



**Notice Regarding Incurrence of Financial Obligation
City of Tacoma, Washington
Electric System Subordinate Revenue Note, Series 2021**

On October 1, 2021, the City of Tacoma, Washington (the “City”) issued its Electric System Subordinate Revenue Note, Series 2021 (the “Note”) to evidence a revolving draw down line of credit available in the aggregate principal amount of not to exceed \$150,000,000 outstanding at any time, under a Note Purchase Agreement dated October 1, 2021 (the “Agreement”) between the City and Wells Fargo Bank, National Association (the “Purchaser”). Draws on the Note will be used to provide interim financing for capital projects of the electric system. The Note replaces the prior subordinate lien revolving line of credit used by the City to finance capital projects of the electric system, which was redeemed and terminated on September 14, 2021. A redacted copy (without the exhibits) of the Agreement is attached hereto.

Notes Regarding this Event Notice Filing. The City is filing this information as an event notice pursuant to its continuing disclosure undertakings on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system. This information is only accurate as of its date. The provision of this information to EMMA is not intended as an offer to sell any security and the City does not intend that the Agreement involve the offering to the public of any security of the City. No representation is made as to whether this information is material or important with respect to any particular outstanding debt issue of the City or whether other events have occurred with respect to the City or its outstanding debt that might be material or important to owners of the City outstanding debt.

Dated: October 4, 2021.

Attachments: Note Purchase Agreement (Redacted; exhibits excluded)

NOTE PURCHASE AGREEMENT

dated October 1, 2021,

between

CITY OF TACOMA, WASHINGTON

ACTING BY AND THROUGH ITS PUBLIC UTILITIES BOARD

WELLS FARGO BANK, NATIONAL ASSOCIATION

relating to

\$150,000,000

CITY OF TACOMA, WASHINGTON

ELECTRIC SYSTEM SUBORDINATE REVENUE NOTE, SERIES 2021

(REVOLVING LINE OF CREDIT)

TABLE OF CONTENTS

TABLE OF CONTENTS	i
ARTICLE I: DEFINITIONS	1
Section 1.01. Certain Defined Terms	1
Section 1.02. Computation of Time Periods	13
Section 1.03. Construction	13
Section 1.04. Accounting Terms and Determinations	13
Section 1.05. Relation to Other Documents; Acknowledgment of Different Provisions of Related Documents; Incorporation by Reference	13
ARTICLE II: ISSUANCE OF NOTE AND ADVANCES	13
Section 2.01. Issuance of Note; Commitment to Make Advances	13
Section 2.02. Closing	14
Section 2.03. Method of Requesting Advances	14
Section 2.04. Interest Rate	15
Section 2.05. Payment	15
Section 2.06. Reduction and Termination	15
Section 2.07. Index Rate Periods	16
ARTICLE III: THE BORROWER'S OBLIGATIONS	16
Section 3.01. Payment Obligations	16
Section 3.02. Default Rate	18
Section 3.03. Determination of Taxability	18
Section 3.04. Maximum Interest Rate	19
Section 3.05. Increased Costs	19
Section 3.06. Net of Taxes, Etc	20
Section 3.07. Obligations Absolute	22
Section 3.08. Funding Indemnity	22
Section 3.09. Optional Redemption or Conversion	22
Section 3.10. Purchaser Consent to Subsequent Index Rate Period	22
ARTICLE IV: CONDITIONS PRECEDENT TO PURCHASE OF NOTE	23
Section 4.01. Documentary Requirements	23
Section 4.02. Litigation	24
Section 4.03. Other Matters	24
Section 4.04. Payment of Fees and Expenses	24

Section 4.05. No Note Rating; DTC; Offering Document.....	24
Section 4.06. Conditions Precedent to Advances.....	25
ARTICLE V: REPRESENTATIONS.....	25
Section 5.01. Existence and Power.....	25
Section 5.02. Due Authorization.....	25
Section 5.03. Noncontravention; Compliance with Law.....	25
Section 5.04. Pending Litigation and Other Proceedings.....	26
Section 5.05. Financial Statements.....	26
Section 5.06. Employee Benefit Plan Compliance.....	26
Section 5.07. No Defaults.....	26
Section 5.08. Insurance.....	27
Section 5.09. Incorporation by Reference.....	27
Section 5.10. Correct Information.....	27
Section 5.11. Investment Company.....	27
Section 5.12. Margin Stock.....	27
Section 5.13. Tax-Exempt Status.....	27
Section 5.14. Usury.....	28
Section 5.15. Security.....	28
Section 5.16. Pending Legislation and Decisions.....	28
Section 5.17. Paying Agent.....	28
Section 5.18. Environmental Matters.....	28
Section 5.19. No Immunity.....	28
Section 5.20. No Public Vote or Referendum.....	28
Section 5.21. Anti-Terrorism Laws.....	28
Section 5.22. Swap Agreements.....	29
Section 5.23. No Existing Right to Accelerate or Cause Earlier Repayment.....	29
Section 5.24. Control of Rates.....	29
Section 5.25. Financing Documents.....	30
Section 5.26. Certain Definitions.....	30
Section 5.27. Reserved.....	30
Section 5.28. Arm’s Length Transaction.....	30
Section 5.29. Sanctions.....	30
Section 5.30. Anti-Money Laundering and Anti-Corruption Laws.....	30
ARTICLE VI: COVENANTS OF THE BORROWER.....	30
Section 6.01. Existence, Etc.....	30

