or its agent at its Corporate Trust Office; provided that with respect to Drawdown Bonds which are Book-Entry Bonds, the Trustee may make other arrangements for payment of principal as provided in the Representation Letter. Payment of interest on Drawdown Bonds which are not Book-Entry Bonds shall be paid by check of the Trustee mailed by first-class mail to the person who is the registered Owner thereof on the Record Date, and such payment shall be mailed to such Owner at his address as it appears on the registration books of the Registrar, provided, that Owners of \$1,000,000 or more in aggregate principal amount of Drawdown Bonds may arrange for payment by wire transfer of immediately available funds upon written request given to the Trustee at least one Business Day prior to the applicable Interest Payment Date. The payment of interest on Book-Entry Bonds shall be made as provided in Section 3.02 hereof with respect to all Drawdown Bonds and interest due and payable on any Interest Payment Date shall be paid to the person who is the registered Owner as of the Record Date.

If the principal of a Drawdown Bond becomes due and payable, but shall not have been paid, or provision shall not have been made for its payment, then such Drawdown Bond shall bear interest at the same rate after such default as on the day before such default occurred.

If the principal amount of either Subseries of Drawdown Bonds are paid in full prior to the Commitment End Date (i.e., there are no outstanding Drawings under such Series of Drawdown Bonds), such Subseries of Drawdown Bonds will be deemed to remain outstanding to and including the Commitment End Date.

**Section 2.04. Use of Proceeds.** The proceeds of Drawings on Tax-Exempt Drawdown Bonds other than, for Drawings occurring other than on an Interest Payment Date, portions of the purchase price constituting accrued interest from the prior Interest Payment Date to the date of such Drawing shall be used only to pay Costs of Tax-Exempt Projects and for such other purposes as allowed by the Act, the Ordinance and the Agreement (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Authority). The proceeds of Drawings on Taxable Drawdown Bonds other than, for Drawings occurring other than on an Interest Payment Date, portions of the purchase price constituting accrued interest to the next interest payment date shall be used only to pay Costs of any Taxable Projects and/or Tax-Exempt Projects and for such other purposes as allowed by the Act, the Ordinance and the Agreement (including, but not limited to, the refunding and restructuring of existing and future indebtedness of the Authority). The portion of the proceeds of a Drawing constituting accrued interest shall be deposited in the Interest Account and shall be applied to the payment of interest on the first Interest Payment Date after such Drawing.

### **ARTICLE III**

#### **EXCHANGE OF DRAWDOWN BONDS; BOOK-ENTRY BONDS**

**Section 3.01. Exchange of Drawdown Bonds.** Drawdown Bonds which are delivered to the Registrar for exchange may be exchanged for an equal total principal amount of Drawdown Bonds of the same Subseries but of different Authorized Denominations.

The Registrar will not, however, be required to transfer or exchange any such Drawdown Bond during the period beginning on a Record Date and ending on the next Interest Payment Date.

**Section 3.02. Book-Entry Bonds.**

(a) Except as provided in paragraph (c) of this Section, the registered Owner of all of the Drawdown Bonds shall be DTC, and the Drawdown Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of principal of or interest on any Drawdown Bond registered in the name of Cede & Co. shall be made by wire transfer of New York Clearing House or equivalent next day funds or by wire transfer of same day funds to the account of Cede & Co. at the address indicated on the regular Record Date or special record date for Cede & Co. in the registration books of the Registrar.

(b) The Drawdown Bonds shall be initially issued in the form of a separate single authenticated fully registered bond for each Subseries of the Drawdown Bonds. Upon initial issuance, the ownership of such Drawdown Bonds shall be registered in the registration books of the Registrar in the name of Cede & Co., as nominee of DTC. The Trustee, the Registrar and the Authority may treat DTC (or its nominee) as the sole and exclusive owner of the Drawdown Bonds registered in its name for the purposes of payment of the principal of or

interest on the Drawdown Bonds, giving any notice permitted or required to be given to Bondholders under the Agreement or this Third Supplemental Subordinate Agreement, registering the transfer of Drawdown Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and none of the Trustee, the Registrar or the Authority shall be affected by any notice to the contrary. None of the Trustee, the Registrar or the Authority shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Drawdown Bonds under or through DTC or any Participant or any other person which is not shown on the registration books as being an Owner, with respect to the accuracy of any records maintained by DTC or any Participant, the payment by DTC or any Participant of any amount in respect of the principal of or interest on the Drawdown Bonds; any notice which is permitted or required to be given to Bondholders under the Agreement or this Third Supplemental Subordinate Agreement; or any consent given or other action taken by DTC as an Owner. The Trustee shall pay, from funds held under the terms of the Agreement or otherwise provided by the Authority, all principal of and interest on the Drawdown Bonds only to DTC as provided in the Representation Letter and all such payments shall be valid and effective to satisfy and discharge fully the Authority's obligations with respect to the principal of and interest on the Drawdown Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Drawdown Bond evidencing the obligation of the Authority to make payments of principal and interest pursuant to the Agreement. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the name "Cede & Co." in this Third Supplemental Subordinate Agreement shall refer to such new nominee of DTC.

(c) In the event the Authority determines that it is in the best interest of the Beneficial Owners that they be able to obtain Drawdown Bond certificates and notifies DTC, the Trustee and the Registrar of such determination, then DTC will notify the Participants of the availability through DTC of Drawdown Bond certificates. In such event, the Trustee shall authenticate and the Registrar shall transfer and exchange Drawdown Bond certificates as requested by DTC and any other Bondholders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Drawdown Bonds at any time by giving notice to the Authority and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Authority and the Trustee shall be obligated to deliver Drawdown Bond certificates as described in this Third Supplemental Subordinate Agreement. In the event Drawdown Bond certificates are issued, the provisions of the Agreement and this Third Supplemental Subordinate Agreement shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Drawdown Bond to any Participant having Drawdown Bonds credited

to its DTC account, or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Drawdown Bonds.

(d) Notwithstanding any other provision of the Agreement and this Third Supplemental Subordinate Agreement to the contrary, so long as any Drawdown Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and interest on such Drawdown Bond and all notices with respect to such Drawdown Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to the Agreement and this Third Supplemental Subordinate Agreement by the Authority or the Trustee with respect to any consent or other action to be taken by Bondholders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible. Such notice to DTC shall be given only when DTC is the sole Owner.

**NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO: THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE DRAWDOWN BONDS; THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS; THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE DRAWDOWN BONDS.**

**Section 3.03. Transfers Outside Book-Entry System.** In the event (a) the Securities Depository determines not to continue to act as securities depository for the Drawdown Bonds; or (b) the Authority determines that the Securities Depository shall no longer so act, and delivers a written certificate to the Trustee and the Securities Depository to that effect, then the Authority will discontinue the book-entry system with the Securities Depository. If the Authority determines to replace the Securities Depository with another qualified securities depository, the Authority shall prepare or direct the preparation of a new, single, separate, fully registered Drawdown Bond for each Subseries of the Drawdown Bonds registered in the name of such successor or substitute qualified securities depository or its nominee or make such other arrangement acceptable to the Authority and the Securities Depository as are not inconsistent with the terms of the Agreement or this Third Supplemental Subordinate Agreement. If the Authority fails to identify another qualified securities depository to replace the Securities Depository, then the Drawdown Bonds shall no longer be restricted to being registered in the Register in the name of the Nominee, but shall be registered in such authorized denominations

and names as the Securities Depository shall designate in accordance with the provisions of this Article III.

**Section 3.04. Bond Register.** The Trustee shall keep or cause to be kept at its Corporate Trust Office sufficient books for the registration of, and registration of transfer of, the Drawdown Bonds, which Bond Register shall at all times during regular business hours be open to inspection by the Authority. Upon presentation for registration of transfer, the Trustee shall, as provided herein and under such reasonable regulations as it may prescribe subject to the provisions hereof, register or register the transfer of the Drawdown Bonds, or cause the same to be registered or cause the registration of the same to be transferred, on such Bond Register.

## ARTICLE IV

### APPLICATION OF DRAWDOWN BOND PROCEEDS

**Section 4.01. Creation of Debt Service Fund.** The Authority hereby establishes the “Los Angeles County Metropolitan Transportation Authority Subordinate Measure R Sales Tax Revenue Drawdown Bonds, Series C Debt Service Fund” (the “Series C Drawdown Bonds Debt Service Fund”) and therein an Interest Account and a Principal Account, to be held by the Trustee. The Tax-Exempt Series C Drawdown Bonds Debt Service Fund and each of the accounts held therein shall be maintained by the Trustee in trust for the benefit of the Holders.

**Section 4.02. Deposit of Proceeds of Drawdown Bonds.** Except as otherwise provided in the following sentence, upon receipt from the Purchaser, the Authority shall transfer or cause to be transferred the proceeds of each Drawing to the Trustee immediately upon receipt thereof. The proceeds of each Drawing shall be applied by (a) the Trustee, at the direction of an Authorized Authority Representative, for deposit into the appropriate account and/or subaccount of the Project Fund as directed by an Authorized Authority Representative in accordance with Section 4.02 of the Agreement.

**Section 4.03. Deposits into the Series C Drawdown Bonds Debt Service Fund; Use of the Series C Drawdown Bonds Debt Service Fund.**

(a) **Interest Account.** The Trustee shall deposit into the Interest Account from amounts deposited in the Subordinate Pledged Revenues Fund pursuant to Section 4.03 of the Agreement the amount necessary to pay interest on the Drawdown Bonds in the amounts, at the rates and at the times when due as provided herein and in the Bondholder’s Agreement. The Trustee shall also deposit into the Interest Account any other amounts deposited with the Trustee for deposit in the Interest Account or transferred from other funds and accounts for deposit therein. All amounts held at any time in the Interest Account shall be held on a priority basis for the ratable security and payment of interest due on the Drawdown Bonds in accordance with their terms at any time in proportion to the amounts due or accrued with respect to each of them. The Trustee shall use amounts in the Interest Account to pay interest on the Drawdown Bonds in

accordance with this Third Supplemental Subordinate Agreement and the Bondholder's Agreement. On or about July 15 of each Fiscal Year, earnings on the Interest Account shall be withdrawn by the Trustee and deposited to the Subordinate Pledged Revenues Fund.

(b) ***Principal Account.*** No money shall be required to be deposited into the Principal Account before the Commitment End Date. After the Commitment End Date, the Trustee shall deposit into the Principal Account one day prior to a mandatory sinking fund redemption payment date an amount equal to the mandatory sinking fund redemption payment due and payable on the immediately next succeeding mandatory sinking fund redemption payment date, as provided in Section 2.02(i) of this Third Supplemental Subordinate Agreement. The Trustee shall also deposit into the Principal Account all other amounts deposited with the Trustee for deposit in the Principal Account. The Trustee shall use amounts in the Principal Account to pay mandatory sinking fund redemption payments as required by Section 2.02(i) of this Third Supplemental Subordinate Agreement and, if directed by an Authorized Authority Representative, to optionally redeem Drawdown Bonds in accordance with Section 2.02(g) hereof from amounts deposited pursuant to the third sentence of this section. On or about July 15 of each Fiscal Year, earnings on the Principal Account shall be withdrawn by the Trustee and deposited to the Subordinate Pledged Revenues Fund.

(c) If, by the fifth Business Day before any payment of interest or principal on a Drawdown Bond is required to be made, the Trustee does not hold in the relevant account in the Series C Drawdown Bonds Debt Service Fund an amount equal to the amount required to be paid on such date, the Trustee shall immediately notify the Authority.

(d) If the amount in either the Interest Account or the Principal Account is at any time insufficient to make payments of interest or principal on a Tax-Exempt Drawdown Bond when due, or at any time, the Authority may, at its election (but shall not be obligated to), deposit with the Trustee funds from any available sources with the direction that such funds be deposited into the Interest Account, the Principal Account or any other fund or account held by the Trustee.

**Section 4.04. Fees and Expenses.** Upon receipt of any invoice for amounts owing under the Bondholder's Agreement other than principal and interest on the Drawdown Bonds, the Trustee shall remit such invoices to the Senior and Junior Subordinate Trustee (with a copy to the Authority) for payment in accordance with the Senior and Junior Subordinate Trust Agreement.

**Section 4.05. Investment of Moneys in Funds, Accounts and Subaccounts.** All moneys in any of the funds, subfunds, accounts and subaccounts held by the Trustee and established pursuant to this Third Supplemental Subordinate Agreement shall be invested in accordance with the provisions of Article VI of the Agreement.

Unless an Authorized Authority Representative directs such investment earnings to be deposited directly into the Subordinate Pledged Revenues Fund, the Series C Drawdown Bonds or as otherwise provided in the Tax Certificate, all interest, profits and other income received from the investment of moneys in any fund, subfund, account or subaccount shall remain in and be credited to such fund, subfund, account or subaccount. In addition, an amount of interest received with respect to any investments equal to the amount of accrued interest, if any, paid as part of the purchase price of such investment shall be credited to the fund, subfund, account or subaccount from which such accrued interest was paid.

The Trustee may, subject to the terms of the Tax Certificate, commingle any of the moneys on deposit in any of the funds, subfunds, accounts or subaccounts established pursuant to this Third Supplemental Subordinate Agreement into a separate fund or funds for investment purposes only, provided that all funds, subfunds, accounts and subaccounts held by the Trustee hereunder shall be accounted for separately as required by this Third Supplemental Subordinate Agreement. The Trustee may sell at the best price obtainable, or present for redemption, any investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund, subfund, account or subaccount to which such investment is credited.

The Trustee shall keep or cause to be kept proper books of record and accounts containing complete and correct entries of all transactions made by each, respectively, relating to the receipt, investment, disbursement, allocation and application of the moneys related to the Drawdown Bonds, including moneys derived from, pledged to, or to be used to make payments on the Drawdown Bonds. Such records shall specify the fund, subfund, account or subaccount to which each investment (or portion thereof) is to be allocated and shall set forth, in the case of each investment, (a) its purchase price, (b) identifying information, including par amount, coupon rate and payment dates, (c) the amount received at maturity or its sale price, as the case may be, including accrued interest, (d) the amounts and dates of any payments made with respect thereto, and (e) the dates of acquisition of disposition or maturity.

## **ARTICLE V**

### **PLEDGE AND PAYMENT**

The Drawdown Bonds are Subordinate Obligations and, as such, are limited obligations of the Authority secured by a pledge of and shall be a lien upon and shall be payable solely from the funds, assets and security described hereunder and under the Agreement.

The Authority hereby pledges, places a lien upon and assigns Subordinate Pledged Revenues to secure the payment of the principal of and interest on the Drawdown Bonds in accordance with their terms, including the terms of the Bondholder's Agreement. The Subordinate Pledged Revenues constitute a trust fund for the security and payment of the interest on and principal of the Drawdown Bonds and all other Subordinate Obligations, and the

Purchaser, as holder of the Drawdown Bonds and the holders from time to time of the other Subordinate Obligations of the Authority and any other future parity Subordinate Obligations, shall share *pari passu* without priority or distinction of one over the other in the Subordinate Pledged Revenues.

To provide additional security for the payment of the principal of and interest on the Drawdown Bonds as the same shall become due and payable, the Authority hereby pledges and grants a lien upon, subject only to the provisions of this Third Supplemental Subordinate Agreement and the Tax Certificate permitting the application thereof for purposes and on the terms and conditions set forth herein and therein, (a) amounts held for the payment of such Drawdown Bonds by the Trustee in the Tax-Exempt Series C Drawdown Bonds Debt Service Fund and the Taxable Series C Drawdown Bonds Debt Service Fund, (b) amounts held for the payment of such Drawdown Bonds by the Trustee in the Series C Drawdown Bonds Project Account, (c) the proceeds of any other evidences of indebtedness of the Authority issued or incurred solely for the payment of the principal of and interest on such Drawdown Bonds, and (d) any other moneys of the Authority hereafter pledged by the Authority to the payment of the principal of and interest on the Drawdown Bonds.

Amounts payable under the Bondholder Agreement constitute Fees and Expenses under the Agreement and the Senior and Junior Subordinate Trust Agreement and are payable from the “Fees and Expenses Fund” established pursuant to Section 5.02(A)(5) of the Senior and Junior Subordinate Trust Agreement and are secured by a lien on Pledged Revenues subordinate to that securing the Subordinate Obligations and senior to that securing the Junior Subordinate Obligations. Such amounts, and other amounts payable from such fund, are payable on a parity basis without priority or distinction of one over the other in the amounts deposited in such fund in accordance with the Senior and Junior Subordinate Trust Agreement.

## ARTICLE VI

### TAX COVENANTS

**Section 6.01. Preservation of Tax Exemption.** The Authority covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest paid on the Tax-Exempt Drawdown Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority shall comply with all requirements and covenants contained in the Tax Certificate. In the event that at any time the Authority is of the opinion that for purposes of this Section 6.01 hereof it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under this Third Supplemental Subordinate Agreement, the Authority shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

Notwithstanding any provision of this Section 6.01 hereof, if the Authority shall receive an opinion of Bond Counsel to the effect that any action required under the Tax Certificate or this Section 6.01 hereof is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest paid on the Tax-Exempt Drawdown Bonds pursuant to Section 103 of the Code, the Authority and the Trustee may rely conclusively on such opinion in complying with the provisions hereof, and the covenants hereunder shall be deemed to be modified to that extent.

## ARTICLE VII

### MISCELLANEOUS

**Section 7.01. Additional Event of Default.** As permitted by Sections 8.01(h) and 8.12 of the Agreement, there is hereby provided an additional Event of Default for as long as there are Subordinate Obligations Outstanding hereunder or there is Available Bond Purchase Agreement Commitment in effect under the Bond Purchase Agreement:

“A Bondholder’s Agreement Event of Default shall be an Event of Default under Section 8.01 of the Agreement.”

**Section 7.02. Modification of the Agreement and this Third Supplemental Subordinate Agreement.** Subject to Section 6.5 of the Bondholder’s Agreement, the Authority may, from time to time and at any time, execute and deliver Supplemental Agreements supplementing and/or amending the Agreement and this Third Supplemental Subordinate Agreement in the manner set forth in Article X of the Agreement.

**Section 7.03. Drawdown Bonds Afforded Status of Subordinate Obligations.** Drawdown Bonds shall be afforded the status of a Subordinate Obligation and the Purchaser shall be the initial Subordinate Obligation holder subject to the payment and transfer terms established in the Bondholder’s Agreement.

**Section 7.04. Notices.**

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Third Supplemental Subordinate Agreement or the Drawdown Bonds must be in writing, except as expressly provided otherwise, in this Third Supplemental Subordinate Agreement or the Drawdown Bonds.

(b) Any notice or other communication, unless otherwise specified, shall be sufficiently given and deemed given when mailed by first-class mail, postage prepaid, addressed to the Authority or the Trustee at the addresses provided in the Agreement or when delivered by

hand and received by the Authority or the Trustee at the addresses provided in the Agreement. Any notice or other communication to the Purchaser shall be sent to the following address:

Purchaser: Payment Instructions:

[REDACTED]

Notices:

RBC Municipal Products, LLC  
Three World Financial Center, 8th Floor  
200 Vesey Street  
New York, NY 10281 8098

[REDACTED]

With a copy to:  
RBC Capital Markets, LLC  
Three World Financial Center, 8th Floor  
200 Vesey Street  
New York, NY 10281 8098

[REDACTED]

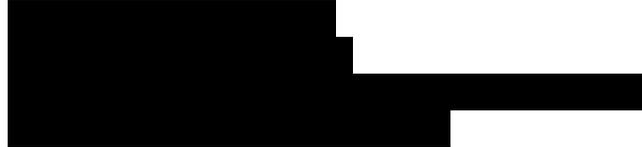
and

Royal Bank of Canada  
Corporate Banking  
Three World Financial Center, 12th Floor  
200 Vesey Street  
New York, NY 10281 8098

[REDACTED]

and

Credit Transaction Management – Compliance  
Royal Bank of Canada  
200 Bay Street, South Tower, 12th Floor RBPS 12  
Toronto, Ontario M5J 2J5, Canada



Any addressee may designate additional or different addresses for purposes of this Section.

**Section 7.05. Parties Interested Herein.** Nothing in this Third Supplemental Subordinate Agreement expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Authority, the Trustee, the Purchaser and any other holder of any interest in the Drawdown Bonds, any right, remedy or claim under or by reason of this Third Supplemental Subordinate Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Third Supplemental Subordinate Agreement contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, the Purchaser and any other holder of the Drawdown Bonds.

**Section 7.06. Agreement to Remain in Effect.** Save and except as amended and supplemented by this Third Supplemental Subordinate Agreement, the Agreement shall remain in effect.

**Section 7.07. Severability.** If any provision of this Third Supplemental Subordinate Agreement shall be determined to be unenforceable, that shall not affect any other provision of this Third Supplemental Subordinate Agreement.

**Section 7.08. Payments or Actions Occurring on Non-Business Days.** Anything in Section 11.07 of the Agreement notwithstanding, if a payment date is not a Business Day at the place of payment, then payment may be made at that place on the next Business Day, provided that such extension of time shall be reflected in computing interest or fees, as the case may be. If any action required hereunder is required on a date that is not a Business Day, then such action may be taken on the next Business Day with the same effect as if such action was taken on the stated date.

**Section 7.09. Governing Law.** This Third Supplemental Subordinate Agreement shall be governed by and construed in accordance with the laws of the State.

**Section 7.10. Captions.** The captions in this Third Supplemental Subordinate Agreement are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Third Supplemental Subordinate Agreement.

**Section 7.11. Counterparts.** This Third Supplemental Subordinate Agreement may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Subordinate Agreement to be duly executed, by their authorized signatories, all as of the date first above written.

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

A large black rectangular redaction box covering the signature and name of the Los Angeles County Metropolitan Transportation Authority.

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

A large black rectangular redaction box covering the signature and name of U.S. Bank National Association.

[Signature page to Third Supplemental Subordinate Trust Agreement]

**EXHIBIT A**

**FORM OF DRAWDOWN BOND**

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

**Los Angeles County Metropolitan Transportation Authority  
Subordinate Measure R Sales Tax Revenue Drawdown Bonds, Subseries C-\_\_\_**

Neither the faith and the credit nor the taxing power of the County of Los Angeles, the State of California or any political subdivision or any public agency, other than the Los Angeles County Metropolitan Transportation Authority to the extent of the Pledged Revenues (to the extent provided in the Senior and Junior Subordinate Trust Agreement) and the Subordinate Pledged Revenues, is pledged to the payment of the principal (or face amount, as applicable) of, or interest on, this obligation.

No. R-1 \$ \_\_\_\_\_

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Dated Date</u>	<u>Cusip No.</u>
November 22, 2023	Variable		

REGISTERED OWNER: CEDE & CO.

MAXIMUM AGGREGATE  
PRINCIPAL AMOUNT:

The LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY, a public entity, duly organized and existing under and pursuant to the laws of the State of California (the “Authority”), for value received, hereby promises to pay to the registered owner named above, or registered assigns, but solely from the sources hereinafter mentioned, on the Maturity Date specified above, the Principal Amount outstanding on this note (up to the

maximum outstanding Principal Amount shown above) and to pay interest hereon, but solely from the sources hereinafter referred to, at the rates and at the times set forth in the Third Supplemental (defined below).

The Principal Amount of this Bond may be repaid and reborrowed. Interest shall accrue only on the Principal Amount of that which has been actually drawn by the Authority hereunder and not yet redeemed, as reflected on the Schedule of Drawings and Redemption maintained by the Trustee, and only such amounts as have been actually drawn and not yet redeemed shall be deemed Outstanding for purposes of the Agreement (defined below). Only the Principal Amount actually drawn by the Authority hereunder shall be payable hereunder.

The principal of and interest on this Bond may be paid in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public or private debts. The principal of and interest on this Bond is payable to the registered owner hereof as described in the Agreement.

This Bond is one of a duly authorized issue of the Los Angeles County Metropolitan Transportation Authority Subordinate Measure R Sales Tax Revenue Drawdown Bonds, Subseries C-\_\_\_ (the "Subseries C-\_\_\_ Bond"). This Bond is issued pursuant to a Subordinate Trust Agreement, dated as of November 1, 2015 (the "Master Subordinate Trust Agreement"), by and between the Authority and the U.S. Bank National Association, as trustee (the "Trustee") and a Third Supplemental Trust Agreement, dated as of November 1, 2015 (the "Third Supplemental"), by and between the Authority and the Trustee, setting forth the terms and authorizing the issuance of the Subseries C-\_\_\_ Bonds (said Master Subordinate Trust Agreement, as amended and supplemented, including as supplemented by the Third Supplemental, being the "Agreement"). Capitalized terms used but not defined herein have the meanings given to such terms in the Third Supplemental and the Master Subordinate Trust Agreement. This Bond is issued in accordance with the Los Angeles County Transportation Commission Revenue Bond Act, Section 130500 et seq. of the California Public Utilities Code.

Said authorized issue of Subseries C-\_\_\_ Bonds is limited in outstanding aggregate principal amount as provided in the Agreement. The Subseries C-\_\_\_ Bonds constitute Subordinate Obligations under the Agreement. Reference is hereby made to the Agreement and to the Act for a description of the terms on which the Subseries C-\_\_\_ Bonds are issued and to be issued, the provisions with regard to the nature and extent of the Subordinate Pledged Revenues (as that term is defined in the Agreement), and the rights of the Registered Owners of the Subseries C-\_\_\_ Bonds. All the terms of the Agreement and the Act are hereby incorporated herein and constitute a contract between the Authority and the Registered Owner from time to time of this Bond, and to all the provisions thereof the Registered Owner of this Bond, by its acceptance hereof, consents and agrees.

The Subseries C-\_\_\_ Bonds are secured as provided in the Subordinate Trust Agreement. The Subseries C-\_\_\_ Bonds and the interest thereon, are junior and subordinate in all respects to

the Senior Obligations as to lien on and source and security for payment from the Pledged Revenues as provided in the Senior and Junior Subordinate Lien Trust Agreement.

The Subseries C-\_\_\_ Bonds are limited obligations of the Authority and are payable as to both principal and interest, exclusively from the Subordinate Pledged Revenues and other funds pledged under the Agreement, and from Pledged Revenues as provided in the Junior and Subordinate Lien Trust Agreement.

The general fund of the Authority is not liable, and neither the credit nor the taxing power of the Authority is pledged (other than as described above), for the payment of the Subseries C-\_\_\_ Bonds or their interest. The Subseries C-\_\_\_ Bonds are not secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Authority or any of its income or receipts, except the Pledged Revenues and Subordinate Pledged Revenues.

This Bond shall be issued pursuant to a book-entry system administered by DTC (together with any successor thereto, "Securities Depository"). The book-entry system will evidence beneficial ownership of the Subseries C-\_\_\_ Bonds with transfers of ownership effected on the register held by the Securities Depository pursuant to rules and procedures established by the Securities Depository. So long as the book-entry system is in effect, transfer of principal and interest payments, and provisions of notices or other communications, to beneficial owners of the Subseries C-\_\_\_ Bonds will be the responsibility of the Securities Depository as set forth in the Agreement.

The Subseries C-\_\_\_ Bonds are subject to optional and mandatory redemption as provided in the Third Supplemental.

This Bond is transferable or exchangeable for other Authorized Denominations as provided in the Third Supplemental.

The Authority, the Trustee and any paying agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the Authority, the Trustee and any paying agent shall not be affected by any notice to the contrary.

The rights and obligations of the Authority and of the holders and registered owners of the Subseries C-\_\_\_ Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Agreement, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered owners of the Subseries C-\_\_\_ Bonds.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, do exist, have happened and have been

performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that this Bond, together with all other indebtedness of the Authority pertaining to the Pledged Revenues, is within every debt and other limit prescribed by the Constitution and the statutes of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Agreement or the Act.

This Bond shall not be entitled to any benefit under the Agreement, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, THE LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY has caused this Bond to be executed in its name and on its  
behalf as of the 23<sup>rd</sup> day of November, 2015.

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY



AUTHENTICATION CERTIFICATE

This Bond is one of the Subordinate Measure R Sales Tax Revenue Drawdown Bonds, Subseries C-\_\_\_\_ of the Los Angeles County Metropolitan Transportation Authority, described in the within-mentioned Agreement.

Dated: November 23, 2015

U.S. BANK NATIONAL ASSOCIATION, as

[REDACTED]

[REDACTED]

FORM OF ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers to

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(Please insert Social Security or Identification Number of Transferee)

---

---

(Please print or typewrite name and address, including zip code of Transferee)

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---

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

---

attorney to register the transfer of the within Bond on the books kept for registration thereof, all power of substitution in the premises.

Dated:

Signature Guaranteed:

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NOTICE: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

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NOTICE: The signature above must correspond with the name of the Owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

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AMENDED AND RESTATED TRUST AGREEMENT

between the

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

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Dated as of February 1, 2014

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Relating to

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
MEASURE R SENIOR SALES TAX REVENUE BONDS

and

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
MEASURE R JUNIOR SUBORDINATE SALES TAX REVENUE BONDS

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FIRST SUPPLEMENTAL TRUST AGREEMENT

between the

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

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Dated as of November 1, 2010

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relating to

\$573,950,000  
Los Angeles County Metropolitan  
Transportation Authority  
Measure R Senior Sales Tax Revenue Bonds,  
Series 2010-A  
(Taxable Build America Bonds)

\$158,460,000  
Los Angeles County Metropolitan  
Transportation Authority  
Measure R Senior Sales Tax Revenue Bonds,  
Series 2010-B  
(Tax-Exempt)

(Supplemental to the Trust Agreement dated as of November 1, 2010)

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SECOND SUPPLEMENTAL TRUST AGREEMENT

between the

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

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Dated as of February 20, 2014

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relating to

\$160,000,000  
Los Angeles County Metropolitan  
Transportation Authority  
Measure R Junior Subordinate Sales Tax Revenue Bond,  
2014-A TIFIA Series  
(Regional Connector TIFIA Loan)

(Supplemental to the Amended and Restated Trust Agreement dated as of February 1, 2014)

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THIRD SUPPLEMENTAL TRUST AGREEMENT

between the

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

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Dated as of May 21, 2014

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relating to

\$856,000,000  
Los Angeles County Metropolitan  
Transportation Authority  
Measure R Junior Subordinate Sales Tax Revenue Bond,  
2014-B TIFIA Series  
(Westside Purple Line Extension Section 1 TIFIA Loan)

(Supplemental to the Amended and Restated Trust Agreement dated as of February 1, 2014)

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THIRD SUPPLEMENTAL TRUST AGREEMENT  
(Supplemental to the Amended and Restated Trust Agreement dated as of February 1, 2014)

relating to

\$856,000,000

Los Angeles County Metropolitan Transportation Authority  
Measure R Junior Subordinate Sales Tax Revenue Bond,  
2014-B TIFIA Series  
(Westside Purple Line Extension Section 1 TIFIA Loan)

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This THIRD SUPPLEMENTAL TRUST AGREEMENT, dated as of May 21, 2014 (this “Third Supplemental Trust Agreement”), between the LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY (the “Authority”) and U.S. BANK NATIONAL ASSOCIATION, as trustee (the “Trustee”);

**WITNESSETH:**

WHEREAS, this Third Supplemental Trust Agreement is supplemental to the Trust Agreement, dated as of November 1, 2010, as supplemented and amended by the First Supplemental Trust Agreement, dated as of November 1, 2010, and the Amended and Restated Trust Agreement, dated as of February 1, 2014 (as further supplemented and amended from time to time pursuant to its terms, the “Trust Agreement”), between the Authority and the Trustee;

WHEREAS, the Trust Agreement provides that it may be amended or supplemented from time to time as authorized by a Supplemental Trust Agreement;

WHEREAS, the Authority and the Trustee desire to enter into this Third Supplemental Trust Agreement to set forth the terms of the Authority’s obligations to the TIFIA Lender (as defined below), relating to the execution and delivery of a TIFIA Loan Agreement dated as of May 21, 2014 (the “2014-B TIFIA Loan Agreement”) authorizing and setting forth the terms and conditions of a TIFIA Loan (the “2014-B TIFIA Loan”) from the TIFIA Lender to the Authority, which 2014-B TIFIA Loan is to be evidenced by a bond entitled “Los Angeles County Metropolitan Transportation Authority Measure R Junior Subordinate Sales Tax Revenue Bond, 2014-B TIFIA Series (Westside Purple Line Extension Section 1 TIFIA Loan)” (the “2014-B TIFIA Bond”), to be issued in a principal amount not to exceed \$856,000,000;

WHEREAS, the 2014-B TIFIA Bond is being issued as a Junior Subordinate Obligation and as a Bond under the Trust Agreement;

WHEREAS, the 2014-B TIFIA Loan Agreement is being entered into as indebtedness under, pursuant to and in accordance with the Act, and the proceeds of the 2014-B TIFIA Loan may be disbursed by the TIFIA Lender to be used to finance the Westside Purple Line Extension Section 1 Project, as provided in this Third Supplemental Trust Agreement; and

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

NOW, THEREFORE, the parties hereto agree, as follows:

## ARTICLE XVII

### DEFINITIONS

#### SECTION 17.01. Definitions.

(A) **Definitions.** Capitalized terms used herein and not defined herein shall have the definitions ascribed to such terms in Section 1.02 of the Trust Agreement.

(B) **Additional Definitions.** Unless the context otherwise requires, the following terms shall, for all purposes of this Third Supplemental Trust Agreement, have the following meanings:

**Authorized Denomination** means, with respect to the 2014-B TIFIA Bond, initially the principal amount of the 2014-B TIFIA Bond.

**Business Day** means any day other than a Saturday, a Sunday or day on which the offices of the Government or the State are authorized to be closed or on which commercial banks are authorized or required by law, regulation or executive order to be closed in New York, New York, Washington, D.C., Los Angeles, California, or St. Paul, Minnesota.

**Government** means the United States of America and its departments and agencies.

**Issue Date** means May 21, 2014.

**Second Supplemental Trust Agreement** means the Second Supplemental Trust Agreement, dated as of February 20, 2014, between the Authority and the Trustee, as amended in accordance with its terms.

**Semi-Annual Payment Date** means each June 1 and December 1 or if such day is not a Business Day, then the Business Day succeeding such June 1 or December 1.

**Third Supplemental Trust Agreement** means this Third Supplemental Trust Agreement, dated as of May 21, 2014, between the Authority and the Trustee, as amended in accordance with its terms.

**TIFIA Lender** means the U.S. Department of Transportation, acting by and through the Federal Highway Administrator, and its successors and assigns.

**Westside Purple Line Extension Section 1 Project** means the Project as defined in the 2014-B TIFIA Loan Agreement.

**2014-B TIFIA Bond** means the Los Angeles County Metropolitan Transportation Authority Measure R Junior Subordinate Sales Tax Revenue Bond, 2014-B TIFIA Series (Westside Purple Line Extension Section 1 TIFIA Loan), authorized by Article XVIII of this Third Supplemental Trust Agreement.

**2014-B TIFIA Debt Service** means, with respect to any Semi-Annual Payment Date occurring on or after the 2014-B TIFIA Debt Service Payment Commencement Date, the principal and/or interest required to be paid on the 2014-B TIFIA Loan on such Semi-Annual Payment Date as shown on **Exhibit F** of the 2014-B TIFIA Loan Agreement in accordance with the provisions of Section 9 of the 2014-B TIFIA Loan Agreement).

**2014-B TIFIA Debt Service Payment Commencement Date** means December 1, 2019, or if such date is not a Business Day, then the Business Day immediately succeeding that date.

**2014-B TIFIA Debt Service Reserve Required Balance** means five percent (5%) of the principal of the 2014-B TIFIA Loan at any time outstanding which shall be funded, at the Authority's discretion, through semi-annual or annual payments by the Authority from the Pledged Revenues on deposit in the Revenue Fund pursuant to this Trust Agreement; provided, however, that, initially, the 2014-B TIFIA Debt Service Reserve Account must be fully funded at the 2014-B TIFIA Debt Service Reserve Required Balance prior to the 2014-B TIFIA Debt Service Payment Commencement Date and the 2014-B TIFIA Debt Service Reserve Account must be fully funded at the 2014-B TIFIA Debt Service Reserve Required Balance on or before each subsequent Semi-Annual Payment Date.

**2014-B TIFIA Loan Agreement** means the TIFIA Loan Agreement, dated as of May 21, 2014, by and between the TIFIA Lender and the Authority, relating to the Westside Purple Line Extension Section 1 Project, as amended in accordance with its terms.

## ARTICLE XVIII

### AUTHORIZATION OF THE 2014-B TIFIA BOND

**SECTION 18.01. Authorization; Principal Amount, Designation and Series.** The Authority hereby approves the terms and provisions of the 2014-B TIFIA Loan Agreement substantially in form and substance contained in Exhibit A to this Third Supplemental Trust Agreement. Pursuant to the provisions of the Trust Agreement and the provisions of the Act, and to evidence the principal, interest and other payment obligations of the Authority under the 2014-

B TIFIA Loan Agreement, a Bond entitled to the benefit, protection and security of such provisions, is hereby authorized in the aggregate principal amount not to exceed \$856,000,000. Such Bond shall be designated as, and shall be distinguished from the Junior Subordinate Obligations of all other Series by the title, "Los Angeles County Metropolitan Transportation Authority Measure R Junior Subordinate Sales Tax Revenue Bond, 2014-B TIFIA Series (Westside Purple Line Extension Section 1 TIFIA Loan)."

**SECTION 18.02. Priority and Lien.** The principal and interest payment obligations pursuant to the 2014-B TIFIA Loan Agreement and evidenced by the 2014-B TIFIA Bond shall constitute Junior Subordinate Obligations under the Trust Agreement. Payment obligations under the 2014-B TIFIA Loan Agreement other than the obligation to pay principal and interest (and the corresponding obligation to pay principal of and interest on the 2014-B TIFIA Bond), including but not limited to fees and expenses payable to the TIFIA Lender under the 2014-B TIFIA Loan Agreement, shall also constitute Junior Subordinate Obligations. As provided in the Trust Agreement, Junior Subordinate Obligations shall be payable from Pledged Revenues pursuant to the Trust Agreement and shall be secured by a subordinate pledge of and lien on Pledged Revenues, subject to the prior pledge and lien securing the payment of all principal, premium, interest and reserve fund requirements, if any, for all Senior Bonds, Parity Obligations and Subordinate Obligations, and all fees and expenses on Interest Rate Swap Agreements (excluding Swap Termination Payments), Liquidity Provider or Credit Provider fees and expenses and similar obligations secured on a parity therewith.

**SECTION 18.03. Purpose.** The 2014-B TIFIA Bond is issued for the purpose of financing the Westside Purple Line Extension Section 1 Project.

**SECTION 18.04. Form, Denomination, Numbers and Letters.** The 2014-B TIFIA Bond shall not be issued as a book-entry-only obligation. Initially there shall be delivered hereunder one fully registered 2014-B TIFIA Bond numbered R-1, without interest coupons. Any 2014-B TIFIA Bonds issued in replacement thereof upon transfer or exchange shall be numbered consecutively from R-2 upward, payable to the Holder thereof. The 2014-B TIFIA Bond and the certificate of authentication shall be substantially in the form attached hereto as Exhibit B, which form is hereby approved and adopted as the form of the 2014-B TIFIA Bond and as the form of the certificate of authentication. The 2014-B TIFIA Bond shall be issued as one or more single 2014-B TIFIA Bonds for each Holder, and each such 2014-B TIFIA Bond shall be in an Authorized Denomination.

**SECTION 18.05. Date, Maturity and Interest Rate.**

(a) The 2014-B TIFIA Bond shall be dated the Issue Date. The principal amount of the 2014-B TIFIA Bond will increase from time to time by the amount disbursed by the TIFIA Lender to the Authority pursuant to the 2014-B TIFIA Loan Agreement, as noted by the TIFIA Lender on the grid attached to the 2014-B TIFIA Bond as Appendix One, with a copy to the Authority and the Trustee. Interest on such principal amount of the 2014-B TIFIA Bond will be compounded on June 1 and December 1 of each year following the initial disbursement and capitalized in accordance with the provisions of the 2014-B TIFIA Loan Agreement. The 2014-B TIFIA Bond (i) may and shall be prepaid prior to the respective payment dates, in whole

or in part, and at such time, in such amounts and with such notice as may be provided in the form of 2014-B TIFIA Bond set forth herein, and (ii) the principal of and interest on the 2014-B TIFIA Bond shall be payable, all as provided, and in the manner required or indicated, herein and in the form of 2014-B TIFIA Bond set forth herein.

(b) The 2014-B TIFIA Loan as evidenced by the 2014-B TIFIA Bond shall mature on June 1, 2037, and shall bear interest at the rate of 3.23% per annum (or the TIFIA Default Rate of 2.00% above the foregoing rate, if applicable), compounded and payable on the above dates and in accordance with the form of 2014-B TIFIA Bond set forth herein.

(c) The entity in whose name the 2014-B TIFIA Bond shall be registered in the registration books of the Trustee at any time shall be deemed and treated as the absolute Holder thereof for all purposes of the Trust Agreement, whether or not the 2014-B TIFIA Bond shall be overdue, and the Authority and the Trustee shall not be affected by any notice to the contrary, but such registration may be changed as herein provided. Payment of, or on account of, the principal of, premium, if any, and interest on the 2014-B TIFIA Bond shall be made only to such Holder. All such payments shall be valid and effectual to satisfy and discharge the liability upon the 2014-B TIFIA Bond to the extent of the sum or sums so paid. The Holder of the 2014-B TIFIA Bond shall at all times be the party to the 2014-B TIFIA Loan Agreement having all rights and obligations of the "TIFIA Lender" thereunder. Accordingly, the 2014-B TIFIA Bond may be transferred by a Holder only to a transferee that is a party to the 2014-B TIFIA Loan Agreement having all rights and obligations of the "TIFIA Lender" thereunder. The Trustee shall not register any transfer or exchange of the 2014-B TIFIA Bond unless the Holder's prospective transferee delivers to the Trustee a letter substantially in the form as set forth in Exhibit C attached hereto. The Trustee may rely on the letter in making a transfer or exchange of the 2014-B TIFIA Bond without any investigation. In the event there is more than one Holder of the 2014-B TIFIA Bond, payments of principal of and interest on the 2014-B TIFIA Bond shall be made ratably, based on the aggregate principal amount of 2014-B TIFIA Bond held by each such Holder.

(d) The Authority appoints the Trustee to act as the paying agent for paying the principal of and interest on the 2014-B TIFIA Bond and any other amounts due and payable thereunder, and hereby instructs the Trustee to make the payments when due to the TIFIA Lender in accordance with this Section 18.05. The Trustee shall keep proper records of all payments made by the Authority and the Trustee with respect to the 2014-B TIFIA Bond, and of all exchanges and replacements of 2014-B TIFIA Bond, as provided in the Trust Agreement.

**SECTION 18.06. Conditions to Delivery of 2014-B TIFIA Bonds.** The 2014-B TIFIA Bond shall be executed and delivered as authorized by this Third Supplemental Trust Agreement and the Trust Agreement, including Sections 3.07 and 3.08 thereof, upon execution and delivery of the 2014-B TIFIA Loan Agreement.

**SECTION 18.07. Disposition of Proceeds of 2014-B TIFIA Bond.** The proceeds from the issuance of the 2014-B TIFIA Bond shall be received by the Authority and applied by the Authority in accordance with the 2014-B TIFIA Loan Agreement.

**SECTION 18.08. Establishment and Application of the 2014-B Project Fund.**

There is hereby established and maintained a fund with the Authority designated as the "2014-B Project Fund." The 2014-B Project Fund initially shall be deemed to be part of the New Rail/Bus Rapid Transit Capital Projects Account of the Transit Capital Subfund of the Project Fund established by Section 5.08 of the Trust Agreement; provided, that all or any portion of the amounts therein or allocated thereto may be deemed to be part of and may be allocated to such other subfunds established under Section 5.08 of the Trust Agreement as the Authority may determine from time to time in its sole discretion. Proceeds of all borrowings under the 2014-B TIFIA Loan Agreement shall be deemed to be deposited or allocated to the 2014-B Project Fund and shall be used to pay Costs of the Project relating to the Westside Purple Line Extension Section 1 Project (through direct payment or reimbursement of prior payment thereof).

**ARTICLE XIX**

**DEPOSITS TO AND TRANSFERS FROM  
JUNIOR SUBORDINATE OBLIGATIONS FUND**

**SECTION 19.01. Deposits to and Transfers from TIFIA Debt Service Account (2014-B Subaccount).** There is hereby established the 2014-B Subaccount within the TIFIA Debt Service Account (the "TIFIA Debt Service Account (2014-B Subaccount)"), such subaccount to be held by the Trustee. The Trustee shall deposit from Pledged Revenues pursuant to Section 5.02(A)(6) of this Trust Agreement to the TIFIA Debt Service Account (2014-B Subaccount) in each month an amount equal to 1/6 of the principal and interest to become due on the 2014-B TIFIA Bond on the next Semi-Annual Payment Date, commencing on the sixth month prior to the 2014-B TIFIA Debt Service Payment Commencement Date. On such Semi-Annual Payment Date and on each Semi-Annual Payment Date thereafter, the Trustee shall transfer to the Holder of the 2014-B TIFIA Bond amounts on deposit in the TIFIA Debt Service Account (2014-B Subaccount) sufficient to pay the principal of and interest on the 2014-B TIFIA Bond due and payable on such Semi-Annual Payment Date.

**SECTION 19.02. Deposits to and Transfers from TIFIA Debt Service Reserve Account (2014-B Subaccount).** There is hereby established the 2014-B Subaccount within the TIFIA Debt Service Reserve Account (the "TIFIA Debt Service Reserve Account (2014-B Subaccount)"), such subaccount to be held by the Trustee. Prior to the TIFIA Debt Service Payment Commencement Date, the Trustee shall deposit Pledged Revenues pursuant to Section 5.02(A)(6) of this Trust Agreement into the TIFIA Debt Service Reserve Account (2014-B Subaccount) at such times and in such amounts as specified in a Request of the Authority. On the TIFIA Debt Service Payment Commencement Date, the Trustee shall deposit Pledged Revenues pursuant to Section 5.02(A)(6) into the TIFIA Debt Service Reserve Account (2014-B Subaccount) in an amount sufficient to cause the balance therein to equal the 2014-B TIFIA Debt Service Reserve Required Balance. The Pledged Revenues set aside and placed in the TIFIA Debt Service Reserve Account (2014-B Subaccount) shall be held solely for the benefit of the Holder of the 2014-B TIFIA Bond, and shall be used, withdrawn, and replenished as provided herein and in Section 5.12. If, on any date of valuation of Permitted Investments credited to the TIFIA Debt Service Reserve Account (2014-B Subaccount) pursuant to Section 5.11, the amount on deposit in the TIFIA Debt Service Reserve Account (2014-B Subaccount) exceeds the 2014-B

TIFIA Debt Service Reserve Required Balance as of such date, the Trustee shall transfer such excess amount to the Revenue Fund.

**SECTION 19.03. Deposits to and Transfers from TIFIA Fees and Expenses Account (2014-B Subaccount).** There is hereby established the 2014-B Subaccount within the TIFIA Fees and Expenses Account (the “TIFIA Fees and Expenses Account (2014-B Subaccount)”), such subaccount to be held by the Trustee. The Trustee shall deposit Pledged Revenues into the TIFIA Fees and Expenses Account (2014-B Subaccount) from time to time in such amounts and at such times as specified in a Request of the Authority. The Pledged Revenues set aside and placed in the TIFIA Fees and Expenses Account (2014-B Subaccount) shall be held solely for the benefit of the TIFIA Lender as Holder of the 2014-B TIFIA Bond, and shall be used, withdrawn and replenished from time to time to pay fees, expenses and related charges that the Authority may owe the TIFIA Lender as provided in the TIFIA Loan Agreement.

## ARTICLE XX

### OTHER PROVISIONS

**SECTION 20.01. Tax Status.** It is the intention of the Authority that the 2014-B TIFIA Bond not be an obligation described in section 103 of the Code interest on which is excludable from the gross income of the holders and in that regard the Authority agrees not to file a Form 8038-G, or any comparable information return relating to tax-exempt obligations, with the Internal Revenue Service.

## ARTICLE XXI

### AMENDMENT OF SECOND SUPPLEMENTAL TRUST AGREEMENT

**SECTION 21.01. Amendment of Second Supplemental Trust Agreement.** Section 13.02 of the Second Supplemental Trust Agreement is hereby amended by deleting such section in its entirety and substituting therefor the following:

**“SECTION 13.02. Priority and Lien.** The principal and interest payment obligations pursuant to the 2014-A TIFIA Loan Agreement and evidenced by the 2014-A TIFIA Bond shall constitute Junior Subordinate Obligations under the Trust Agreement. Payment obligations under the 2014-A TIFIA Loan Agreement other than the obligation to pay principal and interest (and the corresponding obligation to pay principal of and interest on the 2014-A TIFIA Bond), including but not limited to fees and expenses payable to the TIFIA Lender under the 2014-A TIFIA Loan Agreement, shall also constitute Junior Subordinate Obligations. As provided in the Trust Agreement, Junior Subordinate Obligations shall be payable from Pledged Revenues pursuant to the Trust Agreement and shall be secured by a subordinate pledge of and lien on Pledged Revenues, subject to the prior pledge and lien securing the payment of all principal, premium, interest and reserve fund requirements, if any, for all Senior Bonds, Parity Obligations and Subordinate Obligations, and all fees and expenses on Interest Rate

Swap Agreements (excluding Swap Termination Payments), Liquidity Provider or Credit Provider fees and expenses and similar obligations secured on a parity therewith.”

## ARTICLE XXII

### MISCELLANEOUS

**SECTION 22.01. Severability.** If any covenant, agreement or provision, or any portion thereof, contained in this Third Supplemental Trust Agreement, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Third Supplemental Trust Agreement, and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Third Supplemental Trust Agreement shall remain valid.

**SECTION 22.02. Parties Interested Herein.** Nothing in this Third Supplemental Trust Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Authority, the Trustee, and the Holders of the Bonds, Parity Obligations and Subordinate Obligations, any Counterparty, Liquidity Provider or Credit Provider, and the holders of the Junior Subordinate Obligations, any right, remedy or claim under or by reason of this Third Supplemental Trust Agreement or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Third Supplemental Trust Agreement contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee and the Holders of the Bonds, Parity Obligations and Subordinate Obligations, any Counterparty, Liquidity Provider or Credit Provider, and the holders of the Junior Subordinate Obligations.

**SECTION 22.03. Headings Not Binding.** The headings in this Third Supplemental Trust Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Third Supplemental Trust Agreement.

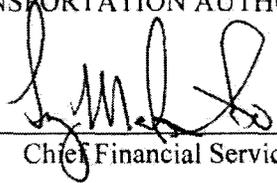
**SECTION 22.04. Trust Agreement to Remain in Effect.** Save and except as amended and supplemented by this Third Supplemental Trust Agreement, the Trust Agreement, as previously supplemented and amended, shall remain in full force and effect.

**SECTION 22.05. Effective Date of Third Supplemental Trust Agreement.** This Third Supplemental Trust Agreement shall take effect upon its execution and delivery.

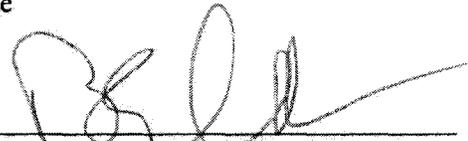
**SECTION 22.06. Execution in Counterparts.** This Third Supplemental Trust Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Third Supplemental Trust Agreement by their officers thereunto duly authorized as of the day and year first written above.

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

By  \_\_\_\_\_  
Chief Financial Services Officer

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By  \_\_\_\_\_  
Authorized Officer

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***BOND PURCHASE AGREEMENT***

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#2015-1944

\$150,000,000

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
SUBORDINATE MEASURE R SALES TAX REVENUE BONDS, SERIES C****BOND PURCHASE AGREEMENT**

November 23, 2015

Los Angeles County Metropolitan  
Transportation Authority  


RBC Capital Markets, LLC (together with its successors and assigns, the “*Underwriter*”) offers to enter into this Bond Purchase Agreement (this “*Agreement*”) with Los Angeles County Metropolitan Transportation Authority (the “*Authority*”), which, upon acceptance, will be binding upon the Authority and the Underwriter. This offer is made subject to the Authority’s acceptance, which acceptance shall be evidenced by the execution of this Agreement prior to 1:00 p.m., New York City time, on November 23, 2015 (such date being herein referred to as the “*Closing Date*”), by the Treasurer of the Authority and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the Authority at any time prior to acceptance; *provided*, that the obligation of the Underwriter to purchase the Subseries of (as defined in the Supplemental Trust Agreement, as defined in Section 1(b) hereof) the Series C Bonds (as hereinafter defined) and the obligation of the Authority to sell the Series C Bonds to the Underwriter shall be subject to the terms and conditions hereof, including, without limitation, Section 4 hereof.

To induce the Underwriter to purchase the Series C Bonds and to advance Drawings (as hereinafter defined) thereunder, the Authority and RBC Municipal Products, LLC, as purchaser of each Subseries of Series C Bonds from the Underwriter (the “*Purchaser*”), have entered into that certain Bondholder’s Agreement dated as of November 1, 2015 (as amended, supplemented, restated or otherwise modified from time to time in accordance with its terms, the “*Bondholder’s Agreement*”), which contains certain additional terms and agreements pertaining to the Series C Bonds. Capitalized terms used herein and not defined shall have the meanings assigned thereto in the Bondholder’s Agreement.

**SECTION 1. PURCHASE AND SALE OF THE SERIES C BONDS.**

(a) *Subseries of Series C Bonds; Drawings; Commitment End Date.* Upon the terms and conditions and upon the basis of the representations and agreements set forth herein, the Underwriter hereby agrees to purchase from the Authority, and the Authority hereby agrees to sell to the Underwriter the Authority’s Subordinate Measure R Sales Tax Revenue Bonds, Series C in one or more Subseries (collectively, the “*Series C Bonds*”). The Series C Bonds shall be issued in two subseries, Subseries C-1 (Tax-Exempt) (the “*Subseries C (Tax-Exempt) Bonds*”) and Subseries C-2 (Taxable) (the “*Subseries C (Taxable) Bonds*”) and will bear interest at variable rates, in each case, as reflected by the Schedule of Drawings, Redemptions and

Remarketings attached to such Subseries of Series C Bonds. Each Subseries of the Series C Bonds shall be purchased by the Underwriter by paying to the Trustee for the account of the Authority, on the date of issuance of such Subseries, an amount equal to 100% of the principal amount advanced to the Authority on such date of issuance and, on and after such date of issuance but prior to the Commitment End Date, in draw down installments on the date of each Drawing with respect to such Subseries (each such date, a “*Drawing Date*”); *provided*, that if any Drawing Date is not an Interest Payment Date (as defined in the Supplemental Trust Agreement), then the Underwriter shall also pay to the Trustee, for the account of the Authority, an amount equal to all accrued interest on the Subseries of the Series C Bonds being purchased on such Drawing Date from and including the prior Interest Payment Date, to but not including such Drawing Date. Each Drawing with respect to the Subseries C (Taxable) Bonds is referred to herein as a “*Taxable Drawing*” and each Drawing with respect to the Subseries C (Tax-Exempt) Bonds is a “*Tax-Exempt Drawing*” and each Taxable Drawing and Tax-Exempt Drawing is sometimes referred to herein as a “*Drawing*.” The outstanding principal amount of each Subseries of the Series C Bonds will be equal to 100% of the aggregate principal amount of all outstanding Drawings with respect to such Subseries of the Series C Bonds, reduced by the principal amount of any and all redemptions thereof. The Subseries C (Tax-Exempt) Bonds shall be issued in an original maximum stated principal amount of \$150,000,000 and the Subseries C (Taxable) Bonds shall be issued in an original maximum stated principal amount of \$100,000,000. No Subseries of the Series C Bonds may be issued and no Drawing under either Subseries of Series C Bonds shall be advanced by the Underwriter after November 20, 2020, or such earlier date on which the Underwriter’s commitment to advance funds hereunder is terminated at the election of the Authority or the Underwriter pursuant to Section 9 hereof or, if any such date is not a Business Day, the next preceding Business Day (“*Commitment End Date*”) and which date may be extended with the written consent of the Authority and the Underwriter. No Tax-Exempt Drawing on the Subseries C (Tax-Exempt) Bonds shall be permitted hereunder if the principal amount of such Tax-Exempt Drawing, when added to the principal amount of all outstanding Tax-Exempt Drawings under the Subseries C (Tax-Exempt) Bonds, would exceed the Tax-Exempt Commitment Amount; *provided*, that no Tax-Exempt Drawing on the Subseries C (Tax-Exempt) Bonds shall be permitted if, after giving effect to such Tax-Exempt Drawing, the total outstanding amount of Subseries C (Tax-Exempt) Bonds and Subseries C (Taxable) Bonds would exceed the Commitment Amount. No Taxable Drawing on the Subseries C (Taxable) Bonds shall be permitted under the Subseries C (Taxable) Bonds if the principal amount of such Taxable Drawing would exceed the Taxable Commitment Amount; *provided*, that no Taxable Drawing on the Subseries C (Taxable) Bonds shall be permitted if, after giving effect to such Taxable Drawing, the total outstanding amount of Subseries C (Tax-Exempt) Bonds and Subseries C (Taxable) Bonds would exceed the Commitment Amount.

(b) *Bond Documentation.* The Series C Bonds shall be issued under (i) 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 (the “*Act*”), and (ii) Ordinance No. 08-01 (the “*Ordinance*”), including the Expenditure Plan (as defined in the Ordinance), adopted by the Authority on July 24, 2008, and any amendments or extensions thereto, and the Series C Bonds shall be issued pursuant to the Subordinate Trust Agreement, dated as of November 1, 2015, by and between the Authority and U.S. Bank National Association (as the same may be amended, supplemented, restated or otherwise modified from time to time in

accordance with the terms hereof and thereof, the “*Trust Agreement*,” and together with the Supplemental Trust Agreement, the “*Subordinate Trust Agreement*”), as supplemented by the Third Supplemental Trust Agreement, dated as of November 1, 2015 (as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof and thereof, the “*Supplemental Trust Agreement*”), by and between the Authority and U.S. Bank National Association and as authorized by the Resolution of the Board of Directors of the Authority approving, among other things, the execution and delivery of this Agreement and the Bondholder’s Agreement, adopted by the Authority on May 28, 2015 (the “*Resolution*”), and any amendments or extensions thereto.

(c) *Redemption; Interest; Amortization End Date.* The Subseries C (Tax-Exempt) Bonds will be dated the Closing Date and the Subseries C (Taxable) Bonds will be dated their date of issuance (the “*Issuance Date*”), will be due and payable by the Authority on each Amortization Period Payment Date in the amounts set forth in the Bondholder’s Agreement and will mature and be due and payable by the Authority in full on the Amortization End Date (as defined in the Bondholder Agreement) and will be subject to optional and mandatory redemption as determined in accordance with the Subordinate Trust Agreement. The Series C Bonds initially shall bear interest at the applicable Drawdown Rate (as defined in the Subordinate Trust Agreement) in accordance with Section 2.02(e) of the Supplemental Trust Agreement. Interest on the Series C Bonds shall be payable by the Authority as set forth in Section 2.02(i) of the Supplemental Trust Agreement.