Section 6.02. Compliance with Laws; Taxes and Assessments.....	31
Section 6.03. Reports.....	31
Section 6.04. Maintenance of Books and Records.....	32
Section 6.05. Access to Books and Records.....	32
Section 6.06. Compliance With Documents.....	32
Section 6.07. Paying Agent.....	33
Section 6.08. Limitation on Additional Debt.....	33
Section 6.09. Related Documents.....	33
Section 6.10. Liens.....	33
Section 6.11. Conversions and Redemptions.....	33
Section 6.12. Disclosure to Participants, Purchaser Transferees and Non-Purchaser Transferees.....	33
Section 6.13. Immunity from Jurisdiction.....	34
Section 6.14. Swap Agreements.....	34
Section 6.15. Use of Purchaser’s Name.....	34
Section 6.16. ERISA.....	34
Section 6.17. Environmental Laws.....	34
Section 6.18. Federal Reserve Board Regulations.....	34
Section 6.19. Underlying Rating.....	34
Section 6.20. No Existing Right to Accelerate or Cause Earlier Repayment.....	34
Section 6.21. Use of Proceeds.....	34
ARTICLE VII: EVENTS OF DEFAULT	35
Section 7.01. Events of Default.....	35
Section 7.02. Consequences of an Event of Default.....	37
Section 7.03. Discontinuance of Proceedings.....	38
Section 7.04. Injunctive Relief.....	38
ARTICLE VIII: INDEMNIFICATION; PAYMENT OBLIGATIONS	38
Section 8.01. Indemnification.....	38
Section 8.02. Liability of the Borrower.....	38
Section 8.03. Liability of the Purchaser.....	38
Section 8.04. No Personal Liability of Borrower Officials.....	39
Section 8.05. Limited Payment Obligations of Borrower.....	39
Section 8.06. Survival.....	39
ARTICLE IX: MISCELLANEOUS	39
Section 9.01. Patriot Act Notice.....	39
Section 9.02. Further Assurances.....	40

Section 9.03. Amendments and Waivers; Enforcement.....	40
Section 9.04. No Implied Waiver; Cumulative Remedies.....	40
Section 9.05. Notices.....	40
Section 9.06. No Third-Party Rights.....	42
Section 9.07. Severability.....	42
Section 9.08. Governing Law; Consent to Jurisdiction and Venue; Waiver of Jury Trial.....	42
Section 9.09. Prior Understandings.....	42
Section 9.10. Duration.....	42
Section 9.11. Counterparts.....	42
Section 9.12. Successors and Assigns.....	43
Section 9.13. No Advisory or Fiduciary Responsibility.....	44
Section 9.14. Electronic Signatures.....	45
Section 9.15. EMMA Postings.....	45

EXHIBITS

EXHIBIT A	–	FORM OF COMPLIANCE CERTIFICATE
EXHIBIT B	–	FORM OF REQUEST FOR ADVANCE
EXHIBIT C	–	FORM OF INVESTOR LETTER
EXHIBIT D	–	FORM OF NOTICE OF REDUCTION OR TERMINATION
EXHIBIT E	–	FORM OF NOTICE OF AMORTIZATION PERIOD

NOTE PURCHASE AGREEMENT

THIS NOTE PURCHASE AGREEMENT, dated October 1, 2021 (as amended, modified or restated from time to time, this “*Agreement*”), between the CITY OF TACOMA, WASHINGTON, a municipal corporation duly organized and existing under the laws of the State of Washington, acting by and through its Public Utilities Board (the “*Borrower*”), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a Delaware limited liability company (the “*Purchaser*”).