(d) *Initial Drawing; Subsequent Drawings.* The amount of the initial Drawing under the Subseries C (Tax-Exempt) Bonds shall be in an amount not less than \$10,000,000. The amount of the initial Drawing under the Subseries C (Tax-Exempt) Bonds advanced on the Closing Date shall be \$10,000,000. The amount of each subsequent Tax-Exempt Drawing under the Subseries C (Tax-Exempt) Bonds, plus the aggregate amount of all other Tax-Exempt Drawings thereunder shall equal the outstanding principal amount of the Subseries C (Tax-Exempt) Bonds, and shall be in an amount not less than \$1,000,000. The amount of the initial Drawing with regard to the Subseries C (Taxable) Bonds shall be in an amount not less than \$20,000,000. The amount of each subsequent Taxable Drawing under the Subseries C (Taxable) Bonds plus the aggregate amount of all other Tax Drawings shall equal the outstanding principal amount of the Subseries C (Taxable) Bonds and shall be in an amount not less than \$10,000,000. Following the Issuance Date of each Subseries of Series C Bonds, subject to the terms and conditions herein (including, without limitation, Section 4(f) hereof), the terms and conditions set forth in the Subordinate Trust Agreement and upon five (5) Business Days prior written notice, the Underwriter shall pay the purchase price of each subsequent Drawing under either Subseries of Series C Bonds no later than to 1:00 p.m., New York City time on the date of each such Drawing designated by the Authority; *provided, however*, the Underwriter shall have received evidence satisfactory to the Underwriter that all conditions to such Drawing set forth in this Agreement and the Subordinate Trust Agreement have been satisfied; *provided, further, however*, that as a condition to any Drawing under either Subseries of Series C Bonds when, on the date of such Drawing the outstanding principal amount of either the Subseries C (Tax-Exempt) Bonds or the Subseries C (Taxable) Bonds is \$0 but any other Series C Bonds are currently outstanding, the Authority must provide the Underwriter fifteen (15) days advance written notice with respect to such Drawing and, so long as the conditions precedent to such

Drawing set forth in this Agreement and the Subordinate Trust Agreement have been satisfied, the Underwriter will honor such Drawing under the related Subseries of Series C Bonds by not later than 1:00 p.m. on the fifteenth (15th) day following the request for such Drawing; *provided, further, however,* that as a condition to any Drawing under either Subseries of Series C Bonds when, on the date of such Drawing the outstanding principal amount of all Series C Bonds is \$0, the Authority must provide the Underwriter thirty-one (31) days advance written notice with respect to such Drawing and, so long as the conditions precedent to such Drawing set forth in this Agreement and the Subordinate Trust Agreement have been satisfied, the Underwriter will honor such Drawing under the related Subseries of Series C Bonds by not later than 1:00 p.m. on the thirty-first (31st) day following the request for such Drawing. Following the Closing Date, subject to the terms and conditions herein (including, without limitation, Section 4(f) hereof), the terms and conditions set forth in the Subordinate Trust Agreement and upon thirty-one (31) days prior written notice, the Authority may request that the Subseries C (Taxable) Bonds may be issued and the Underwriter shall pay the purchase price of the Drawing thereunder no later than to 1:00 p.m., New York City time on the date of such Drawing designated by the Authority; *provided, however,* the Underwriter shall have received evidence satisfactory to the Underwriter that all conditions to the issuance of such Subseries C (Taxable) Bonds set forth in this Agreement and the Subordinate Trust Agreement have been satisfied. The Underwriter shall not be required (A) to honor Tax-Exempt Drawings under the Subseries C (Tax-Exempt) Bonds in an outstanding aggregate principal amount in excess of (i) the Tax-Exempt Commitment Amount or (ii) the Commitment Amount less the aggregate amount of outstanding Taxable Drawings under the Subseries C (Taxable) Bonds or (B) to honor Taxable Drawings under the Subseries C (Taxable) Bonds in an outstanding aggregate principal amount in excess of the Taxable Commitment Amount; *provided,* that no Taxable Drawing on the Subseries C (Taxable) Bonds shall be permitted if, after giving effect to such Taxable Drawing, the total outstanding amount of Subseries C (Tax-Exempt) Bonds and Subseries C (Taxable) Bonds would exceed the Commitment Amount.

(e) *Investment Trust.* The Authority acknowledges and agrees that (i) the Underwriter intends to sell each Subseries of Series C Bonds to the Purchaser for a price equal to their par amount, (ii) the Purchaser may have an ownership interest in secondary market securities of which either Subseries of Series C Bonds form the underlying asset and (iii) the Purchaser contemplates a deposit of the Subseries C (Tax-Exempt) Bonds into a common law trust established by the Purchaser or an affiliate of the Purchaser under the laws of the State of New York and a deposit of the Subseries C (Taxable) Bonds into a statutory trust established by the Purchaser or an affiliate of the Purchaser under the Delaware statutory trust statute (each such common law and statutory trust, a “Trust”), and Royal Bank will be the initial Credit Protection Provider for the Trusts.

(f) *No Advisory or Fiduciary Duty.* The Authority acknowledges and agrees that (i) the purchase and sale of the Series C Bonds pursuant to this Agreement is an arm’s-length commercial transaction between the Authority and the Underwriter and the Underwriter’s affiliates, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter and the Underwriter’s affiliates are and have been acting solely as principal and are not acting as the agent or fiduciary of the Authority, (iii) neither the Underwriter nor any of the Underwriter’s affiliates has assumed

an advisory or fiduciary responsibility in favor of the Authority with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter or the Underwriter's affiliates has provided other services or is currently providing other services to the Authority on other matters) and neither the Underwriter nor its affiliates has any obligation to the Authority with respect to the offering contemplated hereby except the obligations expressly set forth in this Agreement, (iv) the Authority has consulted with its own legal, financial and other advisors to the extent it has deemed appropriate, and (v) the Underwriter and the Underwriter's affiliates have financial and other interests that differ from those of the Authority.

## SECTION 2. REPRESENTATIONS AND AGREEMENTS.

The Authority represents to the Underwriter as of the Closing Date, as of the Issuance Date and as of each Drawing Date and agrees with the Underwriter that:

(a) The Authority (i) is a public entity established pursuant to the laws of the State of California (the "*State*") validly organized and existing under and by virtue of the laws of the State, (ii) has full power and authority to own its properties and carry on its business as now conducted, (iii) has (or, if already executed or adopted, had at the time of execution or adoption) full power and authority to execute (or adopt, if applicable), deliver and perform its obligations under this Agreement and the other Related Documents, to issue, sell, execute and deliver the Series C Bonds to the Underwriter as provided in this Agreement, and to execute, deliver and perform its obligations under the Series C Bonds and to repay the Obligations and (iv) has full power and authority to grant a pledge of and lien on the Pledged Revenues and the Subordinate Pledged Revenues to secure the Series C Bonds as provided in the Senior Trust Agreement and the Subordinate Trust Agreement.

(b) The execution (or adoption, if applicable), delivery and performance of this Agreement, the Series C Bonds and the other Related Documents and the issuance, sale, execution and delivery of the Series C Bonds (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 the Ordinance, 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 Lien Trust Agreement or the Subordinate 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.

(c) The execution (or adoption or issuance, if applicable), delivery and performance of this Agreement, the Series C Bonds 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. All approvals, consents and orders of and filings with any Governmental Authority which

would constitute a condition precedent to the issuance of the Series C Bonds will have been obtained or made and any consents, approvals and orders so received or filings so made will be in full force and effect.

(d) This Agreement, the Subordinate Trust Agreement and the other Related Documents constitute legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally, by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law and by limitations on legal remedies against public agencies in the State. The Series C Bonds will be duly issued, executed and delivered in conformity with the Act and the Subordinate Trust Agreement and the Senior Lien Trust Agreement, and constitute legal, valid and binding special, limited obligations of the Authority, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable reorganization, insolvency, liquidation, readjustment of debt, moratorium or other similar laws affecting the enforcement of the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and entitled to the benefit and security of the Senior Lien Trust Agreement and the Subordinate Trust Agreement.

(e) 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 Agreement, the Series C Bonds or the other Related Documents, or wherein an unfavorable decision, ruling or finding would in any way adversely affect (A) the authority for the issuance of the Series C Bonds or seeking to restrain or enjoin the sale, issuance or delivery of the Series C Bonds, (B) the validity or enforceability of this Agreement, the Series C Bonds or the other Related Documents or the Authority's ability to perform its obligations under this Agreement and the other Related Documents, (C) (i) the validity, enforceability or perfection of the pledge of and lien on the Pledged Revenues or the Subordinate Pledged Revenues or on the amounts held in funds, accounts and subaccounts under the Senior Lien Trust Agreement and the Subordinate Trust Agreement, as applicable, or securing the Bond Obligations or (ii) the validity or enforceability of the obligation to pay the Other Obligations from Pledged Revenues provided in the Senior Lien Trust Agreement, (D) the status of the Authority as a public entity created and validly existing under the laws of the State, (E) the exemption of interest on the Series C (Tax-Exempt) Bonds from the gross income of the recipients thereof for Federal income tax purposes, (F) the collection of the Measure R Sales Tax that could reasonably be expected to have a material adverse effect on the ability of the Authority to pay debt service on the Subseries C Bonds, the Senior Bonds, the Parity Obligations or the Subordinate Obligations or amounts due on any Other Obligations hereunder or (G) the rights, security interest or remedies available to the Underwriter under this Agreement or the other Related Documents. To the knowledge of the Authority there is no action pending or threatened, which questions the validity of the Act, Ordinance or the Measure R 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 the Ordinance or to diminish or reallocate the Measure R Sales Tax.

(f) All of the Authority's financial statements that have been furnished to the Underwriter 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 and Subordinate Pledged Revenues as of the dates thereof, and there has been no Material Adverse Effect since the date the last such report was so furnished to the Underwriter.

(g) The Authority has not taken any action and knows of no action that any other Person has taken which would cause interest on the Subseries C (Tax-Exempt) Bonds to be included in the gross income of the recipients thereof for Federal income tax purposes.

(h) Each of the Related Documents is in full force and effect. Except as previously disclosed in writing to the Underwriter prior to the Closing Date, 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 Underwriter prior to the Closing Date, neither the Authority nor any other party thereto has waived or deferred performance of any material obligation under any Related Document.

(i) The Authority hereby makes to the Underwriter 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 Underwriter 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 Underwriter.

(j) The Authority is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of the Series C Bonds or any amounts furnished by the Underwriter pursuant to the Bond Purchase Agreement 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.

(k) No Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default has occurred and is continuing.

(l) The Series C Bonds will be duly authorized, executed, issued and delivered and shall constitute Subordinate Obligations under the Senior Lien Trust Agreement and the Subordinate Trust Agreement and will be entitled to the benefits thereof.

(m) The Bond Obligations are secured by a second lien on and pledge of the Pledged Revenues pursuant to the Senior Lien Trust Agreement and a first lien on and pledge of the Subordinate Pledged Revenues pursuant to the Subordinate Trust Agreement. The Other Obligations are special obligations of the Authority which constitute Fees and Expenses under the Senior Trust Agreement and are payable from Pledged Revenues pursuant to the terms of the Senior Lien Trust Agreement after deposits with respect to the Subordinate Obligations and before deposits with respect to the Junior Subordinate Obligations. The irrevocable pledge of and lien on the Pledged Revenues under the Senior Lien Trust Agreement and the Subordinate Pledged Revenues the Subordinate Trust Agreement, in each case, securing the payment of the Bond Obligations 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 the State. The obligation to pay the Other Obligations from Pledged Revenues in accordance with the Senior Lien Trust Agreement is a valid and binding obligation of the Authority and such amounts are payable, on a *pari passu* basis with all other Fees and Expenses, and senior to all Junior 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 the State. No filing, registration, recording or publication of the Senior Lien Trust Agreement or the Subordinate Trust Agreement or any other instrument nor any prior separation or physical delivery of the Pledged Revenues or the Subordinate Pledged Revenues is required to establish the pledge provided for under the Senior Lien Trust Agreement and the Subordinate Trust Agreement or to perfect, protect or maintain the Lien created thereby on the Pledged Revenues or the Subordinate Pledged Revenues and amounts held in funds, accounts or subaccounts under the Subordinate Trust Agreement to secure the Bond Obligations as described herein. As of the Closing Date, there is no indebtedness of the Authority payable from or secured by the Pledged Revenues or amounts held in funds, accounts or subaccounts established and maintained pursuant to the Senior Lien Trust Agreement or any portion thereof on a basis that is the senior to the Bond Obligations, the Series C Bonds and the other Obligations other than the Senior Bonds and the Parity Obligations existing as of the Closing Date. As of the Closing Date, there is no indebtedness of the Authority payable from or secured by the Subordinate Pledged Revenues or amounts held in funds, accounts or subaccounts under the Subordinate Trust Agreement or any portion thereof on a basis that is on a parity with the Bond Obligations, the Series C Bonds other than any Subordinate Obligations owing under the BOTW Agreement and the State Street Agreement. The lien on Pledged Revenues under the Senior Lien Trust Agreement and the lien on Subordinate Pledged Revenues under the

Subordinate Trust Agreement securing the Series C Bonds is senior to the lien on Pledged Revenues and Subordinate Pledged Revenues securing the Junior Subordinate Obligations (including, without limitation, the TIFIA Bonds) and the obligation of the Authority to pay outstanding Other Obligations is senior in priority of payment to the payment of any Junior Subordinate Obligations. The Bond Obligations constitute “Subordinate Obligations” for purposes of the Senior Lien Trust Agreement and the Subordinate Trust Agreement.

(n) The Authority is subject to claims and to suit for damages in connection with its obligations under this Agreement and the other Related Documents pursuant to and in accordance with the laws of the State 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.

(o) All information, reports and other papers and data with respect to the Authority furnished to the Underwriter, at the time the same were so furnished, were accurate in all material respects. Any financial, budget and other projections furnished to the Underwriter 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.

(p) The terms of this Agreement and the other Related Documents (including the Series C Bonds) regarding the calculation of interest and fees do not violate any applicable usury laws.

(q) To the best knowledge of the Authority, there is no amendment or proposed amendment to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State 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.

(r) The provisions of the Subordinate Trust Agreement constitute a contract between the Authority and the Underwriter subject to the provisions of the Subordinate Trust Agreement, and the Underwriter, 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 Series C Bonds.

(s) The Authority is not subject to ERISA and maintains no ERISA Plans.

(t) After giving effect to the issuance of the Series C Bonds and the other obligations contemplated by this 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.

(u) The Authority and its Property (i) have not become subject to any Environmental Liability nor does it know of any basis for any Environmental Liability, (ii) have not received notice to the effect that any of the 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, is in compliance with all Environmental Laws and has obtained and maintains or complies with any permit, license or other approval required under any Environmental Law, in each of (i), (ii) and (iii) above, except with respect to any matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(v) As of the Closing Date, no Person (including, without limitation, a credit facility provider or a liquidity provider, either of which provides credit enhancement or liquidity support to any Senior Bonds or Subordinate Obligations, a direct purchase provider of Senior Bonds and Subordinate Obligations or any Person under a Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations)) has a right under any indenture or any supplemental indenture relating to any such Senior Bonds, Parity Obligations, Parity and Senior Debt or Subordinate Obligations or any other document or agreement relating to any Senior Bonds, Parity Obligations, Parity and Senior Debt or Subordinate Obligations or any Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations), to direct the Senior Lien Trustee, the Subordinate Lien Trustee or any other Person to declare or cause the principal of and interest on any such Senior Bonds, Parity Obligations, Parity or Senior Debt or Subordinate Obligations to become immediately due and payable in full as the result of acceleration, mandatory redemption or mandatory tender.

(w) Neither the Authority nor any of 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;

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

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

(B) 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;

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

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

(E) 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

(ii) to the best of the Authority’s knowledge 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.

(x) Neither the Authority nor anyone authorized to act on its behalf, directly or indirectly, has offered the Series C Bonds for sale to, or solicited any offer to buy the Series C Bonds from, anyone other than the Underwriter.

### SECTION 3. DELIVERY OF EACH SERIES OF THE SERIES C BONDS; CLOSING.

At or prior to 1:00 p.m., New York City time, on the Closing Date, or on such other date or time as may be mutually agreeable to the Underwriter and the Authority, the Authority will deliver the Subseries C (Tax-Exempt) Bonds to the Underwriter through the facilities of The Depository Trust Company (“DTC”) in definitive form, duly executed and authenticated, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Underwriter will accept for delivery and pay the purchase price for the Subseries C (Tax-Exempt) Bonds as set forth in Section 1 hereof by wire transfer in same-day federal funds payable to the Trustee for the account of the Authority (for deposit in the Project Fund (each as defined in the Trust Agreement)). Upon issuance, the ownership of the Subseries C (Tax-Exempt) Bonds shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as the nominee of DTC.

On the Issuance Date of Subseries C (Taxable) Bonds (which may occur after the Closing Date subject to the terms and conditions set forth herein and in the Subordinate Trust Agreement), the Authority will deliver the Subseries C (Taxable) Bonds to the Underwriter through the facilities of The Depository Trust Company (“DTC”) in definitive form, duly executed and authenticated, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Underwriter will accept for delivery and pay the

purchase price for the Subseries C (Taxable) Bonds as set forth in Section 1 hereof by wire transfer in same-day federal funds payable to the Trustee for the account of the Authority (for deposit in the Project Fund (as defined in the Supplemental Trust Agreement) as provided under Section 4.02 of the Supplemental Trust Agreement). Upon issuance, the ownership of the Subseries C (Taxable) Bonds shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as the nominee of DTC.

SECTION 4. CONDITIONS TO THE OBLIGATIONS OF THE UNDERWRITER TO PURCHASE OF SERIES C BONDS ON THE CLOSING DATE AND THE ISSUANCE DATE.

The Underwriter has entered into this Agreement in reliance upon the accuracy of the representations and agreements of the Authority contained herein and in the other Related Documents on the Closing Date and the Issuance Date upon the performance by the Authority of its obligations hereunder at or prior to the Closing Date and the Issuance Date. Accordingly, the Underwriter's obligations under this Agreement to purchase, to accept delivery of and to pay for the Subseries C (Tax-Exempt) Bonds on the Closing Date and the Subseries C (Taxable) Bonds on the Issuance Date will be subject to the performance by the Authority of its obligations to be performed hereunder and under the other Related Documents at or prior to the Closing Date and the Issuance Date, and will also be subject to the following conditions:

(a) *Representations and Warranties.* The representations and agreements of the Authority contained herein and in the other Related Documents will be true, complete and correct on and as of the Closing Date and the Issuance Date (except to the extent any such representation or warranty specifically relates to an earlier date, then such representation or warranty shall be true and correct as of such earlier date), as applicable;

(b) *Related Documents in Full Force and Effect.* On the Closing Date and the Issuance Date, the Act, the Ordinance, the Senior Lien Trust Agreement, the Subordinate Trust Agreement and each other Related Document will be in full force and effect and will not have been amended, modified or supplemented in any manner which would materially impair or materially adversely affect the obligations of the Authority, including, without limitation, reducing the amount of the Pledged Revenues or the Subordinate Pledged Revenues or impairing the obligations of the Authority hereunder or under the Bondholder's Agreement or with respect to the Series C Bonds, or the rights, interests, security or remedies of the Underwriter or the Purchaser with respect to the Pledged Revenues or the Subordinate Pledged Revenues or the security provided by the Senior Lien Trust Agreement and the Subordinate Trust Agreement, except as may have been agreed to in writing by the Underwriter;

(c) *Approvals.* On the Closing Date and the Issuance Date, all necessary approvals of the Authority relating to the issuance and sale of the Series C Bonds being sold on such date will be in full force and effect and will not have been amended, modified or supplemented in any manner which would materially impair or materially adversely affect the obligations of the Authority, including, without limitation, reducing the amount of the Pledged Revenues or impairing the obligations of the Authority hereunder or under the Bondholder's Agreement or with respect to the Series C Bonds, or

the rights, interests, security or remedies of the Underwriter or the Purchaser with respect to the Subordinate Pledged Revenues or the security provided by the Subordinate Trust Agreement, except as may have been agreed to in writing by the Underwriter, and there will have been taken all such actions as, in the opinion of Bond Counsel, are necessary or appropriate in connection with the issuance of the Series C Bonds and with the transactions contemplated hereby, including the adoption of any other resolutions by the Authority;

(d) *Documentary Conditions to Closing.* On or prior to the Closing Date, the Authority will have performed all of its obligations required under this Agreement and the other Related Documents to be performed at or prior to the Closing Date, and the Underwriter will have received each of the following documents in form and substance satisfactory to the Underwriter:

(i) *Resolutions.* Copies of the resolution(s) of the Board of Directors of the Authority approving the issuance of the Series C Bonds and the execution and delivery of this Agreement, the Senior Lien Trust Agreement and the Subordinate Trust Agreement, certified by the Board Secretary of the Authority as being true and complete and in full force and effect on the Closing Date;

(ii) *Related Documents.* Executed originals of each of this Agreement, the Bondholder's Agreement, the other Related Documents and the MSRB G-17 Letter dated November 23, 2015 (the "*MSRB G-17 Letter*"), between the Underwriter and the Authority;

(iii) *Opinion of Counsel to the Authority.* An opinion, dated the Closing Date and addressed to the Underwriter, of Authority Counsel in substantially the form attached hereto as Exhibit B;

(iv) *Authority Certificate.* A certificate, dated the Closing Date and signed by the Chief Executive Officer, the Executive Director, Finance and Budget or the Treasurer of the Authority, to the effect that (A) the representations and warranties of the Authority contained herein and in the other Related Documents are true and correct in all material respects on and as of the Closing Date or the Issuance Date, as applicable, with the same effect as if made on the Closing Date; (B) all conditions precedent to the issuance of the Series C Bonds (including all conditions precedent in the Senior Lien Trust Agreement and the Subordinate Trust Agreement) and the effectiveness of the Related Documents have been satisfied; (C) no Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default has occurred and is continuing; (D) since June 30, 2014, there has been no Material Adverse Change or Material Adverse Effect, and (E) to the best knowledge of the Authority, the underlying unenhanced long-term ratings assigned to the Senior Bonds by Moody's and S&P have not been reduced, withdrawn or suspended by any Rating Agency since the dated date of the Rating Documentation;

(v) *Ratings.* Satisfactory evidence that the underlying unenhanced long-term rating assigned to the Senior Bonds by Moody's is "Aa2" (or its equivalent) and "AAA" (or its equivalent) by S&P;

(vi) *Financial Statements.* (A) Audited annual financial statements of the Authority for the Fiscal Year ended June 30, 2014, (B) a copy of the most recent budget of the Authority (such requirement to be satisfied if such information is available on the Authority's website) and (C) the investment policy of the Authority; and

(vii) *Other Documents.* Such additional certificates and other documents as the Underwriter and Bond Counsel may reasonably request to evidence performance of or compliance with the provisions hereof and the transactions contemplated hereby.

All the opinions, letters, certificates, instruments and other documents mentioned in this Agreement shall be deemed to be in compliance with this Agreement if, but only if, they are in form and substance satisfactory to Bond Counsel and the Underwriter.

(e) *Documentary Conditions to the Issuance of the Subseries C (Tax-Exempt) Bonds on the Closing Date and the Issuance of the Subseries C (Taxable) Bonds on the Issuance Date.* The Underwriter will have received each of the following documents in form and status satisfactory to the Underwriter:

(i) *Specimen Bond.* Specimen copies of the Subseries C (Taxable) Bonds and Subseries C (Tax-Exempt) Bonds being issued on such date;

(ii) *Opinions of Bond Counsel.*

(A) (1) Unqualified approving opinions, dated the Closing Date or the Issuance Date and addressed to the Authority, of Bond Counsel, and, for the issuance of the Subseries C (Tax-Exempt) Bonds on the Closing Date, to the effect that that the interest on the Series C (Tax-Exempt) Bonds and the related Subseries C (Tax-Exempt) Bonds is excludable from gross income for federal income tax purposes and such other customary matters as the Underwriter may reasonably request, and (2) a letter or letters of such counsel, dated the Closing Date or the Issuance Date and addressed to the Underwriter and the Purchaser, to the effect that such unqualified approving opinions addressed to the Authority may be relied upon by the Underwriter and the Purchaser to the same extent as if such opinion was addressed to it;

(B) An opinion, dated the Closing Date or the Issuance Date and addressed to the Underwriter and the Purchaser, of Bond Counsel, to the effect that the related Subseries of Series C Bonds are not subject to

the registration requirements of the 1933 Act and the Subordinate Trust Agreement is exempt from qualification pursuant to the 1939 Act;

(iii) *Certificate of the Authority as to Arbitrage.* For the Subseries C (Tax-Exempt) Bonds, a certificate of the Authority signed by any of the duly authorized officials and representatives of the Authority setting forth the reasonable expectations of the Authority deemed necessary and appropriate by Bond Counsel to support the conclusion that the Subseries C (Tax-Exempt) Bonds will not be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code;

(iv) *Trustee Certificate.* A certificate, dated the Closing Date and the Issuance Date and signed by an authorized officer of the Trustee, to the effect that (A) the Trustee authenticated and delivered the related Subseries of Series C Bonds to the Underwriter, at the direction of the Authority and (B) the related Subseries of Series C Bonds were duly authenticated by an authorized officer of the Trustee;

(v) *DTC Certificate.* A certificate duly executed by the Authority for the applicable Subseries of Series C Bonds and containing such information as required by the Underwriter and DTC in order for the applicable Subseries of Series C Bonds to be delivered to DTC pursuant to the Fast Automated Securities Transfer system; and

(vi) *Other Documents.* Such additional certificates and other documents as the Underwriter and Bond Counsel may reasonably request to evidence performance of or compliance with the provisions hereof and the transactions contemplated hereby.

(f) *Conditions to Drawings after Closing Date.* At or prior to each Drawing Date for either Subseries of Series C Bonds, the Authority will have performed all of its obligations required under this Agreement, the Subordinate Trust Agreement and the other Related Documents to be performed at or prior to such Drawing Date, and each of the following additional conditions shall be satisfied:

(i) the representations and agreements of the Authority contained herein and in the other Related Documents are true and correct in all material respects on and as of the Drawing Date with the same effect as if made on the Drawing Date (except to the extent any such representation or warranty specifically relates to an earlier date, then such representation and warranty shall be true and correct as of such earlier date);

(ii) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Drawing Date, including all conditions to such Drawing in the Senior Lien Trust Agreement and the Subordinate Trust Agreement;

(iii) no Event of Default exists under the Senior Lien Trust Agreement or the Subordinate Trust Agreement, and no Bondholder's Agreement Event of Default or Potential Bondholder's Agreement Event of Default exists under the Bondholder's Agreement;

(iv) the Drawing Date shall occur on or prior to the Commitment End Date and the obligation of the Underwriter to honor drawings shall not have otherwise terminated in accordance with the terms hereof;

(v) the Underwriter, the Purchaser and the Trustee shall have received (A) a certificate dated the Drawing Date and signed by an authorized representative of the Authority in the form of Exhibit A-1 or Exhibit A-2 hereto, as applicable and (B) for each Tax-Exempt Drawing, (1) an opinion of Bond Counsel dated the date of such Tax-Exempt Drawing as to the exclusion of interest on such Tax-Exempt Drawing from gross income for federal income tax purposes, in form and substance satisfactory to the Underwriter and the Purchaser. At the Authority's option, after consultation with Bond Counsel, the Authority may deliver to the Underwriter and the Purchaser an opinion of Bond Counsel that relates to one or more Tax-Exempt Drawings, such opinion to set forth the maximum dollar amount of Tax-Exempt Drawings and the period of time over which such Tax-Exempt Drawings are to be made and such opinion shall be satisfactory in form and substance to the Underwriter and the Purchaser, and (2) a letter or letters of such counsel, dated the Drawing Date and addressed to the Underwriter and the Purchaser, to the effect that such opinions addressed to the Authority may be relied upon by the Underwriter and the Purchaser to the same extent as if such opinion was addressed to it;

(vi) For each Tax-Exempt Drawing, the Underwriter and the Purchaser shall have received an executed Supplemental Tax Certificate, in form and substance satisfactory to the Underwriter and the Purchaser. At the Authority's option, after consultation with Bond Counsel, the Authority may deliver to the Underwriter and the Purchaser an executed Supplemental Tax Certificate that relates to one or more Tax-Exempt Drawings, such Supplemental Tax Certificate to set forth the maximum dollar amount of Tax-Exempt Drawings and the period of time over which such Tax-Exempt Drawings are to be made;

(vii) a certificate dated the date of such Drawing and executed by an Authorized Representative, certifying that as of the date of such Drawing the Debt Service Coverage Ratio is greater than 125%;

(viii) (A) a certificate dated the date of the Drawing and executed by an Authorized Representative, certifying that as of the date of the Drawing the Authority has complied with all conditions precedent to the issuance of Subordinate Obligations, as applicable, set forth in Section 3.06 of the Senior Lien Trust Agreement and (B) a copy of the certificate which is required to be

delivered to the Senior Trustee and the TIFIA Lender in Section 3.06(C) of the Senior Lien Trust Agreement); and

(ix) no Material Adverse Effect shall have occurred.

If the Authority is unable to satisfy the conditions to the obligations of the Underwriter with respect to a Drawing, the Underwriter shall not be obligated with respect to such Drawing. Further, if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Series C Bonds are terminated for any reason permitted by this Agreement, this Agreement will terminate and the Underwriter and the Authority will not be under any further obligation hereunder, *provided*, that the obligations of the Authority set forth in Section 6 and the representations and agreements of the Authority contained herein will continue in full force and effect.

SECTION 5. REPRESENTATIONS AND AGREEMENTS TO SURVIVE DELIVERY; TERM OF AGREEMENT.

All of the Authority's representations and agreements shall remain operative and in full force and effect, regardless of any investigations made by the Underwriter or on its behalf, and shall survive delivery of the Series C Bonds to the Underwriter.

This Agreement shall be in full force and effect from the date hereof and continue in effect until the Commitment End Date. Notwithstanding the foregoing, this Agreement may be terminated at any time at the mutual consent, evidenced in writing, of the parties hereto.

SECTION 6. PAYMENT OF EXPENSES.

(a) The Authority agrees to pay all expenses incident to the performance of the Authority's obligations under this Agreement, including, but not limited to: (i) charges made by rating agencies for any rating of the Series C Bonds; (ii) the fees and disbursements of Bond Counsel, Financial Advisor (the "*Financial Advisor*"), of counsel to the Underwriter and the Purchaser and of any other experts or consultants retained by the Authority; (iii) the cost of any consent letters, statements or certificates delivered by the Authority's accountants or consultants; (iv) certain costs incurred in connection with the issuance of and the sale of Series C Bonds; and (v) out-of-pocket expenses of the Authority.

(b) The Underwriter shall pay all expenses incident to the performance of its obligations under this Agreement, including, but not limited to: (i) the cost of delivering the Series C Bonds to the purchasers; (ii) all other expenses incurred by it in connection with its offering and distribution of the Series C Bonds, including the preparation, printing and separate distribution, if any, of the Blue Sky; and (iii) any California Debt and Investment Advisory Commission fees; *provided, however*, that any California Debt and Investment Advisory Commission fees paid by the Underwriter shall be reimbursed to the Underwriter by the Authority on the same Business Day. Certain expenses of the Underwriter may be included in the expense component of the Underwriter's fee, *provided* that the specific purpose and amount of such expenses shall be included in the Disclosure Letter.

(c) Except as otherwise specifically set forth in this Agreement, in the event either the Authority or the Underwriter shall have paid obligations of the other as set forth in this Section, appropriate reimbursements and adjustments shall be made.

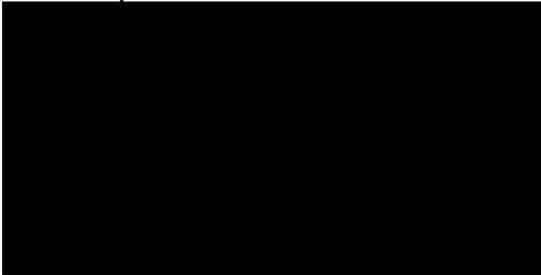
SECTION 7. MISCELLANEOUS AND NOTICE.

This Agreement shall inure to the benefit of the Underwriter and the Authority and their respective successors and assigns. Nothing in this Agreement is intended or shall be construed to give any other person, firm or corporation any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained.

All notices, demands and formal actions shall be in writing and mailed or delivered to:

The Underwriter:

RBC Capital Markets, LLC

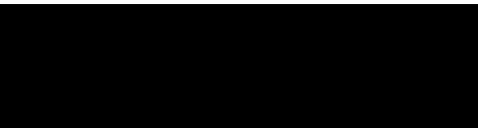


and:

RBC Municipal Products, LLC



and

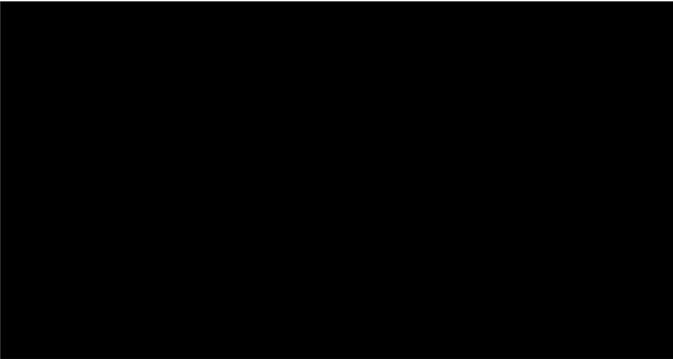
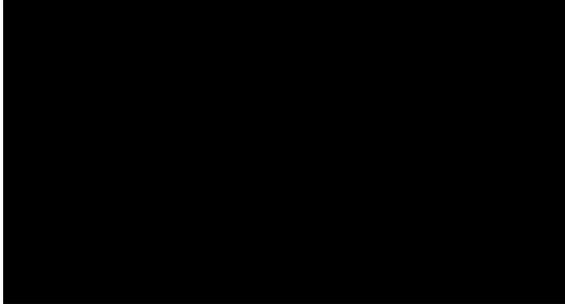


and



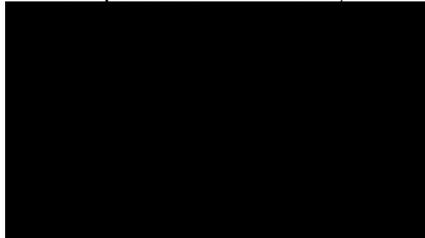
and

Royal Bank of Canada



The Authority:

Los Angeles County Metropolitan  
Transportation Authority



(or such other addresses as may be designated in writing to the other party).

**SECTION 8. NO PERSONAL LIABILITY.**

No officer, agent or any employee of the Authority shall be charged personally by the Underwriter with any liability, or held personally accountable to the Underwriter, under any term or provision of this Agreement, or because of its execution or attempted execution, or because of any breach, or attempted or alleged breach, of this Agreement.

**SECTION 9. RIGHT TO TERMINATE OR SUSPEND OBLIGATION.**

The Underwriter will have the right to terminate its obligation under this Agreement to purchase, to accept delivery of and to pay for either Subseries of Series C Bonds or honor any

Drawing thereunder on or prior to any Drawing Date or any Issuance Date by notifying the Authority of its election to do so if:

(a) Legislation shall be enacted or adopted, or any action shall be taken by, or on behalf of, the Securities and Exchange Commission (the “*Commission*”) which, in the reasonable opinion of Counsel to the Underwriter, has the effect of requiring the contemplated distribution of the Series C Bonds (or any underlying obligation) to be registered under the Securities Act of 1933, as amended, or the Subordinate Trust Agreement to be qualified under the Trust Indenture Act of 1939, as amended, or any laws analogous thereto relating to governmental bodies, and compliance therewith cannot be accomplished prior to the Issuance Date or Drawing Date, as applicable; or

(b) Legislation shall be introduced by amendment or otherwise in or be enacted by, the House of Representatives or the Senate of the Congress of the United States of America, or a decision by a Court of the United States of America shall be rendered, or a stop order, ruling, release, regulation, official statement or no-action letter by or on behalf of the Commission or any other governmental agency having jurisdiction of the subject matter of the Series C Bonds shall have been proposed, issued or made (which is beyond the control of the Underwriter or the Authority to prevent or avoid) to the effect that the issuance, offering or sale of the Subseries of Series C Bonds including all the underlying obligations as contemplated by this Agreement, or any document relating to the issuance, offering or sale of the applicable Subseries of Series C Bonds is or would be in violation of any of the federal securities laws at the Issuance Date or Drawing Date, as applicable, including the Securities Act of 1933, as amended and then in effect, the Securities Exchange Act of 1934, as amended and then in effect, or the Trust Indenture Act of 1939, as amended and then in effect, or with the purpose or effect of otherwise prohibiting the offering and sale of obligations of the general character of the Series C Bonds, as contemplated by this Agreement; or

(c) Any proceeding shall be pending or threatened by the Commission against the Authority which, in the reasonable judgment of the Underwriter, shall prohibit or impair the Authority’s ability to issue securities; or

(d) The Owner Representative shall have delivered notice to the Authority of the occurrence of a Bondholder’s Agreement Event of Default.

The Underwriter will have the right to suspend its obligation under this Agreement to purchase, to accept delivery of and to pay for the Series C Bonds of any Series on or prior to any Drawing Date or any Issuance Date by notifying the Authority of its election to do so if:

(a) A general banking moratorium shall have been declared by the United States of America, New York or State authorities; or

(b) Trading in any securities of the Authority shall have been suspended on any national securities exchange; or a general suspension of trading or enactment of limited or minimum prices shall have been established on the New York Stock Exchange

or the American Stock Exchange or other national securities exchange shall have occurred caused by an outbreak or escalation of hostilities, declaration by the United States of a national emergency, war or other national or international calamity or crisis, including a financial crisis, after the execution of this Agreement.

Such suspension shall continue for so long as the related suspension event continues as determined by the Underwater in its sole discretion.

The Authority may at any time and at its sole option terminate the Commitment Amount, the Tax-Exempt Commitment Amount or the Taxable Commitment Amount upon three (3) Business Days' prior written notice to the Lender. As a condition to any such termination, the Authority shall pay or cause to be paid all Other Obligations owed.

SECTION 10. APPLICABLE LAW; NON-ASSIGNABILITY.

This Agreement shall be governed by the laws of the State of California, without regard to choice of law rules. This Agreement shall not be assigned by the Authority.

TO THE EXTENT PERMITTED BY APPLICABLE LAWS, EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE 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 STATE 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 EACH HAS REVIEWED THIS WAIVER AND CONSENT AND EACH 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 STATE CODE OF CIVIL PROCEDURE SECTION 638 AS PROVIDED HEREIN.

EACH OF PARTIES HERETO HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA AND ANY COURT IN THE STATE OF CALIFORNIA, AND ANY APPELLATE COURT FROM ANY THEREOF AND THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND ANY COURT IN THE STATE OF NEW YORK LOCATED IN THE BOROUGH OF MANHATTAN, 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 IRREVOCABLY AND UNCONDITIONALLY AGREE THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD OR DETERMINED IN SUCH CALIFORNIA OR NEW YORK 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 AN 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.

The Authority hereby agrees not to assert the defense of any right of sovereign immunity in any legal proceeding to enforce or collect upon the obligations of the Authority under this Agreement or any other Related Document or the transactions contemplated hereby or thereby.

SECTION 11. EXECUTION OF COUNTERPARTS; EFFECTIVE UPON ACCEPTANCE.

This Agreement is made solely for the benefit of the Authority and the Underwriter (including the successors or assigns of any of said parties), and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. This Agreement may be signed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument, and will become a binding agreement between the Authority and the Underwriter when at least one counterpart of this Agreement shall have been signed on behalf of each of the parties hereto. This Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail with a pdf copy or other replicating image attached, 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. This Agreement shall supersede all previous agreements relating to the same subject matter between the parties and shall become effective upon acceptance by the Authority as evidenced by the execution hereof by an authorized officer of the Authority as set forth below.

[Signature Page Follows]

Very truly yours,

RBC CAPITAL MARKETS, LLC



Accepted and agreed to on the 23rd day of  
November, 2015, at 11:00 a.m. EDT:

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

By: \_\_\_\_\_  
Name: \_\_\_\_\_

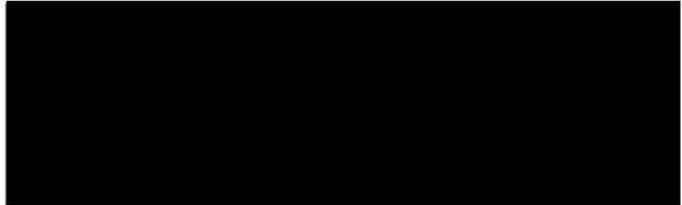
Very truly yours,

RBC CAPITAL MARKETS, LLC

By: \_\_\_\_\_  


Accepted and agreed to on the 23rd day of  
November, 2015, at 11:00 a.m. EDT:

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

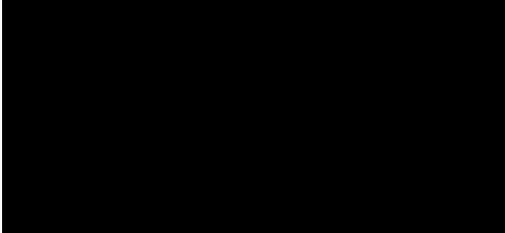


**EXHIBIT A-1**

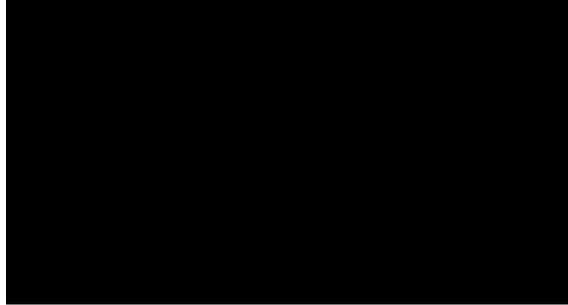
**FORM OF TAX-EXEMPT DRAW CERTIFICATE**

**NOVEMBER 19, 2015**

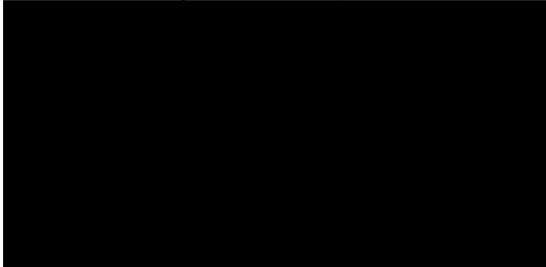
RBC Capital Markets, LLC



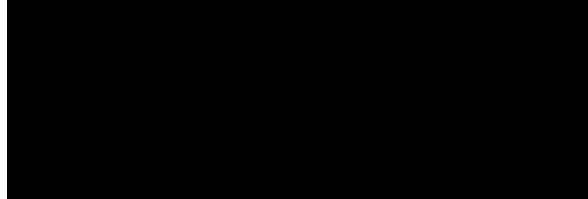
Royal Bank of Canada



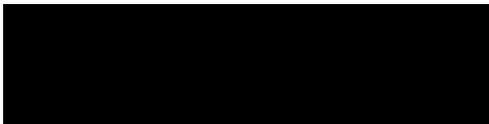
RBC Municipal Products, LLC



U.S. Bank National Association



and



and:



\$150,000,000

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
SUBORDINATE MEASURE R SALES TAX REVENUE BONDS  
SERIES C, SUBSERIES C-1 (TAX-EXEMPT)

Ladies and Gentlemen:

Pursuant to the provisions set forth in the Subordinate Trust Agreement dated as of November 1, 2015 (as the same may be amended, restated or otherwise modified from time to time in accordance with the terms hereof and thereof, the “*Subordinate Trust Agreement*”), by and between Los Angeles County Metropolitan Transportation Authority (the “*Authority*”) and

U.S. Bank National Association (the “Trustee”), the Third Supplemental Subordinate Trust Agreement, dated as of November 1, 2015 (the “Third Supplemental Agreement”), between the Authority and the Trustee, and the Bond Purchase Agreement, dated November 23, 2015 (as amended, supplemented or otherwise modified, the “BPA”), between RBC Capital Markets, LLC (the “Underwriter”) and the Authority, the undersigned authorized officer of the Authority hereby requests a Drawing on the above-captioned Subseries C-1 Bonds (Tax-Exempt) in the amount of \$\_\_\_\_\_ on the \_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Drawing Date”) at a purchase price of \$\_\_\_\_\_ (the par amount thereof), for the purpose of paying the Costs of the Project. This Drawing shall only apply to the above-captioned Subseries C-1 Bonds (Tax-Exempt) and shall not be used for any draw on the Subseries C-2 Bonds (Taxable) which may also be issued under the Subordinate Trust Agreement and the Third Supplemental Agreement. The proceeds of this Drawing shall be wired to the Trustee as follows:

\_\_\_\_\_  
 \_\_\_\_\_  
 Account Number: \_\_\_\_\_  
 Account Name: \_\_\_\_\_  
 Reference: LACMTA Sub Lien. Meas. R Series C

As of the Drawing Date:

	SUBSERIES C-1 BONDS (TAX-EXEMPT)	TOTAL
Cumulative principal amount previously drawn under C-1 Bonds and C-2 Bonds:		
Cumulative principal amount previously redeemed C-1 Bonds and C-2 Bonds:		
Principal amount Outstanding under C-1 Bonds and C-2 Bonds prior to this drawing:		
Principal amount of this Drawing:		
Drawing Date will be:		
Subseries C-1 Bonds (Tax-Exempt) (if any) which will be redeemed on or prior to the Drawing Date:		
Subseries C-2 Bonds (Taxable) (if any) which will be redeemed on or prior to the Drawing Date:		
Following this Drawing and redemptions on or prior to the Drawing Date, the Outstanding principal amount of Subseries C-1 Bonds (Tax-Exempt):		
Following this Drawing and redemptions on or prior to the Drawing Date, the Outstanding principal amount of Subseries C-2 Bonds (Taxable):		
Accrued Interest, if any, on this Drawing:		
Total Amount to be paid for this Drawing:		

Upon receipt by the Trustee from the Owner on the Drawing Date of a federal funds wire, for the account of the Authority, in the amount of \$\_\_\_\_\_, representing the agreed purchase price for the Drawing, the Trustee is hereby requested and authorized to revise the Schedule of Drawings, Redemptions and Remarketings attached to the Subseries C-1 Bonds (Tax-Exempt) to reflect such Drawing.

As of the date hereof and on the Drawing Date:

(i) the representations and agreements of the Authority contained in the BPA and in the other Related Documents are true and correct in all material respects with the same effect as if made on the date hereof and on the Drawing Date (except to the extent any such representation or warranty specifically relates to an earlier date, then such representation and warranty is true and correct as of such date);

(ii) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Drawing Date, including all conditions to such Drawing in the Subordinate Trust Agreement;

(iii) no Event of Default exists under the Senior Lien Trust Agreement or the Subordinate Trust Agreement and no Bondholder's Agreement Event of Default or Potential Bondholder's Agreement Event of Default (each as defined in the Bondholder's Agreement) exists under the Bondholder's Agreement; and

(iv) no Material Adverse Effect shall have occurred.

The undersigned hereby acknowledges that the obligation of the Underwriter to honor the Drawing on the Drawing Date is subject to the condition that the Commitment End Date shall not have occurred before such Drawing Date and to the receipt by the Lender on or before the Drawing Date of:

(i) the Underwriter, the Purchaser and the Trustee shall have received an opinion of Bond Counsel dated the date of such Drawing as to the exclusion of interest on such Drawing from gross income for federal income tax purposes, in form and substance satisfactory to the Underwriter and the Purchaser;

(ii) The Underwriter and the Purchaser shall have received an executed Tax Certificate, in form and substance satisfactory to the Underwriter and the Purchaser;

(iii) a certificate dated the Drawing Date and executed by an Authorized Representative, certifying that as of such Drawing Date the Debt Service Coverage Ratio is greater than 125%; and

(iv) (A) a certificate dated the date of the Drawing and executed by an Authorized Representative, certifying that as of the date of the Drawing the Authority has complied with all conditions precedent to the issuance of Subordinate Obligations, as applicable, set forth in Section 3.06 of the Senior Lien Trust Agreement and (B) a copy of

the certificate which is required to be delivered by the Authority to the Senior Trustee and the TIFIA Lender in Section 3.06(C) of the Senior Lien Trust Agreement.

Capitalized terms used herein and not defined shall have the meanings assigned thereto in the BPA.

IN WITNESS WHEREOF, the undersigned has set his/her hand as of the date written above on behalf of the Authority.

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

By: \_\_\_\_\_  
Authorized Representative

EXHIBIT A-2

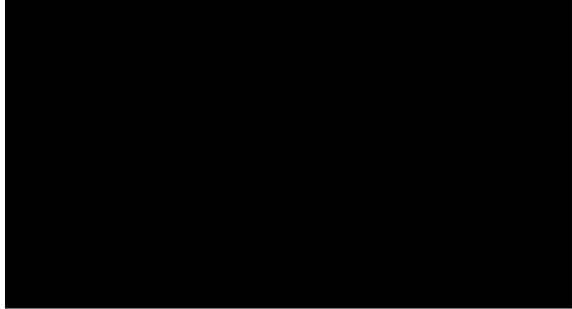
FORM OF TAXABLE DRAW CERTIFICATE

[DATE]

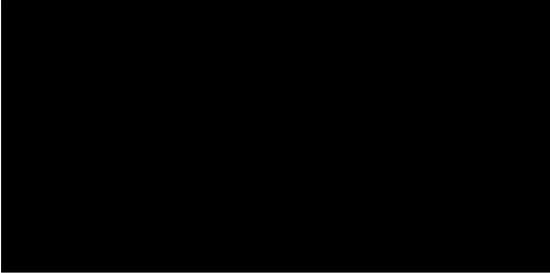
RBC Capital Markets, LLC



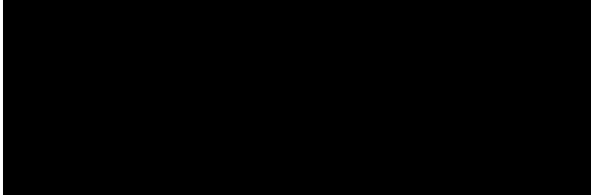
Royal Bank of Canada



RBC Municipal Products, LLC



U.S. Bank National Association



and



\$100,000,000

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
SUBORDINATE MEASURE R SALES TAX REVENUE BONDS  
SERIES C, SUBSERIES C-2 (TAXABLE)

Ladies and Gentlemen:

Pursuant to the provisions set forth in the Senior Lien Trust Agreement and the Subordinate Trust Agreement dated as of November 1, 2015 (as the same may be amended, restated or otherwise modified from time to time in accordance with the terms hereof and thereof, the “*Subordinate Trust Agreement*”), by and between Los Angeles County Metropolitan

Transportation Authority (the “*Authority*”) and U.S. Bank National Association (the “*Trustee*”), the Third Supplemental Subordinate Trust Agreement, dated as of November 1, 2015 (the “*Third Supplemental Agreement*”), between the Authority and the Trustee, and the Bond Purchase Agreement, dated November 23, 2015 (as amended, supplemented or otherwise modified, the “*BPA*”), between RBC Capital Markets, LLC (the “*Underwriter*”) and the Authority, the undersigned authorized officer of the Authority hereby requests a Drawing on the above-captioned Series C Bonds in the amount of \$\_\_\_\_\_ on the \_\_\_\_ day of \_\_\_\_\_ (the “*Drawing Date*”), at a purchase price of \$\_\_\_\_\_ (the par amount thereof), for the purpose of paying the Costs of the Project. The proceeds of this Drawing shall be wired to the Trustee as follows:

\_\_\_\_\_  
 \_\_\_\_\_  
 Account Number: \_\_\_\_\_  
 Account Name: \_\_\_\_\_  
 Reference: LACMTA Sub Lien. Meas. R Series C

As of the Drawing Date:

	SUBSERIES C-2 BONDS (TAXABLE)	TOTAL
Cumulative principal amount previously drawn under C-1 Bonds and C-2 Bonds:		
Cumulative principal amount previously redeemed C-1 Bonds and C-2 Bonds:		
Principal amount Outstanding under C-1 Bonds and C-2 Bonds prior to this drawing:		
Principal amount of this Drawing:		
Drawing Date will be:		
Subseries C-1 Bonds (Tax-Exempt) (if any) which will be redeemed on or prior to the Drawing Date:		
Subseries C-2 Bonds (Taxable) (if any) which will be redeemed on or prior to the Drawing Date:		
Following this Drawing and redemptions on or prior to the Drawing Date, the Outstanding principal amount of Subseries C-1 Bonds (Tax-Exempt):		
Following this Drawing and redemptions on or prior to the Drawing Date, the Outstanding principal amount of Subseries C-2 Bonds (Taxable):		
Accrued Interest, if any, on this Drawing:		
Total Amount to be paid for this Drawing:		

Upon receipt by the Trustee from the Owner on the Drawing Date of a federal funds wire, for the account of the Authority, in the amount of \$\_\_\_\_\_, representing the agreed purchase price for the Drawing, the Trustee is hereby requested and authorized to revise the Schedule of Drawings, Redemptions and Remarketings attached to the Subseries C-2 Bonds (Taxable) to reflect such Drawing.

As of the date hereof and on the Drawing Date:

(i) the representations and agreements of the Authority contained in the BPA and in the other Related Documents are true and correct in all material respects with the same effect as if made on the date hereof and on the Drawing Date (except to the extent any such representation or warranty specifically relates to an earlier date, then such representation and warranty is true and correct as of such date);

(ii) the Authority has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Drawing Date, including all conditions to such Drawing in the Subordinate Trust Agreement;

(iii) no Event of Default exists under the Senior Lien Trust Agreement or the Subordinate Trust Agreement and no Bondholder's Agreement Event of Default or Potential Bondholder's Agreement Event of Default (each as defined in the Bondholder's Agreement) exists under the Bondholder's Agreement; and

(iv) no Material Adverse Effect shall have occurred.

The undersigned hereby acknowledges that the obligation of the Underwriter to honor the Drawing on the Drawing Date is subject to the condition that the Commitment End Date shall not have occurred before such Drawing Date and to the receipt by the Lender on or before the Drawing Date of:

(i) a certificate dated the Drawing Date and executed by an Authorized Representative, certifying that as of such Drawing Date the Debt Service Coverage Ratio is greater than 125%; and

(ii) (A) a certificate dated the date of the Drawing and executed by an Authorized Representative, certifying that as of the date of the Drawing the Authority has complied with all conditions precedent to the issuance of Subordinate Obligations, as applicable, set forth in Section 3.06 of the Senior Lien Trust Agreement and (B) a copy of the certificate which is required to be delivered by the Authority to the Senior Trustee and the TIFIA Lender in Section 3.06(C) of the Senior Lien Trust Agreement.

Capitalized terms used herein and not defined shall have the meanings assigned thereto in the BPA.

IN WITNESS WHEREOF, the undersigned has set his/her hand as of the date written above on behalf of the Authority.

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT B**

**FORM OF OPINION OF AUTHORITY COUNSEL**

**[To be Provided]**

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**The enclosed electronic (PDF) document has been created by scanning an original paper document. Optical Character Recognition (OCR) has been used to create searchable text. OCR technology is not perfect, and therefore some words present in the original document image may be missing, altered or may run together with adjacent words in the searchable text.**

***BONDHOLDER'S AGREEMENT***

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#2015-1944

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BONDHOLDER'S AGREEMENT

dated as of November 1, 2015

by and between

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

and

RBC MUNICIPAL PRODUCTS, LLC

Relating to

\$150,000,000

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY SUBORDINATE MEASURE  
R SALES TAX REVENUE DRAWDOWN BONDS, SERIES C

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## BONDHOLDER'S AGREEMENT

This BONDHOLDER'S AGREEMENT, dated as of November 1, 2015 (as the same may be amended, restated, supplemented or otherwise modified from time to time, this "*Agreement*"), is by and between LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY, a county transportation commission duly established and existing under the laws of the State of California (together with its successors and permitted assigns, the "*Authority*"), and RBC MUNICIPAL PRODUCTS, LLC, as initial purchaser ("*RBCMPLLC*" and, together with its successors, assignees, designees and nominees hereunder and any Trust (as hereinafter defined), the "*Purchaser*").

### RECITALS

WHEREAS, the Authority is issuing one or more Series of bonds designated as the Los Angeles County Metropolitan Transportation Authority Subordinate Measure R Sales Tax Revenue Drawdown Bonds, Series C, Subseries C-1 (Tax-Exempt) and Subseries C-2 (Taxable) (collectively, the "*Series C Bonds*" and, individually, each a "*Subseries*"; the Subseries C-1 Bonds are referred to herein as the "*Subseries C (Tax-Exempt) Bonds*" and the Subseries C-2 Bonds are referred to herein as the "*Subseries C (Taxable) Bonds*") pursuant to the authority granted by the Constitution and Laws of the State of California (the "*State*"), including, without limitation, (i) 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 (the "*Act*") and (ii) Ordinance No. 08-01 (the "*Ordinance*"), including the Expenditure Plan (as defined in the Ordinance), adopted by the Authority on July 24, 2008, and any amendments or extensions thereto.

WHEREAS, the Series C Bonds are being issued pursuant to the Subordinate Trust Agreement, dated as of November 1, 2015, by and between the Authority and U.S. Bank National Association, supplemented by the Third Supplemental Trust Agreement, dated as of November 1, 2015, by and between the Authority and U.S. Bank National Association and as authorized by the Resolution of the Board of Directors of the Authority approving, among other things, the execution and delivery of this Agreement, the Subordinate Trust Agreement and the transactions contemplated hereby, adopted by the Authority on May 28, 2015 (the "*Resolution*"), and any amendments or extensions thereto;

WHEREAS, the Series C Bonds will bear interest initially at the Drawdown Rates (as defined in the Supplemental Trust Agreement) pursuant to the terms of the Subordinate Trust Agreement;

WHEREAS, pursuant to the Bond Purchase Agreement (as hereinafter defined), the Underwriter (as hereinafter defined) has agreed to purchase two Subseries of the Series C Bonds and advance one or more Drawings (as hereinafter defined) under each Subseries, subject to the terms and conditions set forth therein, and the Purchaser intends to purchase each Subseries of Series C Bonds from the Underwriter and advance one or more Drawings thereunder and, as a condition to such purchases and Drawings, the Purchaser has required the Authority to enter into this Agreement;

WHEREAS, the proceeds of each Subseries of Series C Bonds and the Drawings thereunder will be deposited as provided in Section 4.03 of the Supplemental Trust Agreement; and

WHEREAS, the principal amount of each Subseries of Series C Bonds, the dated date therefor, the maturities, the sinking fund and redemption provisions and the interest rates per annum for the each Subseries of Series C Bonds are as set forth in the Subordinate Trust Agreement and in the respective Subseries of Series C Bonds.

NOW, THEREFORE, to induce the Purchaser to purchase each Subseries of Series C Bonds, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Authority and the Purchaser hereby agree as follows:

## ARTICLE I

### DEFINITIONS

*Section 1.1. Certain Defined Terms.* In addition to the terms defined in the recitals and elsewhere in this Agreement and the Subordinate Trust Agreement, the following terms shall have the following meanings:

“*Act*” means 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, as to any Person, a corporation, partnership, association, agency, authority, instrumentality, joint venture, business trust or similar entity organized under the laws of any state that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person.

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

“*Amortization End Date*” [REDACTED]

“*Amortization Period*” has the meaning given to such term in the Supplemental Trust Agreement.

“*Amortization Period Payment*” has the meaning set forth in Section 2.1(e) hereof.

“*Amortization Period Payment Date*” [REDACTED]

*“Amortization Period Interest Rate”*

*“Anti-Terrorism Laws”* has the meaning set forth in Section 3.1(w) hereof.

*“Authority”* has the meaning assigned to such term in the introductory paragraph of this Agreement.

*“Authority Rating”* means the long-term unenhanced ratings (without regard to any bond insurance policy or credit enhancement) assigned by each of Moody’s, Fitch and S&P to the Authority’s Senior Bonds.

*“Authorized Representative”* means any of the Chief Executive Officer, the Executive Director, Finance and Budget, Treasurer or Assistant Treasurer of the Authority, or any other authorized representative or authorized spokesperson conveying an official position of the Authority or such person at the time and from time to time authorized to act on behalf of the Authority by written certificate furnished to the Owner Representative.

*“Bank Agreement (Secured by Pledged Revenues)”* means any credit agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement, direct purchase agreement, bond purchase agreement, line of credit, 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 purchase on a private placement basis, any Debt secured by or payable from all or any portion of the Pledged Revenues or Subordinate Pledged Revenues.

*“Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations)”* means any credit agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement, direct purchase agreement, bond purchase agreement, line of credit, 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 purchase on a private placement basis, any Senior Bonds, Parity Obligations and Subordinate Obligations.

*“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”*

*“BOE Contract”* means that certain Amended and Restated Agreement for State Administration of Retail Transactions and Use Tax dated as of November 1, 2010, between the Authority and the State Board of Equalization of the State of California, together with the letter providing an irrevocable direction to such Board to deposit Measure R Sales Tax revenues with the Senior Lien Trustee.

*“Board of Equalization”* means the California State Board of Equalization that collects the Measure R Sales Tax.

*“Bond Counsel”* means Nixon Peabody LLP or such other counsel of recognized national standing in the field of law relating to municipal bonds and the exemption from federal income taxation of interest thereon, appointed and paid by the Authority.

*“Bondholder”* or *“Holder”* or *“Owner”* means the registered owner of the Bond; *provided, however*, that at any time either Subseries of Series C Bonds are book entry bonds, *“Bondholder”* or *“Holder”* or *“Owner”* means any Person that acquires a beneficial ownership interest in a Bond held by DTC. The initial Bondholder is the Purchaser.

*“Bondholder’s Agreement Event of Default”* has the meaning assigned to that term in Section 5.1.