RECITALS

WHEREAS, the Borrower has issued its Electric System Subordinate Revenue Note, Series 2021 pursuant to Ordinance No. 28295, passed by the City Council on April 21, 2015 (as amended, supplemented and restated in accordance with the terms hereof and thereof, the “*Master Subordinate Bond Ordinance*”), and Supplemental Ordinance No. 28774 passed by the City Council on August 3, 2021 (as the same may be amended, modified or restated in accordance with the terms thereof and hereof, the “*Supplemental Ordinance*” and together with the Master Subordinate Bond Ordinance, the “*Note Ordinance*”); and

WHEREAS, the Purchaser has agreed to make Advances (as defined herein) against the Note in accordance with the terms hereof, and as a condition to such purchase and the making of such Advances, the Purchaser has required the Borrower to enter into this Agreement; and

NOW, THEREFORE, to induce the Purchaser to make Advances, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Borrower and the Purchaser hereby agree as follows:

ARTICLE I: DEFINITIONS

Section 1.01. Certain Defined Terms. The capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Note Ordinance. In addition, the following capitalized terms shall have the following meanings as used herein:

“*1933 Act*” means the Securities Act of 1933, as amended.

“*Advance Date*” means each date on which an Advance occurs.

“*Advances*” means, collectively, each Advance made by the Purchaser pursuant to the terms hereof.

“*Affiliate*” means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

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

“*Amortization End Date*” means the earliest to occur of (a) the third (3rd) anniversary of the related Mandatory Tender Date, (b) the date on which the interest rate on the Note shall have been converted to an

interest rate other than the Index Rate, and (c) the date on which the Note is redeemed, repaid, prepaid or cancelled in accordance with the terms hereof and of the Note Ordinance.

“*Amortization Period*” has the meaning set forth in Section 3.01(b) hereof.

“*Anti-Corruption Laws*” means: (a) the U.S. Foreign Corrupt Practices Act of 1977, as amended; (b) the U.K. Bribery Act 2010, as amended; and (c) any other anti-bribery or anti-corruption laws, regulations or ordinances in any jurisdiction in which the Borrower is located or doing business.

“*Anti-Money Laundering Laws*” means applicable laws or regulations in any jurisdiction in which the Borrower is located or doing business that relates to money laundering, any predicate crime to money laundering, or any financial record keeping and reporting requirements related thereto.

“*Anti-Terrorism Laws*” has the meaning set forth in Section 5.21 hereof.

“*Applicable Spread*” means, with respect to each Index Rate Period, the following:

(a) During the Initial Period, initially thirty-five basis points (0.35%); *provided, however*, that in the event of any change in any Rating, the Applicable Spread shall be the number of basis points associated with such new rating as set forth in the following schedule:

LEVEL	MOODY’S RATING	S&P RATING	FITCH RATING	APPLICABLE SPREAD
Level 1	Aa3 or above	AA- or above	AA- or above	0.35%
Level 2	A1	A+	A+	0.40%
Level 3	A2	A	A	0.50%
Level 4	A3	A-	A-	0.65%
Level 5	Baa1	BBB+	BBB+	0.90%
Level 6	Baa2	BBB	BBB	1.25%
Level 7	Baa3 or below	BBB- or below	BBB- or below	1.75%

If Ratings are in effect from any two of Moody’s, S&P and Fitch, the Applicable Spread shall be equal to the Level set forth above corresponding to the lower Rating from either of such Rating Agencies. If Ratings are in effect from all three of Moody’s, S&P and Fitch and only two of such Ratings are equivalent, the Applicable Spread shall be equal to the Level set forth above corresponding to such two equivalent Ratings. If Ratings are in effect from all three of Moody’s, S&P and Fitch, and none of such Ratings are equivalent, the Applicable Spread shall be equal to the Level set forth above corresponding to the middle Rating. Any change in the Applicable Spread resulting from a change in a Rating shall be and become effective as of and on the date of the announcement of the change in such Rating. References to Ratings above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system, the ratings from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system that most closely approximates the applicable rating category as currently in effect. The Borrower acknowledges that as of the Effective Date the Applicable Spread is that specified above for Level 1. Any change in the Applicable Spread shall apply to the SIFMA Index Reset Date next succeeding the date on which the change occurs.

(b) During any Index Rate Period other than the Initial Period, the number of basis points determined by the Borrower and the Purchaser on or before the first day of such Index Rate Period and designated by the Borrower in accordance with Section 3.10 (which may include a schedule for the Applicable Spread based upon the ratings assigned to the long term debt of the Borrower as described in subparagraph (a) in this definition) that, when added to the product of the SIFMA Index, would equal the minimum interest rate per annum that would enable the Note to be sold on such date at a price equal to the principal amount thereof (without regard to accrued interest, if any, thereon).