*“Bond Obligations”* means the obligations of the Authority to repay the principal of the Series C Bonds, together with interest thereon (including, without limitation, at the Amortization Period Interest Rate, the Default Rate and the applicable Drawdown Rate), pursuant to and in accordance with this Agreement, the Subordinate Lien Trust Agreement and the Supplemental Trust Agreement.

*“Bond Purchase Agreement”* means the Bond Purchase Agreement dated the Closing Date, between the Authority and the Underwriter, as amended, supplemented, modified or restated from time to time in accordance with the terms thereof.

*“BOTW”* means Bank of the West.

*“BOTW Agreement”* means the Revolving Credit Agreement dated as of November 1, 2015, between the Authority and BOTW, relating to the Los Angeles County Metropolitan Transportation Authority Subordinate Measure R Sales Tax Revenue Revolving Obligations, as amended, modified, supplemented or restated from time to time.

*“Business Day”* has the meaning set forth in the Subordinate Trust Agreement.

“*Calculation Agent Agreement*” means each Calculation Agent Agreement relating to the Series C Bonds, by and between the Authority and the Calculation Agent, as amended, supplemented, modified or restated from time to time.

“*Closing Date*” means November 23, 2015.

“*Code*” means the Internal Revenue Code of 1986, as amended, and, where appropriate, any statutory predecessor or any successor thereto.

“*Commitment Amount*” means, on the Closing Date, an initial amount equal to \$150,000,000 and thereafter such initial amount adjusted from time to time: (i) downward in an amount equal to any reduction thereof effected pursuant to Section 2.5 or Section 5.2(a) hereof and (ii) downward to zero upon the expiration or termination of the Commitment in accordance with the terms hereof and the Related Documents.

“*Commitment End Date*” has the meaning assigned to such term in the Subordinate Trust Agreement.

“*Credit Protection Provider*” means, collectively, (a) any Person, including any Owner and Royal Bank, that provides credit protection or liquidity support in favor of any other Person holding a direct or indirect interest in all or either Subseries of Series C Bonds and (b) any Person that participates in any such credit protection or liquidity support.

“*Debt*” means, with respect to any Person, without duplication: (a) all indebtedness of such Person for borrowed money (including, but not limited to, amounts drawn under a letter of credit, line of credit or other credit or liquidity facilities or amounts loaned pursuant to a Bank Agreement (Secured by Pledged Revenues)); (b) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable in the ordinary course of business; (c) all obligations of such Person evidenced by notes, certificates, debentures or similar instruments; (d) all Guarantees by such Person of Debt of other Persons (each such Guarantee to constitute Debt in an amount equal to the amount of such other Person’s Debt guaranteed thereby); (e) all obligations of other Persons secured by a lien on, or security interest in, any asset of such Person whether or not such obligation is assumed by such Person; (f) all obligations under leases that constitute capital leases for which such Person is liable; and (g) all obligations of such Person under any Swap Contract, in each case, whether such Person is liable contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations such Person otherwise assures a creditor against loss.

“*Debt Service Coverage Ratio*” means, as of any DS Calculation Date, the ratio of (a) the aggregate amount of Pledged Revenues for the twelve-month period ending on such DS Calculation Date to (b) the amount of Senior and Subordinate Debt Service as of such DS Calculation Date.

“*Default Rate*” means the Maximum Rate.

“*Determination of Taxability*” means, for and with respect to any Subseries C (Tax-Exempt) Bonds, and shall be deemed to have occurred on the first to occur of the following:

(i) the date when the Authority files with the Internal Revenue Service any statement, supplemental statement or other tax schedule, return or document which admits or discloses that an Event of Taxability shall have in fact occurred with respect to such Subseries C (Tax-Exempt) Bonds;

(ii) the date when the Owner Representative or any Owner or former Owner has received written notification from the Authority, supported by a written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax-exempt municipal finance, to the effect that an Event of Taxability has occurred with respect to such Subseries C (Tax-Exempt) Bonds;

(iii) the date when the Authority shall be advised in writing by the Commissioner or any District Director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that an Event of Taxability shall have occurred with respect to such Subseries C (Tax-Exempt) Bonds;

(iv) the date when the Authority shall receive notice from the Owner Representative or any Owner or former Owner that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of the Owner Representative or any Owner or such former Owner the interest on such Subseries C (Tax-Exempt) Bonds due to the occurrence of an Event of Taxability; or

(v) the date on which the Internal Revenue Service issues a Letter 4413 Notice of Proposed Adverse Determination with respect to any Subseries C (Tax-Exempt) Bonds;

*provided, however*, no Determination of Taxability shall occur under subparagraph (iii), (iv) or (v) above unless the Authority has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined after taking into account any permitted appeals; *provided further, however*, that upon demand from the Owner Representative or any Owner or former Owner, the Authority shall promptly reimburse the Owner Representative or such Owner or former Owner for any payments, including any taxes, interest, penalties or other charges, the Owner Representative or such Owner or former Owner shall be obligated to make as a result of the Determination of Taxability.

“*Drawdown Rate*” has the meaning assigned to such term in the Supplemental Trust Agreement.

“*Drawing*” has the meaning assigned to such term in the Bond Purchase Agreement.

“*DS Calculation Date*” means March 31, June 30, September 30 and December 31 of each year.

“*DTC*” means The Depository Trust Company and its successors.

“*EMMA*” means the Electronic Municipal Market Access system and any successor thereto.

“*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, and any successor statute of similar import, and regulations thereunder, in each case as in effect from time to time. References to Sections of ERISA shall be construed also to refer to any successor Sections.

“*ERISA Plan*” means an employee benefit plan maintained for employees of the Authority which is covered by ERISA.

“*Event of Taxability*” means (i) a change in Law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Authority, or the failure to take any action by the Authority, or the making by the Authority of any misrepresentation herein or in any certificate required to be given in connection with this Agreement) which has the effect of causing interest paid or payable on any Subseries C (Tax-Exempt) Bonds to become includable, in whole or in part, in the gross income of any Owner for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid or payable on any Subseries C (Tax-Exempt) Bonds to become includable, in whole or in part, in the gross income of any Owner for federal income tax purposes.

“*Excess Interest Amount*” has the meaning set forth in Section 2.2(b) hereof.

“*Excluded Tax*” means, with respect to the Owner Representative or any Owner or any other recipient of any payment to be made by or on account of any obligation of the Authority hereunder, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the Laws of which the Owner Representative or any Owner or such other recipient is organized or in which its principal office is located, and (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which the Owner Representative or any Owner is located.

“*Executive Order*” has the meaning set forth in Section 3.1(w) hereof.

“*Expenses*” means all fees, charges, costs and expenses of any nature whatsoever, whether in the form of a direct, reimbursement, or indemnity payment obligation, incurred at any time and from time to time (whether before or after a Bondholder’s Agreement Event of Default) by the Owner Representative or any Owner in purchasing or funding the purchase of either Subseries of Series C Bonds, in administering or modifying the Related Documents, in negotiating or entering into any “workout” of the Transactions, or in exercising or enforcing any rights, powers or remedies provided in any of the Related Documents, including reasonable attorneys’ fees, court costs and receiver’s fees.



“*Fees and Expenses*” has the meaning set forth in the Senior Lien Trust Agreement.

“*Fiscal Year*” means the period commencing on July 1 of each given calendar year and ending on June 30 of the immediately succeeding calendar year, or such similar period as the Authority may designate as its fiscal year.

“*Fitch*” means Fitch Ratings, Inc., and any successor rating agency.

“*FRB*” means the Board of Governors of the Federal Reserve System of the United States, together with any successors thereof.

“*Generally Accepted Accounting Principles*” or “*GAAP*” means generally accepted accounting principles in effect from time to time in the United States and applicable to entities such as the Authority applied by the Authority on a basis consistent with the Authority’s most

recent financial statements furnished to the Owner Representative pursuant to Section 4.1(b) hereof.

*“Governmental Authority”* means the government of the United States or any state or political subdivision thereof or any other nation or political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other Person with authority to bind a party at law.

*“Guarantee”* by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation 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 or other obligation (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) or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part).

*“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.

*“Incipient Invalidity Event”* means (i) the validity or enforceability of any provision of the Act or Ordinance that impacts (A) the Authority’s ability or obligation to levy the Measure R Sales Tax in the incorporated and unincorporated territory of the County of Los Angeles in accordance with the provisions of the Act and Ordinance which affects the Authority’s ability or obligation to make payments of principal or interest on the Series C Bonds or any other payment obligations due and owing the Purchaser under this Agreement or the pledge of and lien on Pledged Revenues or Subordinate Pledged Revenues (as applicable) securing the payments of principal or interest on the Series C Bonds or (B) the Board of Equalization’s ability or obligation to collect the Measure R Sales Tax or to pay the Measure R Sales Tax to the Senior Lien Trustee, in each case, which affects the Authority’s ability or obligation to make payments of principal or interest on the Series C Bonds or any other payment obligations due and owing the Purchaser under this Agreement or the pledge of and lien on Pledged Revenues or

Subordinate Pledged Revenues (as applicable) securing the payments of principal or interest on the Series C Bonds is publicly contested or publicly repudiated by an Authorized Representative of the Authority or (ii) any such provision described in clause (i)(A) or (i)(B) of this definition 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 any official action, 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) of this definition 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) (A) the validity or enforceability of, or the liabilities or obligations of the Authority with respect to, payments of principal or interest on the Series C Bonds or any other Obligations due and owing the Purchaser under this Agreement, under the Act or Ordinances or any Payment and Collateral Obligation, or (B) any Payment and Collateral Obligation in and of itself, in any case with respect to the prior clause (iv)(A) or (iv)(B), is publicly contested or publicly repudiated by an Authorized Representative of the Authority or (v) 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 any official action 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 is supplemented, modified or amended in a manner that makes invalid or unenforceable any provision described in clause (i)(A) or (i)(B) of this definition or (viii) the State or any instrumentality of the State or any other Governmental Authority with appropriate jurisdiction shall, by official action, make a finding or ruling or through the enactment of any statute or legislation or the issuance of an executive order determine that Payment and Collateral Obligation is not valid and binding on the Authority.

*“Indemnified Taxes”* means Taxes other than Excluded Taxes.

*“Indemnitee”* has the meaning assigned to such term in Section 6.1 hereof.

*“Initial Amortization Payment Date”* [REDACTED]

*“Invalidity Event”* means (i) the Act or the Ordinance 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 the Ordinance have been supplemented, modified and/or amended in a manner that makes invalid or unenforceable (A) the Authority’s obligation to levy the Measure R Sales Tax in the incorporated and unincorporated territory of the County of Los Angeles in accordance with the provisions of the Act and the Ordinance which affects the Authority’s ability or obligation to make payments of principal or interest on the Series C Bonds or any other payment obligations due and owing the Owner Representative or any Owner under this Agreement or the pledge of

and lien on Subordinate Pledged Revenues or Pledged Revenues securing the payments of principal or interest on the Series C Bonds or (B) the Board of Equalization's obligation to collect the Measure R Sales Tax or the Board of Equalization's ability or obligation to make payment of the Measure R Sales Tax directly to the Senior Lien Trustee, in each case, which affects the Authority's ability or obligation to make payments of principal or interest on the Series C Bonds or any other payment obligations due and owing the Owner Representative or any Owner under this Agreement or the pledge of and lien on Subordinate Pledged Revenues or the Pledged Revenues securing the payments of principal or interest on the Series C Bonds, (iii) the Act or the Ordinance 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 Agreement, any Series C Bond, the Senior Lien Trust Agreement or the Subordinate Trust Agreement relating to the Authority's ability or obligation to make payments of the principal or interest on the Series C Bonds or any other payment obligations due and owing the Owner Representative or any Owner under this Agreement or the pledge of and lien on the Subordinate Pledged Revenues or Pledged Revenues to secure the payment of principal and interest on the Series C Bonds (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.

"*Junior Subordinate Obligations*" has the meaning set forth in the Senior Lien Trust Agreement.

"*Law*" means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"*Liabilities*" has the meaning assigned to such term in Section 6.1 hereof.

"*Lien*" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

"*Margin Stock*" has the meaning ascribed to such term in Regulation U and/or Regulation X promulgated by the FRB, as now and hereafter from time to time in effect.

“*Material Adverse Change*” means the occurrence of any event or change which results in a material and adverse change in the business, condition (financial or otherwise) or operations of the Authority.

“*Material Adverse Effect*” means any event or occurrence (including, without limitation, a change in Applicable Law) that causes a material adverse change in or a material adverse effect on (A) the validity or enforceability of this Agreement, either Subseries of Series C Bonds or any of the other the Related Documents or the Authority’s ability to perform its obligations under this Agreement and the other Related Documents, (B) the validity, enforceability or perfection of the pledge of and lien on the Pledged Revenues under the Senior Lien Trust Agreement or the pledge of and lien on the Subordinate Pledged Revenues under the Subordinate Trust Agreement, (C) the status of the Authority as a public entity created and validly existing under the laws of the State, (D) the exemption of interest on the Subseries C (Tax-Exempt) Bonds from federal income tax, (E) the collection of the Measure R Sales Tax that could reasonably be expected to have a material adverse effect on the ability of the Authority to pay debt service on the Series C Bonds, the Senior Bonds, the Parity Obligations or the Subordinate Obligations or amounts due on any other Obligations hereunder or (F) the rights, security interest or remedies available to the Owner Representative or any Owner under this Agreement or the other Related Documents.

“*Maximum Rate*” means the lesser of (i) [REDACTED] per annum and (ii) the maximum rate of interest that may legally be paid on the Obligations hereunder.

“*Measure R Sales Tax*” means the retail transactions and use tax imposed by Ordinance and approved by the electors of the County of Los Angeles at an election held November 4, 2008.

“*Miscellaneous Taxes*” means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Related Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Related Document.

“*Moody’s*” means Moody’s Investors Service, Inc. and any successor rating agency.

“*MSRB G-17 Letter*” has the meaning assigned to such term in the Bond Purchase Agreement.

“*Notice of Bondholder’s Agreement Event of Default*” has the meaning assigned to such term in Section 5.2(a) hereof.

“*Obligations*” means all Bond Obligations, all fees, expenses and charges payable or reimbursable hereunder to the Owner Representative, the Credit Protection Provider, the Purchaser or any Owner (including, without limitation, any amounts to reimburse the Owner Representative, the Credit Protection Provider, the Purchaser or any Owner for any advances or expenditures by it under any of such documents) and all other payment obligations of the Authority to the Owner Representative, the Credit Protection Provider, the Purchaser or any Owner arising under or in relation to this Agreement or the other Related Documents, in each,

case whether now existing or hereafter arising, due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held or acquired.

“*OFAC*” has the meaning set forth in Section 3.1(w) hereof.

“*Ordinance*” has the meaning assigned to such term in the recitals to this Agreement.

“*Other Obligations*” means all Obligations other than Bond Obligations.

“*Outstanding*” has the meaning set forth in the Subordinate Trust Agreement.

“*Owner Representative*” means, (a) initially, the Purchaser and (b) thereafter, upon the receipt from time to time by the Subordinate Lien Trustee and the Authority of a notice described in Section 6.16 hereof, the Person designated in such notice as the Owner Representative, as more fully provided in Section 6.16 hereof.

“*Parity and Senior Debt*” means any Debt issued by or on behalf of Authority pursuant to the Subordinate Trust Agreement or the Senior Lien Trust Agreement and secured by a lien on all or any portion of the Subordinate Pledged Revenues or Pledged Revenues, respectively, ranking senior to or on a parity with the Series C Bonds, the Senior Bonds, the Parity Obligations and/or the Subordinate Obligations.

“*Parity Obligations*” has the meaning set forth in the Senior Lien Trust Agreement.

“*Patriot Act*” has the meaning assigned to such term in Section 6.4 hereof.

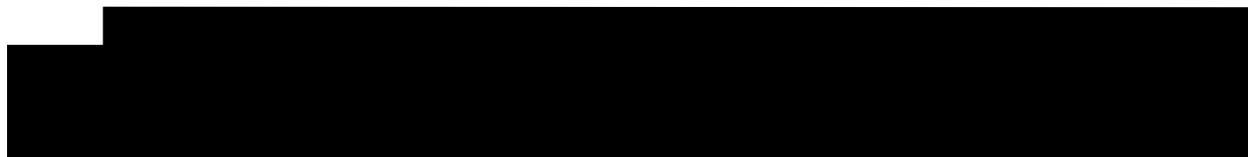
“*Payment and Collateral Obligation*” has the meaning set forth in the definition of the term “*Invalidity Event*” herein.

“*Person*” means any individual, corporation, not for profit corporation, partnership, limited liability company, joint venture, association, professional association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other form of entity.

“*Pledged Revenues*” has the meaning set forth in the Senior Lien Trust Agreement.

“*Pledged Tax Revenues*” has the meaning set forth in the Senior Lien Trust Agreement.

“*Potential Bondholder’s Agreement Event of Default*” means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute a Bondholder’s Agreement Event of Default.



[REDACTED]

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

“*Purchaser*” has the meaning assigned to such term in the introductory paragraph of this Agreement.

“*Rating Agency*” means any of S&P, Moody’s and/or Fitch, as context may require.

“*Ratings Threshold*” [REDACTED]

“*RBCCM LLC*” means RBC Capital Markets, LLC and its successors, assignees, designees and nominees.

“*RBCMPLLC*” has the meaning assigned to such term in the introductory paragraph of this Agreement.

“*Related Documents*” means this Agreement, the Series C Bonds, the BOE Contract, the Senior Lien Trust Agreement, the Subordinate Trust Agreement, the Supplemental Trust Agreement, the Bond Purchase Agreement, the Tax Certificate, any Supplemental Tax Certificate, the Calculation Agent Agreement and any documents executed and delivered to any Owner, Royal Bank, the Purchaser or the Underwriter in connection therewith, and any and all future renewals and extensions or restatements of, or amendments or supplements to (excluding supplements to the Senior Lien Trust Agreement and the Subordinate Trust Agreement for the purpose of issuing additional Debt in accordance with the terms of and as permitted by the Senior Lien Trust Agreement and the Subordinate Trust Agreement, as applicable, other than any permanent amendments to the Senior Lien Trust Agreement or the Subordinate Trust Agreement included in such supplements), any of the foregoing. For the avoidance of doubt, any documentation related to the TIFIA Bonds and other TIFIA obligations payable from Measure R Sales Tax (including those with respect to the Crenshaw/LAX Transit Corridor Project) shall not be considered a Related Document.

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

“*Royal Bank*” means Royal Bank of Canada and its successors and assigns.

“*S&P*” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and any successor rating agency.

“*Senior and Subordinate Debt Service*” means, as of any DS Calculation Date, the higher of (a) the sum of scheduled principal and interest actually due and payable on Senior Bonds, Parity Obligations and Subordinate Obligations (collectively, the “*DS Obligations*”) in the

twelve-month period ending on such DS Calculation Date, and (b) the greatest amount of principal and interest becoming due and payable on all DS Obligations in any Fiscal Year including the Fiscal Year in which the DS Calculation Date occurs or any subsequent Fiscal Year up to and including the Fiscal Year in which the Amortization End Date occurs; *provided, however*, that for purposes of such computation:

(A) when calculating the amount of principal and interest becoming due in respect to any Subordinate Facility:

(i) in determining the principal amount due in each Fiscal Year under each Subordinate Facility, the amount borrowed under each such Subordinate Facility shall be assumed to be the maximum amount that the Authority may borrow under such Subordinate Facility (without regard to outstanding borrowings thereunder) and that the principal shall be assumed to be payable in accordance with the Term Loan Provisions of such Subordinate Facility;

(ii) in determining the interest payable on each Subordinate Facility, the amount borrowed under each such Subordinate Facility shall be assumed to be the maximum amount that the Authority may borrow under such Subordinate Facility and that interest rate shall be assumed to be equal to the greater of: (i) the interest rate applicable to the obligations under such Subordinate Facility on such DS Calculation Date and (ii) the average interest rate applicable to the obligations under such Subordinate Facility for the Fiscal Year immediately preceding the DS Calculation Date (or if the effective date of such Subordinate Facility is less than one Fiscal Year, the period from the effective date of such Subordinate Facility to the DS Calculation Date);

(B) when calculating the amount of principal and interest becoming due in respect to any Senior Bonds or Parity Obligations and in respect to any Subordinate Obligations other than the Subordinate Facilities, the amounts shall be calculated as provided in the definition of “Debt Service” set forth in the Senior Lien Trust Agreement (without regard to any of the adjustment to such definition or related definitions contained in the definition of “Projected TIFIA Pledged Revenues” in the Senior Lien Trust Agreement).

“*Senior Bonds*” has the meaning set forth in the Senior Lien Trust Agreement.

“*Senior Lien Trust Agreement*” means the Amended and Restated Trust Agreement dated as of February 1, 2014, by and between the Authority and the Senior Lien Trustee, as the same may be amended, supplemented, restated or otherwise modified from time to time (excluding supplements to the Senior Lien Trust Agreement for the purpose of issuing additional Debt in accordance with the terms of and as permitted by the Senior Lien Trust Agreement other than any permanent amendments to the Senior Lien Trust Agreement included in such supplements) in accordance with the terms hereof and thereof; *provided* that any provision that is in effect only so long as the Junior Subordinate Bonds are Outstanding or otherwise relates solely to the Junior Subordinate Bonds shall not be considered part of the “Senior Lien Trust Agreement.”

“*Senior Lien Trustee*” means U.S. Bank National Association as trustee, and its permitted successors and assigns under the Senior Lien Trust Agreement from time to time.

“*Series C Bonds*” has the meaning assigned to such term in the recitals to this Agreement.

“*State*” means the State of California.

“*State Street*” means State Street Public Lending Corporation and its successors and assigns.

“*State Street Agreement*” means that certain Revolving Credit Agreement dated as of November 1, 2015, between the Authority and State Street, relating to the Los Angeles County Metropolitan Transportation Authority Subordinate Measure R Sales Tax Revenue Revolving Obligations, as amended, modified, supplemented or restated from time to time.

“*Subordinate Facility*” means, collectively, this Agreement, the BOTW Agreement and the State Street Agreement.

“*Subordinate Lien Trustee*” means U.S. Bank National Association as trustee or its permitted successor as trustee under the Subordinate Trust Agreement.

“*Subordinate Obligations*” has the meaning given to such term in the Senior Lien Trust Agreement.

“*Subordinate Pledged Revenues*” has the meaning set forth in the Subordinate Trust Agreement.

“*Subordinate Trust Agreement*” means the Subordinate Trust Agreement, dated as of November 1, 2015, by and between the Authority and the Subordinate Lien Trustee, as the same may be amended, supplemented, restated or otherwise modified from time to time (excluding supplements to the Subordinate Trust Agreement for the purpose of issuing additional Debt in accordance with the terms of and as permitted by the Subordinate Trust Agreement other than permanent amendments to the Subordinate Trust Agreement included in such supplement) in accordance with the terms thereof and hereof.

“*Subseries C (Tax-Exempt) Bonds*” has the meaning assigned to such term in the recitals to this Agreement.

“*Subseries C (Taxable) Bonds*” has the meaning assigned to such term in the recitals to this Agreement.

“*Supplemental Tax Certificate*” means a supplemental tax certificate delivered by the Authority in connection with the Subseries C (Tax-Exempt) Bonds or any Drawing thereunder substantially in the form of the Tax Certificate or such other form as Bond Counsel may require,

as the same may be amended, supplemented or modified from time to time in accordance with the terms hereof and thereof.

“*Supplemental Trust Agreement*” means the Third Supplemental Subordinate Trust Agreement dated as of November 1, 2015, between the Authority and the Trustee, as the same may be amended, supplemented, restated or otherwise modified in accordance with the terms hereof and thereof.

“*Swap Contract*” means (a) any and all rate swap transactions, total return swaps, 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., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “*Master Agreement*”), including any such obligations or liabilities under any Master Agreement.

“*Tax Certificate*” means that certain Tax Compliance Certificate dated November 23, 2015, by the Authority, relating to the Subseries C (Tax-Exempt) Bonds, as the same may be amended, supplemented or modified from time to time in accordance with the terms hereof and thereof.

“*Tax-Exempt Commitment Amount*” means, on the Closing Date, an initial amount equal to \$150,000,000 and thereafter such initial amount adjusted from time to time: (i) downward in an amount equal to any reduction thereof effected pursuant to Section 2.5 or Section 5.2(a) hereof and (ii) downward to zero upon the expiration or termination of the Tax-Exempt Commitment Amount in accordance with the terms hereof and the Related Documents.

“*Taxable Commitment Amount*” means, on the Closing Date, an initial amount equal to \$100,000,000 and thereafter such initial amount adjusted from time to time: (i) downward in an amount equal to any reduction thereof effected pursuant to Section 2.5 or Section 5.2(a) hereof and (ii) downward to zero upon the expiration or termination of the Taxable Commitment Amount in accordance with the terms hereof and the Related Documents.

“*Taxable Date*” means the date on which interest on any Subseries C (Tax-Exempt) Bonds is first includable in gross income of any holder thereof (including, without limitation, the Owner Representative and any Owner) as a result of an Event of Taxability as such a date is established pursuant to a Determination of Taxability.

“*Taxable Drawdown Rate*” has the meaning given to such term in the Supplemental Trust Agreement.

“*Taxable Period*” has the meaning set forth in Section 2.2(e) hereof.

“*Taxes*” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

“*Term Loan Provisions*” means, in the case of this Agreement, Section 2.1(e) hereof, in the case of the BOTW Agreement and the State Street Agreement, the provisions of such Subordinate Facility comparable to Section 2.1(e) hereof and that provide for the payment of principal on such Subordinate Facility after the termination of the period during which the Authority may borrow additional amounts (assuming any conditions to the effectiveness of such provisions are satisfied).

“*TIFIA Bonds*” has the meaning set forth in the Senior Lien Trust Agreement.

“*Transactions*” means the issuance, sale and delivery of either Subseries of Series C Bonds by the Authority, the purchase of each Subseries of Series C Bonds by the Purchaser from the Underwriter, the execution and delivery by the Authority of the Related Documents, the performance by the Authority of the Obligations (including payment obligations) thereunder, and the use of the proceeds of Series C Bonds.

“*Trust*” means either (a) a common law trust established by the Purchaser or an Affiliate of the Purchaser under the law of the State of New York or (b) a statutory trust established by the Purchaser or an Affiliate of the Purchaser under the Delaware statutory trust statute, which, in either case, has an interest in each Subseries of Series C Bonds.

“*Underwriter*” means RBCCM LLC, as underwriter under the Bond Purchase Agreement.

“*Unutilized Amount*” means an amount equal to the Commitment Amount less the unpaid principal amount of Drawings under the Series C Bonds.

“*Unutilized Fee*” has the meaning assigned to such term in Section 2.3 hereof.

*Section 1.2. Computation of Time Periods.* In this Agreement, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.”

*Section 1.3. Construction.* Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, to the singular include the plural and to the part include the whole. The word “including” shall be deemed to mean “including but not limited to,” and “or” has the inclusive meaning represented by the phrase “and/or.” The words

“hereof,” “herein,” “hereunder” and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The words “asset” and “property” shall be construed to have the same meaning and effect and, when used in connection with any Person, to refer to all rights, title and interests of such Person in and to any and all property whether real, personal or mixed, or tangible or intangible, now owned or hereafter acquired, and wherever situated, including cash, securities, investment property, accounts, land, buildings, general intangibles, chattel, intellectual property, contract rights and other property and assets. The Section headings contained in this Agreement and the table of contents preceding this Agreement are for reference purposes only and shall not control or affect the construction of this Agreement or the interpretation thereof in any respect. Section and subsection references are to this Agreement unless otherwise specified. Each (if any) exhibit, schedule and annex attached hereto is a constituent part of this Agreement.

*Section 1.4. Subordinate Trust Agreement Definitions.* Any capitalized term used herein and not otherwise defined herein shall have the meaning provided therefor in the Subordinate Trust Agreement or the Senior Lien Trust Agreement.

*Section 1.5. New York, New York Time Presumption.* All references in this Agreement to times of day shall be references to prevailing New York City time unless otherwise expressly provided herein.

*Section 1.6. Accounting Terms and Determinations.* Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP; *provided, however,* that accounting terms and determinations of Measure R Sales Tax revenues and related terms shall be determined in accordance with cash basis accounting. In the event of changes to GAAP which become effective after the Closing Date, the Authority agrees to negotiate with the Owner Representative in good faith appropriate revisions of this Agreement so as to perpetuate the meaning and effect of such provisions as originally negotiated and agreed upon.

*Section 1.7. Relation to Other Documents; Acknowledgment of Different Provisions of Other Related Documents.* (a) Nothing in this Agreement shall be deemed to amend, or relieve the Authority of its obligations under, any Related Document to which it is a party or the Act or Ordinance. Conversely, to the extent that the provisions of any Related Document or the Act or Ordinance allow the Authority to take certain actions, or not to take certain actions, with regard for example to permitted liens, transfers of assets, maintenance of financial ratios and similar matters, the Authority nevertheless shall be fully bound by the provisions of this Agreement.

(b) Except as provided in subsection (c) of this Section 1.7, all references to other documents, including the other Related Documents, shall be deemed to include all amendments, restatements, modifications and supplements thereto to the extent such amendments, restatements, modifications or supplements are made in accordance with the provisions of such document and (to the extent applicable) this Agreement.

(c) All provisions of this Agreement making reference to specific Sections of any Related Document or the Act or Ordinance shall be deemed to incorporate such Sections into this Agreement by reference as though specifically set forth herein (with such changes and modifications as may be herein provided) and shall continue in full force and effect with respect to this Agreement notwithstanding payment of all amounts due under or secured by the Related Documents, the termination or defeasance thereof or any amendment thereto or any waiver given in connection therewith, so long as this Agreement is in effect and until all Obligations are paid in full. No amendment, modification, consent, waiver or termination with respect to any of such Sections shall be effective as to this Agreement until specifically agreed to in writing by the parties hereto with specific reference to this Agreement.

## ARTICLE II

### THE AUTHORITY'S OBLIGATIONS

*Section 2.1. Payment Obligations.* (a) The Authority hereby unconditionally, irrevocably and absolutely agrees to make prompt and full payment of all payment obligations owed to the Owner Representative and any Owner under the Related Documents and to pay any other Obligations owing to the Owner Representative or any Owner, whether now existing or hereafter arising, irrespective of their nature, whether direct or indirect, absolute or contingent, with interest thereon at the rate or rates provided in such Related Documents.

(b) The Authority shall pay within thirty (30) days after demand:

(i) if a Bondholder's Agreement Event of Default has occurred, all reasonable costs and expenses of the Owner Representative and any Owner in connection with the enforcement (whether by means of legal proceedings or otherwise) of any of their respective rights under any of the Related Documents and any other documents which may be delivered in connection therewith, plus the fees of any legal counsel retained by the Owner Representative or any Owner in connection therewith;

(ii)

[REDACTED]

(iii) the reasonable fees and out-of-pocket expenses for counsel in connection with responding to requests from the Authority for approvals, consents, amendments and waivers; and

(iv) any amounts advanced by or on behalf of the Owner Representative or any other Owner to the extent required to cure or avoid any Bondholder's Agreement Event of Default or event of nonperformance under any Related Document, together with interest thereon at the Default Rate.

(c) Neither the Owner Representative nor any Owner shall be under an obligation to pay, and the Authority shall pay, any expenses incident to the performance of the Authority's obligations hereunder and under the other Related Documents, including (i) the cost of preparation and printing of the Related Documents, (ii) the fees and disbursements of Bond Counsel and counsel to the Authority and (iii) the fees and disbursements of any other accountants, attorneys and other experts, consultants or advisers retained by the Authority.

(d) In addition, if at any time any Governmental Authority requires payment of any fees, documentary stamps or tax in connection with the execution or delivery of any of the Related Documents, then, if the Authority lawfully may pay for such fees, stamps, or tax, the Authority shall pay, when due and payable, for all such fees, stamps and taxes, including interest and penalties thereon, and the Authority agrees to save the Owner Representative and any Owner harmless from and against any and all liabilities with respect to or resulting from any delay or omission of the Authority in paying, such fees, stamps and taxes.

(e) In the event the Owners have not received the principal and interest on all outstanding Series C Bonds on the Commitment End Date, the Authority shall cause the principal amount of the Series C Bonds to be redeemed in equal quarterly installments payable on each Amortization Period Payment Date (each such payment, an "*Amortization Period Payment*"), with the final installment in an amount equal to the entire then-outstanding principal amount of such Series C Bonds to be redeemed on the related Amortization End Date. Each Amortization Period Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate Amortization Period Payments over the Amortization Period. During the Amortization Period, interest on the Series C Bonds shall accrue at the Amortization Period Interest Rate, be payable monthly in arrears on the first Business Day of each calendar month and be calculated on the basis of a [REDACTED] day year and actual days elapsed.

*Section 2.2. Increased Payments; Accounts.*

(a) *Increased Costs.* If any Owner or any Credit Protection Provider determines that the adoption or implementation of, or any change in, applicable law, treaty, regulation, guideline or directive (including all requests, rules, guidelines or directives in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act and the International Regulatory Framework for Banks (Basel III) developed by the Basel Committee on Banking Supervision or by the Bank for International Settlements (BIS) (or any similar or successor organization) regardless of the date enacted, adopted or issued) or any new law, treaty, regulation, guideline or directive, or any interpretation, implementation or administration of any of the foregoing by any Governmental Authority charged with the administration or interpretation thereof, or compliance with any resulting written request or directive now existing or hereafter adopted of any Governmental Authority having jurisdiction over such Owner or Credit Protection Provider or the transactions contemplated by the Related Documents (whether or not having the force of law) will:

(i) subject such Owner or Credit Protection Provider to any tax, charge, fee, deduction or withholding of any kind with respect to any of the Related Documents or any payment by the Authority of principal, interest and fees or other amounts paid to such

Owner or Credit Protection Provider thereunder (except for taxes on the overall net income or share capital of such Owner or Credit Protection Provider),

(ii) impose, modify or deem applicable any reserve, capital or liquidity ratio, premium, special deposit, compulsory loan, insurance charge or similar requirement against credits or commitments to extend credit extended by, assets (funded or contingent) of, deposits with or for the account of, or other acquisitions of funds by such Owner or Credit Protection Provider,

(iii) impose, modify or deem applicable any capital or liquidity adequacy, liquidity or similar requirement (1) against assets (funded or contingent) of, or credits or commitments to extend credit extended by, such Owner or Credit Protection Provider or (2) otherwise applicable to the obligations of such Owner or Credit Protection Provider under any of the Related Documents,

(iv) change the basis of taxation of payments due such Owner or Credit Protection Provider under this Agreement or the Series C Bonds (other than a change in taxation of the overall net income of such Owner or Credit Protection Provider), or

(v) impose upon such Owner or Credit Protection Provider any other condition or expense with respect to any of the Related Documents or with respect to any amount paid or to be payable to or by such Owner or Credit Protection Provider in connection with the Series C Bonds;

AND THE RESULT OF ANY OF THE FOREGOING is to increase the cost to, reduce the amount of any payment (whether of principal, interest or otherwise) receivable by, or impose any expense (including loss of margin) (except for taxes on the overall net income or share capital of such Owner or Credit Protection Provider) upon such Owner or Credit Protection Provider with respect to the Related Documents, purchasing or owning the Series C Bonds or making, maintaining or, with respect to the Credit Protection Provider, funding any loan or drawing in connection with the Series C Bonds (or, in the case of any capital adequacy, liquidity or similar requirement, to have the effect of reducing the rate of return on such Owner's or Credit Protection Provider's capital or liquidity, taking into consideration such Owner's or Credit Protection Provider's policies with respect to capital adequacy or liquidity), or to require such Owner or Credit Protection Provider to make any payment on or calculated by reference to the gross amount of any sum received by it under any Related Document, in each case by an amount which such Owner or Credit Protection Provider deems to be material, then:

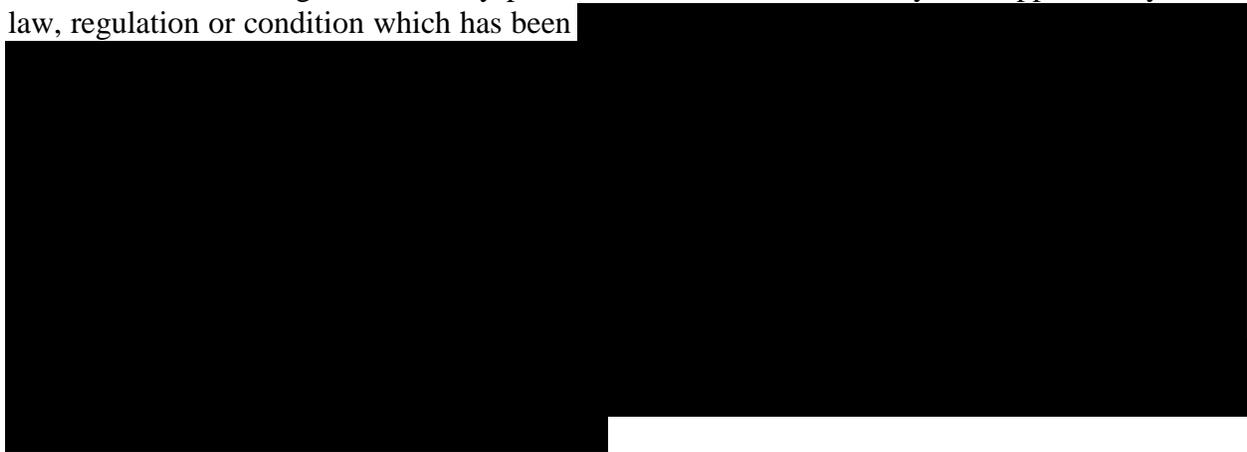
(A) such Owner or Credit Protection Provider may make a determination to impose increased costs as a result of any of the foregoing and notify the Authority of such determination in writing and a due date or dates on which such amounts will be owed, which due date(s) shall be no earlier than 30 days following the date the Authority is first given such notification by such Owner or Credit Protection Provider;

(B) after giving written notice of such determination, such Owner or Credit Protection Provider shall also as promptly as practicable deliver to the Authority a

certificate stating the change which has occurred or the reserve requirements or other costs or conditions which have been imposed on such Owner or Credit Protection Provider or the request, direction or requirement with which it has complied, together with the date thereof, the amount of such increased cost, reduction or payment and the way in which such amount has been calculated, including a reasonably detailed calculation, and such Owner's or Credit Protection Provider's reasonable determination, as applicable, of such amounts, absent fraud or manifest error, shall be conclusive; and

(C) the Authority shall pay to such Owner or Credit Protection Provider on each due date, from time to time as specified by such Owner or Credit Protection Provider in an invoice delivered to the Authority at least thirty (30) days prior to such due date, such amount or amounts as will compensate such Owner or Credit Protection Provider for such additional costs, reduction or payment, together with interest on such additional amounts from, and including, the due date specified by such Owner or Credit Protection Provider for payment at the Default Rate.

The protection of this Section 2.2(a) will be available to each Owner and Credit Protection Provider regardless of any possible contention of invalidity or inapplicability of the law, regulation or condition which has been



(b) *Excess Interest.* (i) If the amount of interest payable for any period in accordance with the terms hereof exceeds the amount of interest that would be payable for such period had interest for such period been calculated at the Maximum Rate, then interest for such period shall be payable in an amount calculated at the Maximum Rate.

(ii) Any interest that would have been due and payable by the Authority hereunder for any period but for the operation of the immediately preceding paragraph (i) shall accrue and be payable as provided in this paragraph (ii) and shall, after deducting any interest actually paid to the Owners during such period, constitute the "*Excess Interest Amount.*" If there is any accrued and unpaid Excess Interest Amount as of any date, then the principal amount owing by the Authority to the Owners hereunder with respect to which interest is payable shall bear interest at the Maximum Rate until payment to the Owners of the entire Excess Interest Amount owed to them.

(iii) Notwithstanding the foregoing, on the date on which no principal amount hereunder remains unpaid, to the extent possible without violating applicable Laws, the Authority shall pay to the Owners an amount equal to any accrued and unpaid Excess Interest Amount owed to them.

(c) *Payments Generally.* Except as may be otherwise provided herein, all fees hereunder and interest on amounts owed hereunder shall be computed on the basis of a year of [REDACTED] days and the actual number of days elapsed. All payments by or on behalf of the Authority to the Owner Representative or other Owner hereunder and under the other Related Documents shall be fully earned when due and (absent manifest error or as otherwise provided in Section 2.2(a)) nonrefundable when paid and shall be made in lawful currency of the United States of America and in immediately available funds. If any payment hereunder is due on a day that is not a Business Day, then such payment shall be due on the next succeeding Business Day, and, in the case of the computation of the interest or fees hereunder, such extension of time shall be included in the computation of the payment due hereunder. All payments hereunder to RBCMPLLC shall be made by wire transfer of funds to the following account: [REDACTED]

[REDACTED] (or to such other account as RBCMPLLC may specify in writing from time to time).

(d) (i) *Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes.* Any and all payments by or on account of any obligation of the Authority hereunder or under the Series C Bonds shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Miscellaneous Taxes; provided that if the Authority shall be required by Applicable Law to deduct any Indemnified Taxes (including any Miscellaneous Taxes) from such payments, then (A) to the fullest extent permitted by Applicable Law, the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.2(d)) the Owner Representative and each Owner receives an amount equal to the sum it would have received had no such deductions been made, (B) the Authority shall make such deductions and (C) the Authority shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with Applicable Law.

(ii) *Payment of Miscellaneous Taxes by the Authority.* Without limiting the provisions of paragraph (i) above, the Authority shall timely pay any Miscellaneous Taxes to the relevant Governmental Authority in accordance with Applicable Law.

(iii) *Indemnification by the Authority.* The Authority, to the fullest extent permitted by law, shall indemnify the Owner Representative and each Owner, within thirty (30) days after demand therefor, for the full amount of any Indemnified Taxes or Miscellaneous Taxes (including Indemnified Taxes or Miscellaneous Taxes imposed or asserted on or attributable to amounts payable under this Section 2.2(d)) paid by Owner Representative or such Owner and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Miscellaneous Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate stating the amount of such payment or liability delivered to the Authority by the Owner Representative shall be conclusive absent manifest error. In addition, the Authority shall indemnify the Owner Representative and

each Owner, within ten (10) days after demand therefor, for any additional amounts that the Owner Representative or any Owner is required to pay as a result of any failure of the Authority to pay any Taxes when due to the appropriate Governmental Authority or to deliver to the Owner Representative or any Owner, as applicable, pursuant to clause (iv), documentation evidencing the payment of Taxes and to contest, with the cooperation and at the expense of the Authority any such Taxes or Miscellaneous Taxes which the Owner Representative or the Authority reasonably believes not to have been properly assessed.

Prior to claiming compensation pursuant to this subsection (iii), the Owner Representative and each Owner, as applicable, will use reasonable efforts to investigate the alternatives (if any) for avoiding the need for, or the reduction of the amount of, such compensation, and the Owner Representative and each Owner, as applicable, shall take all reasonable steps to so avoid the need for, or reduce the amount of such compensation, provided that, none of the Owner Representative or any Owner shall be obligated to take any steps that are adverse to its business or operations or inconsistent with its policies.

(iv) *Evidence of Payments.* As soon as practicable after any payment of Indemnified Taxes or Miscellaneous Taxes by the Authority to a Governmental Authority, the Authority shall deliver to the Owner Representative or such Owner, as applicable, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Owner Representative and such Owner, as applicable.

(v) *Treatment of Certain Refunds.* If the Owner Representative or any Owner determines, in its sole discretion, that it has received a refund of any Taxes or Miscellaneous Taxes as to which it has been indemnified pursuant to this Section 2.2(d) (including additional amounts paid by the Authority pursuant to this Section 2.2(d)), it shall pay to the Authority an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, under this Section 2.2(d)(v) with respect to the Taxes or Miscellaneous Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses of the Owner Representative or such Owner, as applicable, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); *provided* that the Authority, upon the request of the Owner Representative or such Owner, as applicable, agrees to repay the amount paid over pursuant to this Section 2.2(d) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Owner Representative and such Owner, as applicable, in the event the Owner Representative or such Owner, as applicable, is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (v), in no event will the Owner Representative or such Owner, as applicable, be required to pay any amount to the Authority pursuant to this paragraph (v) the payment of which would place the Owner Representative or such Owner, as applicable, in a less favorable net after-Tax position than the Owner Representative or such Owner, as applicable, would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require the Owner Representative or such Owner, as applicable, to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Authority or any other Person.

(e) *Determination of Taxability.* (i) In the event a Taxable Date occurs, the Authority hereby agrees to pay to the Owner Representative and each Owner on demand therefor (1) an amount equal to the difference between (A) the amount of interest that would have been paid to the Owner Representative and such Owner, as applicable, on any Subseries C (Tax-Exempt) Bonds during the period for which interest on such Subseries C (Tax-Exempt) Bonds is includable in the gross income of the Owner Representative and such Owner, as applicable, if such Subseries C (Tax-Exempt) Bonds had borne interest at the Taxable Drawdown Rate, beginning on the Taxable Date (the “*Taxable Period*”), and (B) the amount of interest actually paid to the Owner Representative or such Owner, as applicable, during the Taxable Period, and (2) an amount equal to any interest, penalties or charges owed by the Owner Representative or any Owner, as applicable, as a result of interest on such Subseries C (Tax-Exempt) Bonds becoming includable in the gross income of the Owner Representative or such Owner, as applicable, together with any and all reasonable attorneys’ fees, court costs, or other out-of-pocket costs incurred by the Owner Representative or such Owner, as applicable, in connection therewith.

(ii) Subject to the provisions of clause (iii) below, the Owner Representative shall afford the Authority the opportunity, at the Authority’s sole cost and expense, to contest (1) the validity of any amendment to the Code which causes the interest on such Subseries C (Tax-Exempt) Bonds to be includable in the gross income of the Owner Representative or any Owner or (2) any challenge to the validity of the tax exemption with respect to the interest on the Subseries C (Tax-Exempt) Bonds, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals); *provided* that, in no event shall the Owner Representative or any Owner be required to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Authority or any other Person.

(iii) As a condition precedent to the exercise by the Authority of its right to contest set forth in clause (ii) above, the Authority shall, on demand, immediately reimburse the Owner Representative or any Owner, as applicable, for any and all expenses (including reasonable attorneys’ fees for services that may be required or desirable) that may be incurred by the Owner Representative or such Owner, as applicable, in connection with any such contest, and shall, on demand, immediately reimburse the Owner Representative and such Owner, as applicable, for any and all penalties or other charges payable by the Owner Representative or such Owner, as applicable, for failure to include such interest in its gross income.

(f) *Maintenance of Accounts.* The Owner Representative shall maintain in accordance with its usual practice an account or accounts evidencing the Debt of the Authority and the amounts payable and paid from time to time hereunder or under the other Related Documents. In any legal action or proceeding in respect of this Agreement or the other Related Documents, the entries made in such account or accounts shall be presumptive evidence 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 or under the other Related Documents to repay all amounts owed hereunder and under the other Related Documents, together with all interest accrued thereon as provided herein.

(g) *Survival.* Without prejudice to the survival of any other agreement of the Authority hereunder, the agreements and obligations of the Authority contained in this Section 2.2 shall survive the termination of this Agreement and the payment in full of the Series C Bonds and the Obligations of the Authority thereunder and hereunder.

*Section 2.3. Unutilized Fee.*

[REDACTED]

AUTHORITY RATING  
(LOWEST RATING TO BE USED)

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

*Section 2.4. Obligations Absolute.* The obligations of the Authority under this Agreement and the other Related Documents are unconditional and irrevocable and shall be paid and performed strictly in accordance with the terms of this Agreement and the other Related Documents under all circumstances, including the following:

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

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

(c) the existence of any claim, setoff, defense or other right which the Authority may have at any time against the Owner Representative, any Owner or any other Person, whether in connection with any of the Related Documents, the Transactions or any unrelated transaction; and

(d) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing;

and irrespective of any setoff, counterclaim or defense to payment which the Authority may have against Royal Bank, the Credit Protection Provider, the Purchaser, the Owner Representative or any other Owner, or any other Person, including, without limitation, any defense based on the failure of any nonapplication or misapplication of the proceeds of the Series C Bonds, and irrespective of the legality, validity, regularity or enforceability of this Agreement, the Series C Bonds or any or all other Related Documents, and notwithstanding any amendment or waiver of (other than an amendment or waiver signed by the Owner Representative explicitly reciting the release or discharge of any such obligation), or any consent to, or departure from, this Agreement, the Series C Bonds or any or all other Related Documents or any exchange, release, or nonperfection of any collateral securing the obligations of the Authority hereunder.

*Section 2.5. Reduction and Termination.* (a) The Commitment Amount, the Tax-Exempt Commitment Amount and/or Taxable Commitment Amount shall be reduced from time to time as requested by the Authority within three (3) days of the Authority's written notice to the Underwater and the Purchaser requesting such reduction in the form of Exhibit A hereto; *provided*, that each such reduction amount shall be in an amount equal to \$1,000,000 or an integral multiple thereof and shall be in compliance with the Related Documents; *provided, further*, that at no time shall the Tax-Exempt Commitment Amount or the Taxable Commitment Amount exceed the Commitment.

(b) The Authority may at any time and at its sole option terminate the Commitment Amount, the Tax-Exempt Commitment Amount and/or Taxable Commitment Amount upon three (3) Business Days' prior written notice to the Underwater and the Purchaser. As a condition to any such termination, the Authority shall pay or cause to be paid all Other Obligations owed.

## ARTICLE III

### REPRESENTATIONS AND WARRANTIES

*Section 3.1. Representations and Warranties.* The Authority represents and warrants to the Purchaser and each other Owner as follows:

(a) The Authority (i) is a public entity established pursuant to the laws of the State validly organized and existing under and by virtue of the laws of the State, (ii) has full power and authority to own its properties and carry on its business as now conducted, (iii) has (or, if already executed or adopted, had at the time of execution or adoption) full power and authority to execute (or adopt, if applicable), deliver and perform its obligations under this Agreement and the other Related Documents, to issue, sell, execute and deliver the Series C Bonds to the Purchaser as provided in this Agreement and the Bond Purchase Agreement, and to execute, deliver and perform its obligations under the Series C Bonds and to repay the Obligations and (iv) has full power and authority to grant a pledge of and lien on the Pledged Revenues and the Subordinate Pledged Revenues to secure the Series C Bonds as provided in the Senior Trust Agreement and the Subordinate Trust Agreement.

(b) The execution (or adoption, if applicable), delivery and performance of this Agreement, the Series C Bonds and the other Related Documents and the issuance, sale, execution and delivery of the Series C Bonds (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 the Ordinance, 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 Lien Trust Agreement or the Subordinate 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.

(c) The execution (or adoption or issuance, if applicable), delivery and performance of this Agreement, the Series C Bonds 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. All approvals, consents and orders of and filings with any Governmental Authority which would constitute a condition precedent to the issuance of the Series C Bonds will have been obtained or made and any consents, approvals and orders so received or filings so made will be in full force and effect.

(d) This Agreement, the Subordinate Trust Agreement and the other Related Documents constitute legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or

other similar laws affecting creditors' rights generally, by general equitable principles, regardless of whether such enforceability is considered in a proceeding in equity or at law and by limitations on legal remedies against public agencies in the State. The Series C Bonds will be duly issued, executed and delivered in conformity with the Act and the Subordinate Trust Agreement and the Senior Lien Trust Agreement, and constitute legal, valid and binding special, limited obligations of the Authority, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable reorganization, insolvency, liquidation, readjustment of debt, moratorium or other similar laws affecting the enforcement of the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and entitled to the benefit and security of the Senior Lien Trust Agreement and the Subordinate Trust Agreement.

(e) 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 Agreement, the Series C Bonds or the other Related Documents, or wherein an unfavorable decision, ruling or finding would in any way adversely affect (A) the authority for the issuance of the Series C Bonds or seeking to restrain or enjoin the sale, issuance or delivery of the Series C Bonds, (B) the validity or enforceability of this Agreement, the Series C Bonds or the other Related Documents or the Authority's ability to perform its obligations under this Agreement and the other Related Documents, (C) (i) the validity, enforceability or perfection of the pledge of and lien on the Pledged Revenues or the Subordinate Pledged Revenues or on the amounts held in funds, accounts and subaccounts under the Senior Lien Trust Agreement and the Subordinate Trust Agreement, as applicable, securing the Bond Obligations or (ii) the validity or enforceability of the obligation to pay the Other Obligations from Pledged Revenues provided in the Senior Lien Trust Agreement, (D) the status of the Authority as a public entity created and validly existing under the laws of the State, (E) the exemption of interest on the Subseries C (Tax-Exempt) Bonds from the gross income of the recipients thereof for Federal income tax purposes, (F) the collection of the Measure R Sales Tax that could reasonably be expected to have a material adverse effect on the ability of the Authority to pay debt service on the Series C Bonds, the Senior Bonds, the Parity Obligations or the Subordinate Obligations or amounts due on any Other Obligations hereunder or (G) the rights, security interest or remedies available to the Purchaser and the Owner Representative under this Agreement or the other Related Documents. To the knowledge of the Authority there is no action pending or threatened, which questions the validity of the Act, Ordinance or the Measure R 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 the Ordinance or to diminish or reallocate the Measure R Sales Tax.

(f) All of the Authority's financial statements that have been furnished to the Purchaser 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 and Subordinate Pledged Revenues as of the dates thereof, and there has been no Material Adverse Effect since the date the last such report was so furnished to the Purchaser.

(g) The Authority has not taken any action and knows of no action that any other Person has taken which would cause interest on the Subseries C (Tax-Exempt) Bonds to be included in the gross income of the recipients thereof for Federal income tax purposes.

(h) Each of the Related Documents is in full force and effect. Except as previously disclosed in writing to the Purchaser prior to the Closing Date, 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 Purchaser prior to the Closing Date, neither the Authority nor any other party thereto has waived or deferred performance of any material obligation under any Related Document.

(i) The Authority hereby makes to the Purchaser 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 Purchaser 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 Purchaser.

(j) The Authority is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of the Series C Bonds or any amounts furnished by the Purchaser pursuant to this Agreement or the Underwriter pursuant to the Bond Purchase Agreement 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.

(k) No Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default has occurred and is continuing.

(l) The Series C Bonds will be duly authorized, executed, issued and delivered and shall constitute Subordinate Obligations under the Senior Lien Trust Agreement and the Subordinate Trust Agreement and will be entitled to the benefits thereof.

(m) The Bond Obligations are secured by a second lien on and pledge of the Pledged Revenues pursuant to the Senior Lien Trust Agreement and a first lien on and pledge of the Subordinate Pledged Revenues pursuant to the Subordinate Trust Agreement. The Other Obligations are special obligations of the Authority which

constitute Fees and Expenses under the Senior Trust Agreement and are payable from Pledged Revenues pursuant to the terms of the Senior Lien Trust Agreement after deposits with respect to the Subordinate Obligations and before deposits with respect to the Junior Subordinate Obligations. The irrevocable pledge of and lien on the Pledged Revenues under the Senior Lien Trust Agreement and the Subordinate Pledged Revenues the Subordinate Trust Agreement, in each case, securing the payment of the Bond Obligations 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 the State. The obligation to pay the Other Obligations from Pledged Revenues in accordance with the Senior Lien Trust Agreement is a valid and binding obligation of the Authority, and such amounts are payable on a *pari passu* basis with all other Fees and Expenses, and senior to all Junior 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 the State. No filing, registration, recording or publication of the Senior Lien Trust Agreement or the Subordinate Trust Agreement or any other instrument nor any prior separation or physical delivery of the Pledged Revenues or the Subordinate Pledged Revenues is required to establish the pledge provided for under the Senior Lien Trust Agreement and the Subordinate Trust Agreement or to perfect, protect or maintain the Lien created thereby on the Pledged Revenues or the Subordinate Pledged Revenues and amounts held in funds, accounts or subaccounts under the Subordinate Trust Agreement to secure the Bond Obligations as described herein. As of the Closing Date, there is no indebtedness of the Authority payable from or secured by the Pledged Revenues or amounts held in funds, accounts or subaccounts established and maintained pursuant to the Senior Lien Trust Agreement or any portion thereof on a basis that is the senior to the Bond Obligations, the Series C Bonds and the other Obligations other than the Senior Bonds and the Parity Obligations existing as of the Closing Date. As of the Closing Date, there is no indebtedness of the Authority payable from or secured by the Subordinate Pledged Revenues or amounts held in funds, accounts or subaccounts under the Subordinate Trust Agreement or any portion thereof on a basis that is on a parity with the Bond Obligations, the Series C Bonds other than any Subordinate Obligations owing under the BOTW Agreement and the State Street Agreement. The lien on Pledged Revenues under the Senior Lien Trust Agreement securing the Series C Bonds are senior to the lien on Pledged Revenues securing the Junior Subordinate Obligations (including, without limitation, the TIFIA Bonds) and the obligation of the Authority to pay outstanding Other Obligations is senior in priority of payment to the payment of any Junior Subordinate Obligations. The Bond Obligations constitute "Subordinate Obligations" for purposes of the Senior Lien Trust Agreement and the Subordinate Trust Agreement.

(n) The Authority is subject to claims and to suit for damages in connection with its obligations under this Agreement and the other Related Documents pursuant to and in accordance with the laws of the State 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.

(o) All information, reports and other papers and data with respect to the Authority furnished to the Purchaser, at the time the same were so furnished, were accurate in all material respects. Any financial, budget and other projections furnished to the Purchaser 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.

(p) The terms of this Agreement and the other Related Documents (including the Series C Bonds) regarding the calculation of interest and fees do not violate any applicable usury laws.

(q) To the best knowledge of the Authority, there is no amendment or proposed amendment to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State 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.

(r) The provisions of the Subordinate Trust Agreement constitute a contract between the Authority and the Owners subject to the provisions of the Subordinate Trust Agreement, and the Purchaser and the Owners, 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 Series C Bonds.

(s) The Authority is not subject to ERISA and maintains no ERISA Plans.

(t) After giving effect to the issuance of the Series C Bonds and the other obligations contemplated by this 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.

(u) The Authority and its Property (i) have not become subject to any Environmental Liability nor does it know of any basis for any Environmental Liability, (ii) have not received notice to the effect that any of the 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, is in compliance

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

(v) As of the Closing Date, no Person (including, without limitation, a credit facility provider or a liquidity provider, either of which provides credit enhancement or liquidity support to any Senior Bonds or Subordinate Obligations, a direct purchase provider of Senior Bonds and Subordinate Obligations or any Person under a Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations)) has a right under any indenture or any supplemental indenture relating to any such Senior Bonds, Parity Obligations, Parity and Senior Debt or Subordinate Obligations or any other document or agreement relating to any Senior Bonds, Parity Obligations, Parity and Senior Debt or Subordinate Obligations or any Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations), to direct the Senior Lien Trustee, the Subordinate Lien Trustee or any other Person to declare or cause the principal of and interest on any such Senior Bonds, Parity Obligations, Parity or Senior Debt or Subordinate Obligations to become immediately due and payable in full as the result of acceleration, mandatory redemption or mandatory tender.

(w) Neither the Authority nor any of 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;

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

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

(B) 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;

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

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

(E) 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

(ii) to the best of the Authority's knowledge 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.

(x) Neither the Authority nor anyone authorized to act on its behalf, directly or indirectly, has offered the Series C Bonds for sale to, or solicited any offer to buy the Series C Bonds from, anyone other than the Underwriter.

#### **ARTICLE IV**

##### **COVENANTS OF THE AUTHORITY**

*Section 4.1. Affirmative Covenants of the Authority.* So long as the Commitment Amount or any Series C Bond is outstanding and until all Obligations shall have been paid in full, the Authority hereby covenants and agrees with the Purchaser and each other Owner, unless otherwise consented to in writing by the Owner Representative in its sole discretion, as follows:

(a) *Notice of Default.* As promptly as practical, and in any event within five (5) Business Days, after the date the Authority shall have obtained knowledge of the occurrence of a Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default or a breach of this Agreement or any other Related Document, the Authority will provide notice of the same to the Owner Representative and, in each such case the Authority will provide to the Owner Representative 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) (i) *Annual Reports.* Within one hundred two hundred forty (240) days after the end of each Fiscal Year of the Authority, the Authority will provide to the Owner Representative audited financial statements consisting of a balance sheet and a statement of revenues, expenditures and changes in fund balances of the Authority, including the Pledged Tax 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, the Executive Director, Finance and Budget or the Treasurer of the Authority addressed to the Owner Representative stating that neither a Potential Bondholder's Agreement Event of Default nor a Bondholder's Agreement Event of Default has

occurred which was continuing at the end of such Fiscal Year or on the date of his certification, or, if such an event has occurred and was continuing at the end of such Fiscal Year or on the date of his 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, the Authority will provide to the Owner Representative 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 or Executive Director, Finance and Budget or the Treasurer of the Authority addressed to the Purchaser stating that neither a Potential Bondholder's Agreement Event of Default nor a Bondholder's Agreement Event of Default has occurred which was continuing at the end of such six-month period or on the date of his 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 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), June 30 (such quarterly period to include each day from and including April 1st of each year to and including June 30 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 December 31 (such quarterly period to include each day from and including October 1st of each year to and including December 31st of each year), the Authority shall provide to the Owner Representative a statement of (A) the amount of all Measure R Sales Tax and Pledged Revenues during such fiscal quarter, (B) the amount of all Measure R Sales Tax and Pledged Revenues during the twelve (12) months ended as of the end of such fiscal quarter, (C) the amount of all payments of principal and interest on the Senior Bonds, the Parity Obligations and the Subordinate Obligations during the twelve (12) months ended as of such DS Calculation Date and (D) a coverage calculation showing the Debt Service Coverage Ratio as of such DS Calculation Date, all in reasonable detail. The foregoing statement delivered to the Owner Representative within fifteen (15) days after the end of each July 1 and September 30 shall also be accompanied by a certification from the Chief Executive Officer, the Executive Director, Finance and Budget or the Treasurer of the Authority addressed to the Owner Representative stating that neither a Potential Bondholder's Agreement Event of Default nor a Bondholder's Agreement Event of Default has occurred which was continuing at the end of such quarterly period or on the date of his certification, or, if such an event has occurred and was continuing at the end of such quarterly period or on the date of his certification, indicating the nature of such event and the action which the Authority proposes to take with respect thereto.

(c) *Offering Circulars and Material Event Notices.* Within ten (10) days after the issuance by the Authority of any Senior Bonds, Parity Obligations or Subordinate

Obligations, with respect to which a final official statement or other offering circular has been prepared by the Authority, the Authority will provide to the Owner Representative notice of such issuance and a copy of such official statement or offering circular (or a link to EMMA with respect to such official statement or offering circular).

(d) *Notice of Adverse Change.* The Authority will notify the Owner Representative as soon as possible, and in any event within five (5) Business Days, after the Executive Director, Finance and Budget or 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 or Subordinate 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 the Ordinance or which could lead to the diminution or reallocation of the Measure R 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, (iv) the reduction, withdrawal or suspension of any long-term unenhanced debt rating assigned to any Parity or Senior Debt, or (v) any other event which, in the reasonable judgment of the Authority, is likely to have a Material Adverse Effect.

(e) *Additional Senior Lien Debt.* As soon as available, but in any event within ten (10) days after the issuance and delivery of any additional Senior Bonds or Parity Obligations, deliver to the Owner Representative a copy of the certificates that are required to be delivered to the Senior Lien Trustee pursuant to Sections 3.02(D) and (F) of the Senior Lien Trust Agreement (if applicable).

(f) *Other Information.* The Authority will provide to the Owner Representative such other information respecting the business affairs, financial condition and/or operations of the Authority, as the Owner Representative may from time to time reasonably request.

(g) *Inspections; Discussion.* The Authority will permit the Owner Representative or its representatives, at any reasonable time during normal business hours and from time to time at the request of the Owner Representative 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 Owner Representative being permitted by the Authority to make or conduct any such visit, inspection, examination or discussion, the Owner Representative shall certify to the Authority that the same is being made or conducted solely in order to assist the Owner Representative in evaluating its position under this Agreement or the other Related Documents.

(h) *Further Assurances.* The Authority shall take any and all actions necessary or reasonably requested by the Owner Representative to (i) perfect and protect, any lien, pledge or security interest or other right or interest given, or purported to be given to the Owner Representative or any other Person under or in connection with this Agreement or the other Related Documents, (ii) enable the Owner Representative to exercise or enforce its rights under or in connection with this Agreement and the other Related Documents or (iii) enable the Owner Representative or any Owner to assign or pledge a Series C Bond to any Federal Reserve Bank.

(i) *Taxes and Liabilities.* The Authority shall 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 Owner Representative 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.

(j) *Subordinate Lien Trustee.* The Authority, without the prior written consent of the Owner Representative, which consent shall not be unreasonably withheld, conditioned or delayed, shall not take any action or refrain from taking any action that results in a change of the Subordinate Lien Trustee. Any Subordinate Lien Trustee shall have capital of not less than \$500,000,000, and any such Subordinate Lien 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.

(k) *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 Agreement for the benefit of the Owner Representative and each Owner. 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 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 Owner Representative and such document, opinion, report or other instrument shall be acceptable or satisfactory to the Owner Representative. 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 Owner Representative. So long as (i) the Commitment Amount has not been reduced to zero or terminated pursuant to the terms of this Agreement or (ii) any Obligations remain outstanding, the Authority shall continue to comply with the covenants and undertakings set forth in the Senior Lien Trust Agreement and the Subordinate Trust Agreement, notwithstanding anything therein limiting such compliance to when a "Bond"

(as defined in the Senior Lien Trust Agreement) or a Subordinate Obligation, as applicable, remains outstanding thereunder.

(l) *Waiver of Sovereign Immunity.* The Authority hereby agrees not to assert the defense of any right of sovereign immunity in any legal proceeding to enforce or collect upon the obligations of the Authority under this Agreement or any other Related Document or the transactions contemplated hereby or thereby.

(m) *Credit Facilities.* In the event that the Authority has or shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations), which such Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations) provides such Person with additional or more restrictive covenants (including, without limitation, financial covenants), additional or more restrictive events of default and/or additional or more restrictive rights or remedies (collectively, the “*Additional Rights*”) than are provided to the Owner Representative in this Agreement, then, upon the occurrence and during the continuation of an event of default (without regard to a waiver of such event of default) under such agreement (or amendment thereto) caused by such Additional Rights, such Additional Rights shall automatically be deemed to be incorporated into this Agreement and the Owner Representative and the Owners shall have the benefits of such Additional Rights; *provided, however,* that such Additional Rights shall automatically be deemed to be incorporated into this Agreement and the Owner Representative and the Owners shall have the benefits of such Additional Rights only from and after the occurrence and during the continuation of an event of default under the related Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations) 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 a default or an event of default (without regard to a waiver of such default or event of default) under the related Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations) caused by such Additional Rights or a failure by the Authority to comply with such Additional Rights, enter into an amendment to this Agreement to include such Additional Rights, *provided* that the Owner Representative and the Owners shall maintain the benefit of such Additional Rights even if the Authority fails to provide such amendment, but only for so long as such default or event of default continues. If the Authority shall amend the related Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations) such that it no longer provides for such Additional Rights, then, without the consent of the Owner Representative, this Agreement shall automatically no longer contain the related Additional Rights and the Owner Representative shall no longer have the benefits of any of the related Additional Rights.

(n) *Reserved.*

(o) *Receipt and Deposit of Pledged Revenues.* The Authority shall use its best efforts to assure that the Board of Equalization pays the Measure R Sales Tax directly to the Senior Lien Trustee on a monthly basis; and if at any time any Measure R Sales Tax is paid to the Authority by the Board of Equalization instead of being paid directly to the

Senior Lien Trustee, immediately upon receipt, the Authority shall transfer such Measure R Sales Tax to the Senior Lien Trustee for credit to the Revenue Fund held under the Senior Lien Trust Agreement; and during such time as such Measure R Sales Tax is held by the Authority (prior to transfer to the Senior Lien Trustee), such Measure R Sales Tax will be impressed with a trust provided for in the Senior Lien Trust Agreement.

(p) *Maintenance of Ratings.* The Authority shall at all times maintain two Authority Ratings from Moody's, S&P or Fitch. As of the Closing Date, the Authority maintains Authority Ratings from Moody's and S&P).

(q) *Maintenance of Existence.* The Authority shall maintain its existence as a public entity duly established and existing under the laws of the State.

(r) *Refinancing.* The Authority agrees to use its commercially reasonable efforts to refinance the Series C Bonds and pay all other Obligations hereunder in the event (A) the Purchaser determines not to extend the Commitment End Date or if the Authority fails to request such an extension (such replacement or refinancing to occur on or before the Commitment End Date) or (B) this Agreement is terminated.

(s) *Sales Tax Related Laws.* In the event that (i) the Act or the Ordinance is determined by a court of competent jurisdiction to be invalid or unenforceable or (ii) a referendum or court proceeding challenging either the Act or the Ordinance is initiated or filed, the effect of which is to disrupt the transfer of the Measure R Sales Tax from the Board of Equalization to the Senior Lien Trustee, the Authority shall (A) take all actions as may or shall be required to have the Act or the Ordinance acknowledged, reinstated or reapplied, as applicable, and (B) direct the Board of Equalization to directly transmit all Measure R Sales Tax associated with the Act or the Ordinance to the Senior Lien Trustee for use as provided in the Senior Lien Trust Agreement (including for payment of the Obligations).

(t) *Pro Rata Payment Following Default or Event of Default.* Upon the occurrence and continuation of a Default or an Event of Default hereunder, the Authority shall, to the extent it pays principal under the BOTW Agreements, the State Street Agreement and this Agreement other than required by the express terms of such agreements, to (x) pay, on a *pro rata* basis, the principal amount of all Series C Bonds outstanding, all loans outstanding under the BOTW Agreement and all loans outstanding under the State Street Agreement, and (y) reduce, to the extent such *pro rata* payments are made on such indebtedness, *pro tanto* the Available Commitment hereunder and the commitments under each agreement or other banking arrangement entered into by the Authority relating to such other Subordinate Obligations, including, without limitation, the BOTW Agreement and the State Street Agreement (in each case, without regard to any temporary reductions thereof and in proportion to the maximum amount available to be drawn or issued hereunder and thereunder, without regard to any temporary reductions thereof). Notwithstanding anything herein to the contrary, should the Authority pay

tax-exempt indebtedness under such agreements in order to preserve the tax-exempt status of such indebtedness, such prepayment need not be made on a pro rata basis.

(u) *Bond Rating.* The Authority shall, if requested by the Owner Representative and at the Authority's expense, use its best efforts to provide a rating on the Series C Bonds from at least one of Fitch, Moody's or S&P within 90 days following the date of such request; *provided, however,* that the failure of the Authority to provide a Bond rating within such 90-day period will not constitute a Bondholder's Agreement Event of Default under this Agreement so long as the Authority applies for such rating promptly after the Owner Representative's request and diligently pursues its receipt from Fitch, Moody's or S&P, as applicable.

(v) *CUSIP Numbers; DTC.* The Authority shall at all times cause the Series C Bonds to be assigned a CUSIP Number and held with DTC.

(w) *Notice of Series C Bonds.* The Authority shall provide to the Owner Representative written notice ten (10) days prior to any proposed redemption of the Series C Bonds pursuant to the Subordinate Trust Agreement.

*Section 4.2. Negative Covenants of the Authority.* So long as the Commitment Amount or any Series C Bonds are outstanding and until all of the Obligations shall have been paid in full, the Authority hereby covenants and agrees as follows:

(a) *Compliance With Laws, Etc.* The Authority shall not violate any laws, rules, regulations, or governmental orders to which it is subject and of which it is aware after diligent inquiry, which violation could reasonably be expected to result in a Material Adverse Effect.

(b) *Amendments.* The Authority shall not 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 (provided that solely for purposes of this clause (b), the proviso set forth in the definition of "Senior Lien Trust Agreement" and the last sentence of Related Documents shall be of no force and effect if an amendment, supplement or modification thereto would have a material adverse effect on the rights, security or interests of the Owner Representative or Owner without the prior written consent of the Owner Representative) without the prior written consent of the Owner Representative; provided, however, that nothing contained in this Section 4.2(b) shall require the consent of the Owner Representative to the execution and delivery of supplements to the Senior Lien Trust Agreement or the Subordinate Trust Agreement that are made solely for the purpose of specifying the terms of additional Debt issued in accordance with the terms thereof and Section 4.2(d) of this Agreement. Without the prior written consent of the Owner Representative, the Authority shall not consent or agree to any rescission of or amendment to the Act or Ordinance which would in any manner materially impair or materially adversely affect the ability of the Authority to meet its obligations hereunder, including, without limitation, reducing the amount of the Pledged Revenues or Subordinate Pledged Revenues to such an extent that its ability to

pay the Obligations or the lien on Pledged Revenues or Subordinate Pledged Revenues is impaired.

(c) *Liens, Etc.* The Authority shall not create or suffer to exist any Lien upon or with respect to any of the funds or accounts created under the Senior Lien Trust Agreement or the Subordinate Trust Agreement that is senior or parity with the Lien of the Subordinate Obligations except those Liens specifically permitted under the Senior Lien Trust Agreement and the Subordinate Trust Agreement; *provided, further*, that, unless otherwise consented to in advance in writing by the Owner Representative, in no event will the Authority permit any Lien upon the Pledged Revenues or Subordinate Pledged Revenues securing any termination payment pursuant to any Swap Contract to be on parity with or senior to the Lien on Pledged Revenues and/or Subordinate Pledged Revenues securing the Bond Obligations, the Series C Bonds and the other Obligations hereunder.

(d) *Additional Debt.* (i) The Authority shall not issue any Debt secured by a lien on Pledged Revenues which is senior to the lien securing the Senior Bonds and Parity Obligations.

(ii) In addition to the requirements set forth in Sections 3.01, 3.02, 3.03, 3.04, 3.05 and 3.06, as applicable, of the Senior Lien Trust Agreement and Section 2.09 of the Subordinate Trust Agreement (with respect to Subordinate Obligations only), the Authority shall not issue any additional Senior Bonds, Parity Obligations or Subordinate Obligations (A) unless such Senior Bonds, Parity Obligations or Subordinate Obligations have been duly and legally authorized by the Authority for any lawful purpose and (B) until there shall first be delivered to the Subordinate Lien Trustee and the Owner Representative a certificate of an Authorized Representative showing that upon the issuance of such Senior Bonds, Parity Obligations or Subordinate Obligations, the Debt Service Coverage Ratio shall be at least equal to 125% as of the date of issuance of such Senior Bonds, Parity Obligations or Subordinate Obligations (each certificate provided pursuant to this paragraph shall also state that no “Event of Default” under the Senior Lien Trust Agreement shall have occurred and then be continuing and set forth the computations upon which such certificate is based).

(iii) Notwithstanding the foregoing, in the event that the Authority shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations), which such Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations) provides such Person with a covenant that restricts the issuance of additional Senior Bonds, Parity Obligations or Subordinate Obligations based upon satisfaction of a condition precedent that the Debt Service Coverage Ratio be a greater percentage than 125% (any such greater percentage referred to herein as a “*More Stringent Additional Debt Percentage*”), then the percentage set forth in (d)(ii) above shall be deemed to be amended to replaced with the *More Stringent Additional Debt Percentage* on the issuance of any additional Senior Bonds, Parity Obligations or Subordinate Obligations for so long as such Bank

Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations) remains in effect.

(e) *Exempt Status.* The Authority shall not take any action or omit to take any action or authorize or direct any Person to take any action or omit to take any action, that if taken or omitted, would adversely affect the excludability of interest on the Subseries C (Tax-Exempt) Bonds from the gross income of the Owner Representative or any Owner for Federal income tax purposes.

(f) *Federal Reserve Board Regulations.* The Authority shall not use any portion of the proceeds of the Series C Bonds or any Drawing for the purpose of carrying or purchasing any Margin Stock.

(g) *Use of any Owner's Information.* Except as may be required by law (including, but limited to, federal and state securities laws and public record and open meeting requirements), the Authority shall not use any financial information of the Owner Representative or any other Owner, ratings of the Owner Representative or any other Owner or any pricing related to this Agreement or the transaction contemplated hereby 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 Owner Representative or such other Owner. Without the prior written consent of the Owner Representative or any other Owner, the Authority may disclose in a preliminary official statement, official statement or other offering document the name of the Owner Representative or any other Owner with respect to this Agreement and any other information about this Agreement (other than information omitted from the redacted version posted on EMMA) that the Authority determines is appropriate to be included.

(h) *Consolidation, Merger, Etc.* The Authority shall not dissolve or otherwise dispose of all or substantially all of the assets of the Authority or consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into the Authority; *provided, however,* that the Authority may consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into the Authority if each of the following conditions shall have been fulfilled:

(i) such merger or consolidation shall be with or into another governmental entity which shall assume in writing, reasonably satisfactory in form and substance to the Owner Representative, or by operation of law the due and punctual performance and observance of all of the covenants, agreements and conditions of this Agreement and the other Related Documents;

(ii) such merger or consolidation shall not adversely affect or impair to any extent or in any manner (1) the Pledged Revenues or the Subordinate Pledged Revenues, (2) the availability of the Pledged Revenues or the Subordinate Pledged Revenues for the payment and security of the obligations of the Authority under this Agreement, or (3) the pledge or security afforded by the Senior Lien Trust Agreement and the Subordinate

Trust Agreement to the Senior Bonds and the Subordinate Obligations, and the Authority shall have furnished to the Owner Representative, for the benefit of the Owner Representative and each Owner, an opinion of its Bond Counsel, satisfactory in form and substance to the Owner Representative, to such effect; and

(iii) the Authority shall have given the Owner Representative not less than 60 days' prior written notice of such merger or consolidation and furnished to the Owner Representative all such information concerning such merger or consolidation as shall have been reasonably requested by the Owner Representative.

(i) *Debt Service Coverage Ratio.* As of each DS Calculation Date, the Authority shall not permit the Debt Service Coverage Ratio to be less than 125% for the twelve (12) months ended as of such date. In the event the Authority shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations), which Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations) provides such Person with a covenant that requires the Authority to maintain a Debt Service Coverage Ratio greater than 125% (such greater Debt Service Coverage Ratio herein referred to as the "*Modified Minimum Debt Service Coverage Ratio*"), or that it will constitute an event of default under such Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations) if such Debt Service Coverage Ratio as of any stated date of determination provided for in such Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations) is less than the Modified Minimum Debt Service Coverage Ratio, then so long as such Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations) remains in effect, the Authority shall not permit the Debt Service Coverage Ratio to be less than the Modified Minimum Debt Service Coverage Ratio as of each DS Calculation Date.

(j) *Right to Accelerate; No Shorter Amortization Period.* (i) The Authority hereby covenants that it will not enter into or otherwise consent to any Bank Agreement (Secured by Pledged Revenues) or any amendment thereto which Bank Agreement (Secured by Pledged Revenues) includes or amendment adds the right to accelerate the payment of the principal of or interest on any Debt secured by Pledged Revenues or Subordinate Pledged Revenues upon the occurrence and continuation of an event of default or event of termination under such Bank Agreement (Secured by Pledged Revenues).

(ii) The Authority hereby covenants that it will not enter into or consent to any Bank Agreement (Secured by Pledged Revenues) or any amendment thereto which Bank Agreement (Secured by Pledged Revenues) provides for any "term-out provision" following the expiry of such Bank Agreement or upon the occurrence of a default or event of default thereunder which permits any outstanding advance, loan, drawing or bond or similar obligation to be amortized over a period shorter than the Amortization Period set forth in Section 2.1(e) hereof.

## ARTICLE V

### BONDHOLDER'S AGREEMENT EVENTS OF DEFAULT

*Section 5.1. Bondholder's Agreement Events of Default.* The occurrence of any of the following events (whatever the reason for such event and whether voluntary, involuntary, or effected by operation of law) shall be a "Bondholder's Agreement Event of Default" hereunder, unless waived in writing by the Owner Representative:

(a) 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, (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; or

(b) 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 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 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, any instrumentality thereof or any other Governmental Authority of competent jurisdiction over the Authority; or

(c) 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 Measure R Sales Tax; or

(d) The dissolution or termination of the existence of the Authority shall occur; or

(e) The Authority shall (i) default on the payment of the principal of or interest on any Senior Bonds, Parity Obligations, Subordinate Obligations, Junior Subordinate Obligations or Parity and Senior Debt (whether by scheduled maturity, required redemption, required prepayment or acceleration or otherwise), beyond the period of grace, if any, provided in the instrument or agreement under which any such Senior Bonds, Parity Obligations, Subordinate Obligations, Junior Subordinate Obligations or Parity and Senior Debt was created or incurred; (ii) default in the observance or performance of any agreement or condition set forth in any Bank Agreement (Senior Bonds, Parity Obligations and Subordinate Obligations), (iii) default in the observance or performance of any agreement or condition relating to any Senior Bonds, Parity Obligations, Subordinate Obligations or Parity and Senior Debt or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to permit the holder of such Senior Bonds, Parity Obligations, Subordinate Obligations or Parity and Senior Debt to cause or such holder causes (determined without regard to whether any notice is required) any such Senior Bonds, Parity Obligations, Subordinate Obligations or Parity and Senior Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption, mandatory tender or mandatory prepayment of any such Senior Bonds, Parity Obligations, Subordinate Obligations or Parity and Senior Debt or (iv) default in the observance or performance of any agreement or condition set forth in any Bank Agreement (Secured by Pledged Revenues) and as a result of such default the lender under such Bank Agreement (Secured by Pledged Revenues) in fact causes the obligations under such Bank Agreement (Secured by Pledged Revenues) to become immediately due and payable as a result of the acceleration, mandatory redemption, mandatory tender or mandatory prepayment of the obligations under such Bank Agreement (Secured by Pledged Revenues); or

(f) The Authority shall fail to pay any Bond Obligations or the principal of or interest on any Series C Bonds when and as due; or

(g) Any Invalidity Event or Incipient Invalidity Event shall occur; or

(h) The occurrence of any event of default under Section 7.01(A), 7.01(B), 7.01(D), 7.01(E), 7.01(F) or 7.01(G) of the Senior Lien Trust Agreement or Section 8.01

of the Subordinate Trust Agreement (which is not waived pursuant to the terms thereof); or

(i) The Authority shall fail to pay any Obligation when due (other than as provided in Section 5.1(f) hereof) and such failure shall continue for five (5) days after the Authority has received written notice from the Owner Representative that any such amount was not paid when and as due; or

(j) Any material representation or warranty made by or on behalf of the Authority in this Agreement (including, without limitation, representation and warranties incorporated herein by reference) or in any certificate or statement delivered hereunder or thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made or delivered; or

(k) The Authority shall default in the due performance or observance of any of the covenants set forth in Section 4.1(g), (j), (l), (o), (p), (q) or (t) hereof or Section 4.2(b), (c), (d), (e), (f), (h) or (i) hereof; or

(l) The Authority shall default in the due performance or observance of any other term, covenant or agreement contained in this Agreement or any other Related Document (other than defaults specifically addressed in this Section 5.1) and such default shall remain unremedied for a period of thirty (30) days after written notice thereof shall have been received by the Authority from the Owner Representative; or

(m) The existence of one or more final, non-appealable judgments, attachments or levies against the Authority for the payment of money payable out of Pledged Revenues ranking senior to or on parity with the Subordinate Obligations, the operation or result of which, individually or in the aggregate, equals or exceed \$10,000,000, and such judgment, attachment or levy shall remain unpaid or the lien created thereby shall remain unsatisfied, undischarged or unbonded (by property other than any of the Pledged Revenues) for a period of sixty (60) days; or

(n) Any of Moody's, Fitch (if Fitch is then rating the Senior Bonds) or S&P either (i) withdraws or suspends the Authority Rating for credit related reasons or (ii) reduces the Authority Rating below the Ratings Threshold; or

(o) The occurrence of any event of default under the Senior Lien Trust Agreement or the Subordinate Trust Agreement (other than as specified in Section 5.1(h) hereof) (which is not waived pursuant to the terms thereof) or any event of default or termination under any other Related Document (which is not waived pursuant to the terms thereof) which is not otherwise described in this Section 5.1; or

(p) Any Lien created by the Senior Lien Trust Agreement or the Subordinate Trust Agreement or any other Related Document in favor of, or for the benefit of, the Owners 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; or

(q) Any other material provision of this Agreement or any other Related Document (other than a provision described in the definitions of Invalidity Event or Incipient Invalidity Event) shall at any time for any reason cease to be valid and binding on the Authority as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction or shall be declared in a final non-appealable judgment by any court with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the Authority; or

(r) There shall be a failure on the part of the Board of Equalization (or any successor to the functions of the Board of Equalization) to collect the Measure R Sales Tax, or the Measure R Sales Tax shall be repealed or reduced in percentage or the basis on which the tax is imposed or computed is modified and such repeal, modification or reduction has not been enjoined or stayed by a court of law or equity, in any such case, with the effect of lowering Pledged Revenues to less than 125% of Senior and Subordinate Debt Service, or the Authority diverts or attempts to divert the Measure R Sales Tax for any use prior to the deposit of the Measure R Sales Tax into the funds and accounts held by the Senior Lien Trustee or the Subordinate Lien Trustee, or there is created a lien on or a charge against the Subordinate Pledged Revenues or the funds and accounts held by Subordinate Lien Trustee for the benefit of all the owners of Subordinate Obligations and the Owners, which lien or charge is prior to or on a parity with that granted to secure the Subordinate Obligations, except to the extent permitted by the Subordinate Trust Agreement.

*Section 5.2. Consequences of a Bondholder's Agreement Event of Default.* If a Bondholder's Agreement Event of Default specified in Section 5.1 hereof occurs, then, in addition to any other rights or remedies available to the Subordinate Lien Trustee or the Owner Representative under any other Related Document or under applicable Law:

(a) the Owner Representative will promptly provide written notice to the Authority and to the Subordinate Lien Trustee of the occurrence of such Bondholder's Agreement Event of Default (a "*Notice of Bondholder's Agreement Event of Default*"), *provided* that the Owner Representative will incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure will in no way affect the adjustment of the interest rate on the Series C Bonds to the Default Rate upon the occurrence of a Bondholder's Agreement Event of Default. The Notice of Bondholder's Agreement Event of Default shall state that a Bondholder's Agreement Event of Default has occurred and may state that the commitment of the Underwriter to purchase Series C Bonds and to honor Drawings under the Bond Purchase Agreement is terminated (in which case such commitment of the Underwriter under the Bond Purchase Agreement shall immediately terminate as provided in the Bond Purchase Agreement);

(b) the Owner Representative may deliver a written notice to the Trustee and the Authority that a Bondholder's Agreement Event of Default has occurred and is continuing and direct the Trustee to take such other remedial action as is provided for in the Supplemental Trust Agreement;

(c) upon the occurrence of any Bondholder's Agreement Event of Default, the Series C Bonds and all other Obligations shall automatically and immediately bear interest at the Default Rate;

(d) the Owner Representative may take one or more of the following actions at any time and from time to time (regardless of whether the actions are taken at the same or different times):

(i) either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable under the Related Documents or to enforce performance or observance of any obligation, agreement or covenant of the Authority under the Related Documents, whether for specific performance of any agreement or covenant of the Authority or in aid of the execution of any power granted to the Owner Representative in the Related Documents;

(ii) cure any Potential Bondholder's Agreement Event of Default, Bondholder's Agreement Event of Default or event of nonperformance hereunder or under any Related Document (in which event the Authority shall reimburse the Owner Representative pursuant to Section 2.1(b)(iv) hereof); *provided, however*, that the Owner Representative shall have no obligation to effect such a cure; and

(iii) exercise, or cause to be exercised, any and all remedies as it may have under the Related Documents (other than as provided for in Section 5.2(a) hereof) and as otherwise available at law and at equity.

Notwithstanding anything herein to the contrary, the Owners shall have no right to accelerate amounts owing hereunder.

*Section 5.3. Remedies Cumulative; Solely for the Benefit of the Owner Representative and Any Owner.* To the extent permitted by, and subject to the mandatory requirements of, applicable Law, each and every right, power and remedy specifically given to the Owner Representative or the Owners in the Related Documents shall be cumulative, concurrent and nonexclusive and shall be in addition to every other right, power and remedy therein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy (whether specifically given or otherwise existing) may be exercised from time to time and as often and in such order as may be deemed expedient by the Owner Representative or the Owners, as the case may be, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise any other right, power or remedy at the same time or thereafter.

The rights and remedies of the Owner Representative specified herein are for the sole and exclusive benefit, use and protection of the Owner Representative and any Owners, and the Owner Representative is entitled, but shall have no duty or obligation to the Authority, the Subordinate Lien Trustee or any other Person (other than the Owners) or otherwise, to exercise

or to refrain from exercising any right or remedy reserved to the Owner Representative hereunder or under any of the other Related Documents.

*Section 5.4. Waivers or Omissions.* No delay or omission by the Owner Representative or the Owners in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right, remedy or power or be construed to be a waiver on the part of the Owner Representative or the Owners of any default or to be acquiescence therein. No express or implied waiver by the Owner Representative or the Owners of any Bondholder's Agreement Event of Default shall in any way be a waiver of any future or subsequent Bondholder's Agreement Event of Default. No delay or omission on the part of the Owner Representative or the Owners (or the Subordinate Lien Trustee) in exercising any right hereunder or under other Related Documents following any Bondholder's Agreement Event of Default, or any other option granted to the Owner Representative or the Owners (or the Subordinate Lien Trustee) hereunder, in any one or more instances, nor the acceptance by the Owner Representative or the Owners (or the Subordinate Lien Trustee) of any partial payment on account of the Obligations, shall constitute a waiver of any such Bondholder's Agreement Event of Default, and each such option shall remain continuously in full force and effect.

*Section 5.5. Discontinuance of Proceedings.* In case the Owner Representative or the Owners proceed to invoke any right, remedy or recourse permitted hereunder or under the other Related Documents and thereafter elect to discontinue or abandon the same for any reason, the Owner Representative or the Owners, as applicable, have the unqualified right so to do and, in such event, the Authority, the Owner Representative and the Owners will be restored to their former positions with respect to the Obligations, the Related Documents and otherwise, and the rights, remedies, recourse and powers of the Owner Representative and the Owners hereunder will continue as if the same had never been invoked.

*Section 5.6. Equitable Relief.* The Authority recognizes that in the event a Bondholder's Agreement Event of Default occurs, any remedy of law may prove to be inadequate relief to the Owner Representative and the Owners; therefore, the Authority agrees that the Owner Representative, if the Owner Representative so requests, shall be entitled to equitable relief in any such case.

## ARTICLE VI

### MISCELLANEOUS

*Section 6.1. Indemnification by the Authority.* (a) The Authority, the Owner Representative and each Owner agree that the obligation of the Authority to pay the Bond Obligations are contractual obligations of the Authority payable solely from the Subordinate Pledged Revenues and that the obligation of the Authority to pay the Other Obligations are contractual obligations of the Authority payable solely from the Pledged Revenues on a basis subordinate to the Subordinate Obligations and shall not be affected by, and the Owner Representative and each Owner shall not be responsible for, among other things, (i) the validity, genuineness or enforceability of this Agreement, the Series C Bonds or documents, notices or endorsements relating thereto (even if this Agreement or any documents, notices endorsements

relating thereto should in fact prove to be in any and all respects invalid, fraudulent or forged), (ii) the use to which the amounts disbursed by the Underwriter, the Purchaser, the Owner Representative or any Owner may be put, or (iii) any other circumstances or happenings whatsoever, whether or not similar to any of the foregoing.

(b) In addition to any and all rights of reimbursement, indemnification, subrogation or any other rights pursuant hereto or under law or equity, the Authority hereby agrees (to the extent permitted by law) to indemnify and hold harmless the Owner Representative and each Owner and their respective officers, directors and agents (each, an “*Indemnitee*”) from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever (including reasonable attorneys’ fees) which may incur or which may be claimed against an Indemnitee by any Person or entity whatsoever (collectively, the “*Liabilities*”) by reason of or in connection with (i) the execution and delivery or transfer of, or payment or failure to pay under, any Related Document; (ii) the issuance by the Authority or the purchase by the Purchaser of the Bond or the honoring of any Drawings; (iii) the use of the proceeds of the Series C Bonds or any Drawing; (iv) any breach by the Authority of any warranty, covenant, term or condition in, or the occurrence of any default by it under any of the Related Documents or the Act or the Ordinance, together with all reasonable expenses resulting from the compromise or defense of any claims or liabilities arising as a result of any such breach or default; (v) any action or proceeding relating to a court order, injunction or other process or decree restraining or seeking to restrain the Owner Representative and any Owner from paying any amount under this Agreement (other than actions or proceedings instituted by or on behalf of the Owner Representative and any Owner); or (vi) any investigation, litigation or other proceeding (whether or not the Owner Representative and any Owner is a party thereto) related to the entering into and/or each performance of any of the Related Document or the use of the proceeds of any of the Series C Bonds; *provided* that the Authority shall not be required to indemnify an Indemnitee for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of such Indemnitee as determined by a court of competent jurisdiction in a final nonappealable judgment; *provided, further*, that the Authority shall not be liable to any Person for any claims, damages, costs, or other liabilities based solely upon or arising in connection with the establishment of the Trust, any offers or sales of any certificates of or interests in or under the Trust, or any actions of the Purchaser or any affiliate related to the transactions of the Trust. Nothing under this Section 6.1 is intended to limit the Authority’s payment of the Obligations. To the fullest extent permitted by applicable law, the Authority shall not assert, and hereby waives, 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, or the use of the proceeds thereof.

(c) Notwithstanding anything to the contrary contained in this Section 6.1, (i) the Authority shall have no obligation to indemnify the Owner Representative and any Owner for damages that the Authority proves were caused solely out of the gross negligence or willful misconduct of the Owner Representative or such Owner, as determined by a court of court of competent jurisdiction in a final nonappealable judgment, and (ii) the Authority shall have a claim against the Owner Representative and each Owner, and the Owner Representative and

such Owner shall be liable to the Authority, to the extent of any direct, as opposed to consequential, damages suffered by the Authority which the Authority proves were caused solely by the Owner Representative's or such Owner's gross negligence or willful misconduct, as determined by a court of competent jurisdiction in a final nonappealable judgment.

(d)(i) In the case of any proceeding (including any governmental investigation) instituted against the Owner Representative and any Owner in respect of which indemnity may be sought by the Owner Representative and any Owner pursuant to this Section 6.1, the Owner Representative or such Owner shall promptly notify the Authority in writing.

(ii) Solely in connection with third party claims, damages, losses, liabilities, reasonable costs or expenses whatsoever in respect of which indemnity may be sought by Owner Representative and any Owner pursuant to this Section 6.1 and except that after the occurrence and during the continuance of an Event of Default, the Authority shall select counsel for the Owner Representative or such Owner, which counsel shall be reasonably acceptable to the Owner Representative or such Owner and the Authority, and the Authority shall pay the reasonable fees and disbursements of such counsel related to such proceeding. Notwithstanding the preceding sentence, each Indemnitee shall have the right to employ its own counsel and to determine its own defense of such action in any such case, but the fees and expenses of such counsel shall be at the expense of such Indemnitee unless (x) the employment of such counsel shall have been authorized in writing by the Authority, or (y) the Authority, after due notice of the action, shall not have employed counsel acceptable to such Indemnitee to have charge of such defense, in either of which events the reasonable fees and expenses of counsel for such Indemnitee shall be borne by the Authority.

(iii) In connection with any claims, damages, losses, liabilities, reasonable costs or expenses whatsoever in respect of which indemnity may be sought pursuant to this Section 6.1, the Owner Representative or such Owner shall manage the response and course of action with respect to such proceeding; *provided* that the Owner Representative or such Owner shall in good faith use commercially reasonable efforts to consult with the Authority regarding the response and course of action with respect to such proceeding. Counsel for the Owner Representative or such Owner shall provide the Authority with monthly invoices substantiating the reasonable fees and disbursements of such counsel related to such proceeding to be paid by the Authority. The Owner Representative or such Owner shall manage negotiations and determinations regarding reasonable settlement of any such proceeding; *provided* that the Owner Representative or such Owner shall in good faith use commercially reasonable efforts to consult with and obtain the concurrence of the Authority regarding any settlement of any such proceeding, but if settled or if there shall be a final judgment against the Owner Representative or such Owner, the Authority, agrees to indemnify the Owner Representative or such Owner from and against any loss or liability by reason of such settlement of judgment.

(e) Without prejudice to the survival of any other obligation of the Authority under this Agreement, the indemnities and related obligations of the Authority under this Section 6.1 shall survive the payment of the Series C Bonds and all other Obligations and the termination of this Agreement.

*Section 6.2. Reimbursement; Interest.* If the Owner Representative or any Owner shall incur any Expenses or pay any Liabilities in connection with enforcing the rights and remedies provided under this Agreement and the other Related Documents, the Owner Representative's and such Owner's payment of such Expenses and Liabilities constitute advances to the Authority which shall be paid by the Authority to the Owner Representative or such Owner, as applicable, within thirty (30) days after demand, together with interest thereon from the date incurred until paid in full at the rate of interest then applicable to the Series C Bonds. Notwithstanding the foregoing, however, in any action or proceeding under any Related Document to recover or collect the Obligations, mandatory provisions of law governing the recovery of costs, disbursements and allowances shall prevail unaffected by this Section 6.2.

*Section 6.3. Conditions Precedent.* This Agreement shall become effective on the date hereof subject to the satisfaction or waiver by the Purchaser of the conditions precedent set forth in Section 4 of the Bond Purchase Agreement and the issuance of the Series C Bonds.

*Section 6.4. Patriot Act Notice.* The Owner Representative 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 Owner Representative to identify the Authority in accordance with the Patriot Act. The Authority hereby agrees that it shall promptly provide such information upon request by the Owner Representative.

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 Authority of the Treasury or included in any Executive Orders, that prohibits or limits the any Owner 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 Series C Bonds 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 6.5. Amendments and Waivers; Enforcement.* The Owner Representative and the Authority may from time to time enter into agreements amending, modifying or supplementing the Related Documents or changing the rights of the Owner Representative or the Authority thereunder, and the Owner Representative may from time to time grant waivers or consents to a departure from the due performance of the obligations of the Authority thereunder. Any such agreement, waiver or consent must be in writing and will be effective only to the extent specifically set forth in such writing. In the case of any such waiver or consent relating to any provision hereof, any Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default so waived or consented to shall be deemed to be cured and not continuing, but no such waiver or consent shall extend to any other or subsequent Potential Bondholder's Agreement Event of Default or Bondholder's Agreement Event of Default or impair any right consequent thereon.

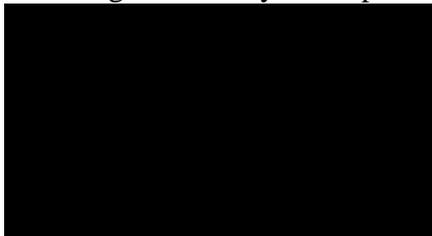
*Section 6.6. No Implied Waiver.* No course of dealing and no delay or failure of the Owner Representative in exercising any right, power or privilege under any of the Related

Documents will affect any other or future exercise thereof or exercise of any other right, power or privilege; nor will any single or partial exercise of any such right, power or privilege or any abandonment or discontinuance of steps to enforce such a right, power or privilege preclude any further exercise thereof or of any other right, power or privilege.

*Section 6.7. Notices.* Each item to be delivered by the Authority to the Owner Representative pursuant to Section 4.1 hereof shall be delivered by email transmission of searchable files. All notices, requests, demands, directions and other communications (collectively “*notices*”) under the provisions of this Agreement must be in writing (including facsimile or email communication), unless otherwise expressly permitted hereunder, and must be properly addressed and sent by registered or certified mail or by express courier for next Business Day delivery or by facsimile or email transmission and will be deemed received as follows: (i) if sent by registered or certified mail, five (5) days after mailing; (ii) if sent by express courier, on the next Business Day; (iii) if sent by facsimile or email, when confirmation of transmission is obtained if prior to 5:00 p.m. (local time for the recipient) on a Business Day, and otherwise on the next Business Day; *provided* that service of a notice prescribed by any applicable statute shall be considered complete when the requirements of that statute are met. Except as otherwise specified herein, notices by electronic mail (e-mail) will not constitute notice under this Agreement and are only to be used in addition to notice given as prescribed under clause (i), (ii) or (iii) of the preceding sentence. All notices shall be sent to the applicable party at the following address or in accordance with the last unrevoked written direction from such party to the other parties listed below:

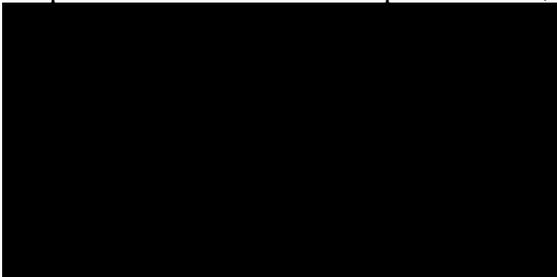
If to the Authority:

Los Angeles County Metropolitan Transportation Authority



If to the Owner:

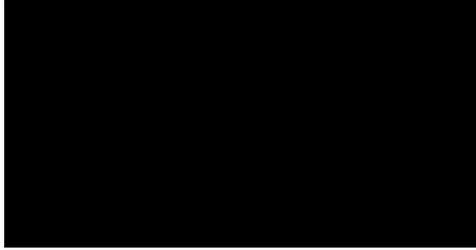
Representative: RBC Municipal Products, LLC



With a copy to:

RBC Capital Markets, LLC



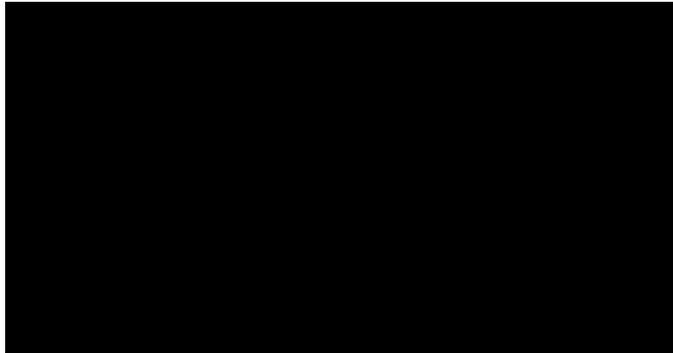


and

Royal Bank of Canada



and



The Owner Representative may in its sole discretion rely on any notice purportedly made by or on behalf of the Authority, but it has no duty to accept any notice not given as prescribed in this Section 6.7 and has no duty to verify the identity or authority of the Person giving such notice, unless such action or omission would amount to gross negligence or intentional misconduct.

At this time, the Authority does not agree to accept notices and other communications electronically. It may do so in the future pursuant to a written document executed by an Authority Representative.

*Section 6.8. Severability.* The provisions of this Agreement are intended to be severable. If any provision of this Agreement is held invalid or unenforceable in whole or in part in any jurisdiction, such provision will, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

*Section 6.9. No Setoff.* Notwithstanding anything to the contrary contained herein, each Owner hereby agrees that it will not assert any of its statutory or common law rights of setoff as the depository bank of the Authority in connection with the collection or repayment of any of the Obligations or any other obligation of the Authority owing to the such Owner under this Agreement or the other Related Documents.

*Section 6.10. Governing Law; Waiver of Jury Trial.*

(a) *GOVERNING LAW.* THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS.

(b) *WAIVER OF JURY TRIAL.* TO THE EXTENT PERMITTED BY APPLICABLE LAWS, EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE 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 STATE 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 EACH HAS REVIEWED THIS WAIVER AND CONSENT AND EACH 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 STATE CODE OF CIVIL PROCEDURE SECTION 638 AS PROVIDED HEREIN.

(c) EACH OF PARTIES HERETO HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA AND ANY COURT IN THE STATE OF CALIFORNIA, AND ANY APPELLATE COURT FROM ANY THEREOF AND THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND ANY COURT IN THE STATE OF NEW YORK LOCATED IN THE BOROUGH OF MANHATTAN, 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 IRREVOCABLY AND UNCONDITIONALLY AGREE THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD OR DETERMINED IN SUCH CALIFORNIA OR NEW YORK 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 AN 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 6.11. No Advisory or Fiduciary Responsibility.* In connection with all aspects of the Transactions (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the Authority acknowledges and agrees that: (a)(i) the Purchaser or one of its Affiliates may have an ownership interest in secondary market securities of which the Series C Bonds form the underlying asset; (ii) the Purchaser contemplates a deposit of the Series C Bonds into the Trust and Royal Bank will be the initial Credit Protection Provider for the Trust; (iii) the arranging, structuring and other services regarding this Agreement provided by the Purchaser are arm's-length commercial transactions between the Authority and its Affiliates, on the one hand, and the Purchaser and its Affiliates, on the other hand; (iv) the Authority has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate; and (v) the Authority is capable of evaluating, and understands and accepts, the terms, risks and conditions of the Transactions; (b)(i) the Purchaser is and has been acting solely as a principal and has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Authority or any other Person with respect to the Transactions (whether or not the Purchaser or any of its Affiliates has advised or is currently advising the Authority on other matters); and (ii) neither the Purchaser nor any of its Affiliates has any obligation to the Authority with respect to the Transactions, except those obligations expressly set forth herein; and (c) the Purchaser and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Authority and neither the Purchaser nor any of its Affiliates has any obligation to disclose any of such interests to the Authority. To the fullest extent permitted by applicable Law, the Authority hereby waives and releases any claims that it may have against the Purchaser or the Purchaser's Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any Transaction.

*Section 6.12. Entire Agreement.* The Related Documents constitute the entire understanding and agreement between the Authority and the Purchaser with respect to the Transactions and the Series C Bonds and supersede all prior or contemporaneous written or oral understandings, courses of dealing and agreements between the Authority and the Purchaser with respect to the matters addressed in the Related Documents. In particular, and without limitation, the Related Documents supersede any commitment by the Purchaser to extend credit to the Authority or to purchase the Series C Bonds, and all such agreements or commitments are merged into the Related Documents. Except as incorporated in writing into the Related Documents, there are no representations, understandings, stipulations, agreements or promises, oral or written, with respect to the matters addressed in the Related Documents.

*Section 6.13. Duration.* All representations and warranties of the Authority contained in the Related Documents or made in connection therewith (including any statements made in or in connection with any amendment hereto) shall survive the making of and shall not be waived by the execution and delivery of any of the Related Documents or any investigation by the Authority. All covenants and agreements of the Authority contained herein shall continue in full force and effect from and after the date hereof until the Obligations have been indefeasibly paid

in full and fully discharged; *provided, however*, that the obligations of the Authority under Article II and Sections 6.1, 6.2 and 6.17 and under each other provision of any Related Document granting a right of indemnity or reimbursement in favor of the Owner Representative or any other Owner shall survive any expiration or termination of this Agreement.

*Section 6.14. Parties in Interest.* Nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the Authority, the Purchaser and the Owner Representative any legal or equitable right, remedy or claim under or in respect of this Agreement, which is intended for the sole and exclusive benefit of the parties hereto. Notwithstanding the foregoing, it is understood and agreed that each Owner is an express and intended third-party beneficiary of this Agreement and each Indemnitee is an intended beneficiary of Section 6.1 hereof, that the benefits of this Agreement or Section 6.1 hereof are conferred upon each Owner and each Indemnitee, respectively, and that the Owner Representative shall exercise and enforce each right, covenant, remedy or other provision hereof on behalf of the Owners or the Indemnitees.

*Section 6.15. Successors and Assigns.* This Agreement is a continuing obligation and is binding upon the Authority and its respective permitted successors and assigns and inures to the benefit of the Purchaser and the Owner Representative and their respective permitted successors, transferees and assigns. The Authority may not assign or otherwise transfer or delegate any of its rights or obligations hereunder or under the other Related Documents without the prior written consent of the Owner Representative. Notwithstanding any other provision of any of the Related Documents to the contrary, any Owner may, without the consent of the Authority, assign, pledge as security, participate or sell the Series C Bonds or a beneficial interest in the Series C Bonds, subject to applicable securities laws restrictions, if any, including any pledge or assignment to secure obligations to a Federal Reserve Bank.

*Section 6.16. Owner Representative.* (a) RBCMPLLC, its successors and assignees, constitutes the Owner Representative hereunder and under the Related Documents unless and until a majority of the Owners give written notice to the Authority and the Subordinate Lien Trustee identifying any successor or assignee Owner Representative hereunder and under the other Related Documents and, *provided* that any such notice on its face establishes the requisite ownership of a majority of the aggregate principal amount of the Series C Bonds then Outstanding by the Owners identified therein, the Person designated in such notice as the Owner Representative will, upon delivery to the Authority and the Subordinate Lien Trustee of such notice, constitute the Owner Representative and will succeed to and become vested with all of the rights, powers, privileges and responsibilities of the Owner Representative in the Related Documents. Any predecessor Owner Representative hereunder will be discharged from its duties and obligations hereunder and under the other Related Documents, *provided* that the predecessor Owner Representative will continue to be entitled to the benefits of Article II and Sections 6.1, 6.2 and 6.17 and of each other provision of any Related Document granting a right of indemnity or reimbursement in favor of the Owner Representative.

(b) The Owner Representative may designate any nominee, designee or agent to act for and in the name of the Owner Representative by written notice to the Authority and the Trustee, and any such duly designated nominee, designee or agent will thereupon be empowered to act for

and on behalf of the Owner Representative and exercise the rights, powers, privileges and responsibilities of the Owner Representative in each of the Related Documents.

*Section 6.17. Reinstatement.* To the extent that the Owner Representative or any Owner receives any payment from or on behalf of the Authority which payment or any part thereof is subsequently

- (a) invalidated;
- (b) declared to constitute a fraudulent conveyance or preferential transfer;
- (c) set aside; or
- (d) required to be repaid (including pursuant to any settlement entered into by the Owner Representative or any Owner in its discretion) to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause;

(collectively, “*Set Aside*”), then, to the extent of any such Set Aside, the obligations or part thereof intended to be satisfied shall be revived and reinstated and shall continue in full force and effect as if such payment had not been received by the Owner Representative or such Owner or such Set Aside had not occurred.

*Section 6.18. Standard of Conduct by Owner Representative; Liability of Owner Representative.* (a) Nothing contained in any Related Documents limits the right of the Purchaser, the Owner Representative or any Owner to exercise its business judgment or to act, in the context of the granting or withholding of any consent under any of the Related Documents, in a subjective manner, whether or not objectively reasonable under the circumstances, so long as the Owner Representative’s or such Owner’s exercise of its business judgment or action is made or undertaken in good faith. The Authority intends by the foregoing to set forth and affirm the entire understanding with respect to the standard pursuant to which the Owner Representative’s or any Owner’s duties and obligations are to be judged and the parameters within which the Owner Representative’s or any Owner’s discretion may be exercised hereunder and under the other Related Documents. As used herein, “good faith” means honesty in fact in the conduct and transaction concerned.

(b) The Authority hereby unconditionally and irrevocably releases and discharges the Purchaser, the Owner Representative and each Owner and each of their respective Affiliates and the officers, directors, employees and agents of each of them from any liability or responsibility for any of the following: (i) any use that may be made of the proceeds of the Series C Bonds or any acts or omissions of the Subordinate Lien Trustee or any other Person in connection with the issuance of the Series C Bonds or the use of the proceeds of the Series C Bonds; (ii) any of the acts, omissions, agreements, circumstances and conditions covered by the indemnification provided in Sections 6.1 and 6.2; (iii) any act or omission of the Purchaser, the Owner Representative or any Owner; and (iv) any other circumstance whatsoever in connection with the Transactions or the exercise by the Purchaser, the Owner Representative or any Owner of any of

its rights under any of the Related Documents; *provided* that the Authority shall have a claim against the Purchaser, the Owner Representative or such Owner, and the Purchaser, the Owner Representative or such Owner shall be liable to the Authority to the extent, but only to the extent, of any direct, actual damages, but expressly not for any lost profits or any consequential, special, indirect or punitive damages (the right to recover or receive lost profits, consequential, special, indirect or punitive damages being hereby waived), suffered by the Authority and not required to be mitigated by the Authority under applicable Law, which direct, actual damages are determined by a final and nonappealable judgment of a court of competent jurisdiction to have been directly caused by the Purchaser's, the Owner Representative's or such Owner's willful misconduct or gross negligence in connection with the administration of this Agreement.

*Section 6.19. Waiver of Rule of Construction.* The Authority hereby waives any and all provisions of law to the effect that an ambiguity in a contract or agreement should be interpreted against the party responsible for its drafting.

*Section 6.20. Usury.* If applicable Law is interpreted by a court of competent jurisdiction to render usurious any amount or amounts payable to the Purchaser, the Owner Representative or any Owner under this Agreement or the Series C Bonds, or contracted for, charged or received by the Purchaser, the Owner Representative or any Owner with respect to the obligations of the Authority hereunder or under the Series C Bonds, or if any acceleration or optional or extraordinary prepayment results in the Authority having paid any interest in excess of that permitted by applicable Law, then it is the Purchaser's and the Owner Representative's express intent that all excess amounts theretofore collected by the Purchaser, the Owner Representative or such Owner will be credited against the principal balance of the Authority's obligations to the Purchaser, the Owner Representative or such Owner, and the provisions of the Related Documents will immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder modified, without the necessity of the execution of any new documents, so as to comply with the applicable Law, but so as to permit the recovery of the fullest amount otherwise called for hereunder or thereunder. All sums paid or agreed to be paid to the Purchaser, the Owner Representative or any Owner which may be characterized as interest under applicable Law will, to the extent permitted thereby, be amortized, prorated, allocated, and spread throughout the full stated term of the Series C Bonds or other obligations of the Authority until payment in full so that the rate or amount of interest on account of such obligations does not exceed the maximum rate permitted by Law from time to time in effect and applicable to such obligations for so long as the obligations are outstanding.

*Section 6.21. Counterparts.* This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. This Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail with a pdf copy or other replicating image attached, 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. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. 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. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a “pdf” (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

*Section 6.22. Dealing with the Authority and the Subordinate Lien Trustee.* Each Owner and its affiliates may accept deposits from, extend credit to and generally engage in any kind of banking, trust or other business with the Authority and the Subordinate Lien Trustee regardless of the capacity of such Owner hereunder.

*Section 6.23. Headings.* Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE.]

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

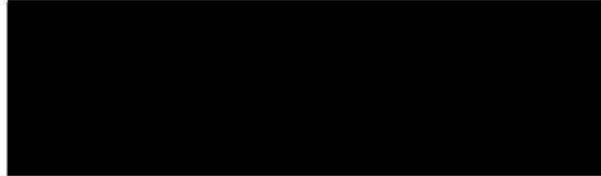
LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY



[SIGNATURES CONTINUED ON NEXT PAGE]

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

RBC MUNICIPAL PRODUCTS, LLC



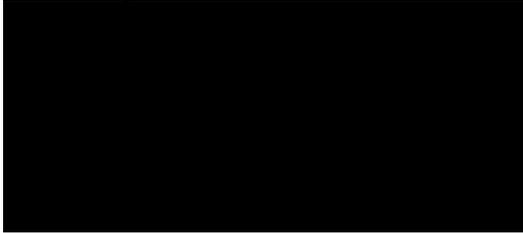
**EXHIBIT A**

**[FORM OF NOTICE OF TERMINATION OR REDUCTION]**

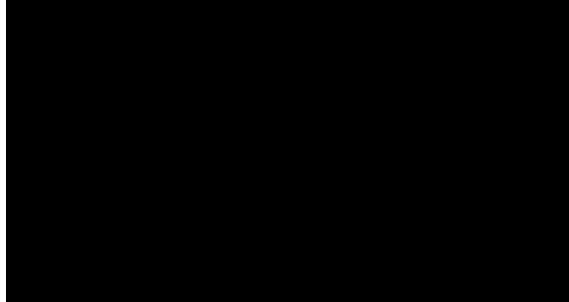
**NOTICE OF TERMINATION OR REDUCTION**

**[Date]**

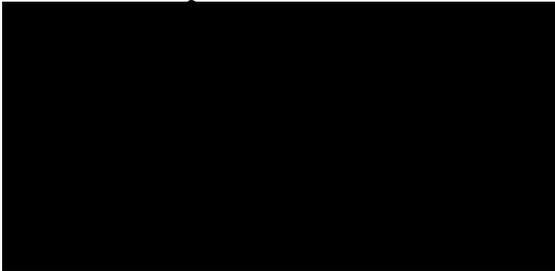
RBC Capital Markets, LLC



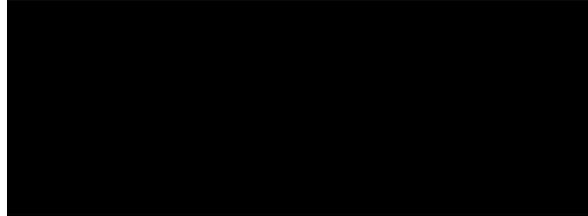
Royal Bank of Canada



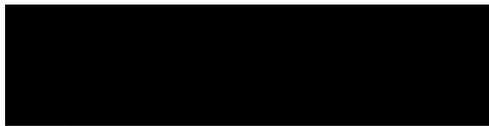
RBC Municipal Products, LLC



U.S. Bank National Association



and



and:



Ladies and Gentlemen:

Re: Los Angeles County Metropolitan Transportation Authority Subordinate  
Measure R Sales Tax Revenue Drawdown Bonds, Series C

The Los Angeles County Metropolitan Transportation Authority (the “*Authority*”), through its undersigned, a Authorized Representative, hereby notifies RBC Capital Markets,

LLC (the “*Underwriter*”) and RBC MUNICIPAL PRODUCTS, LLC, as initial purchaser (“*RBCMPLLC*” and the “*Purchaser*”), with reference to the Bond Purchase Agreement dated November 23, 2015 and the Bondholder’s Agreement dated as of November 1, 2015 (together with any amendments or supplements thereto, the “*Agreement*”), by and between the Authority and the Lender (the terms defined therein and not otherwise defined herein being used herein as therein defined):

**[(1) The Authority hereby informs you that the [Commitment Amount][Taxable Commitment Amount][Tax-Exempt Commitment Amount] [is/are] terminated in accordance with the Agreement, such termination to be effective on \_\_\_\_\_.]**

OR

**[(1) The Authority hereby informs you that the [Commitment Amount][Taxable Commitment Amount][Tax-Exempt Commitment Amount] [is/are] reduced from [insert amount as of the date of Certificate] to [insert new amount], such reduction to be effective on \_\_\_\_\_.]**

IN WITNESS WHEREOF, the Authority has executed and delivered this Notice this \_\_\_\_\_  
day of \_\_\_\_\_, \_\_\_\_\_.

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE OR JURISDICTION. THIS NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS AS PROVIDED IN SECTION 11.7 OF THE HEREIN DEFINED AGREEMENT AND IN THE INVESTOR LETTER SUBSTANTIALLY IN THE FORM OF EXHIBIT I TO THE HEREINAFTER DEFINED AGREEMENT.

Neither the faith and the credit nor the taxing power of the County of Los Angeles, the State of California or any political subdivision or any public agency, other than the Los Angeles County Metropolitan Transportation Authority (the "*Authority*") to the extent of the Pledged Revenues (to the extent provided in the Senior Lien Trust Agreement) and the Subordinate Pledged Revenues, is pledged to the payment of the principal (or face amount, as applicable) of, or interest on, this obligation.

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
SUBORDINATE MEASURE R SALES TAX REVENUE REVOLVING OBLIGATIONS  
TAX-EXEMPT NOTES, SERIES A**

Dated: November 23, 2015

For value received, the Authority promises to pay to the order of State Street Public Lending Corporation, and its successors and assigns (the "*Lender*"), located at One Lincoln Street, 5th Floor, Boston, Massachusetts 02111, the aggregate unpaid principal amount of all Tax-Exempt Revolving Loans and Tax-Exempt Term Loans made by the Lender from time to time pursuant to the Revolving Credit Agreement, dated as of November 1, 2015 (together with any amendments or supplements thereto, the "*Agreement*"), by and between the Authority and the Lender, on the dates and in the amounts provided for in the Agreement.

The Authority promises to pay interest on the unpaid principal amount of all Tax-Exempt Revolving Loans and Tax-Exempt Term Loans on the dates and at the rates provided for in the Agreement. All payments of principal and interest shall be made to the Lender in lawful money of the United States of America in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Agreement and the Subordinate Trust Agreement.

This Note is subject to prepayment, in whole or in part, in accordance with the terms of the Agreement and the Subordinate Trust Agreement.

This Note is issued pursuant to, in entitled to the benefits of, and is subject to, the provisions of the Agreement, that certain Subordinate Trust Agreement, dated as of November 1, 2015 (the "*Subordinate Trust Agreement*"), by and between the Authority and U.S. Bank National Association, as successor trustee (the "*Trustee*"), as amended from time to time in accordance with the terms thereof, by and between the Authority and the Trustee, including,























#2015-1946