“*Available Commitment*” means, on any date, an initial amount equal to \$150,000,000 and thereafter such initial amount adjusted from time to time as follows: (a) downward in an amount equal to the principal amount of any Advance pursuant to the terms hereof; (b) upward in an amount equal to the principal amount of the Note repaid by the Borrower pursuant to the terms of Section 2.05 hereof; and (c) downward to zero upon the expiration or termination of the Available Commitment in accordance with the terms hereof; *provided, that*, after giving effect to any of the foregoing adjustments the Available Commitment shall never exceed \$150,000,000 at any one time.

“*Bank Agreement*” means any credit agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement, direct purchase agreement, bond purchase agreement, or other agreement or instrument (or any amendment, supplement or other modification thereof) under which, directly or indirectly, any Person or Persons undertake(s) to make or provide funds to make payment of, or to purchase or provide credit enhancement for bonds or notes of the Borrower secured by or payable from Revenues.

“*Base Rate*” means, for any day, a fluctuating rate of interest per annum equal to the greatest of (i) the Prime Rate in effect at such time *plus* one percent (1.0%), (ii) the Federal Funds Rate in effect at such time *plus* two percent (2.0%), and (iii) seven percent (7.0%).

“*Borrower*” means the City of Tacoma, a municipal corporation duly organized and existing under the laws of the State, acting by and through its Public Utilities Board, and any permitted successor or assign thereof hereunder.

“*Borrower Representative*” means the Director of Utilities, the Tacoma Power Superintendent, and the Tacoma Power Rates, Planning, and Analysis Manager, or their designee. The signature of one Borrower Representative shall be sufficient to bind the Borrower.

“*Business Day*” means a day which is (a) not a Saturday, Sunday or legal holiday on which banking institutions in Tacoma, Washington or New York, New York or the states where the principal corporate office of the Borrower or the principal corporate trust office of the Paying Agent is located are authorized by law to close, (b) not a day on which the New York Stock Exchange or the Federal Reserve Bank is closed, (c) not a day on which the principal offices of the Calculation Agent or the principal office of the Purchaser is closed or (d) with respect to all notices and determinations in connection with, and payments of principal and interest on, the Note, any day that is a Business Day described in clauses (a), (b) and (c) and that is also a day for trading by and between banks in Dollar deposits in the London interbank market.

“*Calculation Agent*” means, during the Initial Period, Wells Fargo Bank, National Association, and thereafter means any other Person appointed by the Borrower, with the prior written consent of the Purchaser in its sole discretion, to serve as calculation agent for the Note.

“*Change in Law*” means the occurrence, after the Effective Date, of any of the following: (a) the adoption or taking effect of any Law, including, Risk-Based Capital Guidelines, (b) any change in any Law or in the administration, interpretation, implementation or application thereof by any Governmental

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

“*City*” means the City of Tacoma, Washington.

“*Code*” means the Internal Revenue Code of 1986, as amended, and, where appropriate any statutory predecessor or any successor thereto.

“*Commitment*” means the agreement of the Purchaser pursuant to Section 2.01 hereof to make Advances against the Note under the terms hereof for the account of the Borrower the proceeds of which shall be used for the purpose of (a) providing funds to finance or refinance costs of the Electric System as provided in the Note Ordinance and (b) paying the costs and expenses of issuance of the Note, including fees for professional services.

“*Commitment Expiration Date*” means the later of (a) 5:00 p.m. New York City time on October 1, 2024, and (b) 5:00 p.m. New York City time on the last day of any extension of such date pursuant to Section 3.10 hereof or, if such last day is not a Business Day, the Business Day next preceding such day.

“*Commitment Fee*” has the meaning set forth in Section 3.01(c) hereof.

“*Commitment Fee Rate*” has the meaning set forth in Section 3.01(c) hereof.

“*Compliance Certificate*” means a certificate substantially in form of Exhibit A hereto.

“*Computation Date*” means, with respect to an Advance, Wednesday of each week, or if any Wednesday is not a Business Day, the next succeeding Business Day, immediately preceding each SIFMA Index Reset Date.

“*Controlled Group*” means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under Section 414 of the Code.

“*Debt*” of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all Debt of others secured by a lien on any asset of such Person, whether or not such Debt is assumed by such Person, (f) all Guarantees by such Person of Debt of other Persons, (g) all payment obligations of such Person under any Swap Agreement and (h) obligations of such Person to reimburse or repay any bank or other Person amounts paid or advanced under a Bank Agreement.

“*Default*” means any event or condition which, with notice, the passage of time or any combination of the foregoing, would constitute an Event of Default.

“*Default Rate*” means, for any day, a rate of interest per annum equal to the sum of the Base Rate in effect on such day plus three percent (3.0%).

“*Determination of Taxability*” means and shall be deemed to have occurred on the first to occur of the following: (a) on the date when the Borrower files any statement, supplemental statement or other tax schedule, return or document with the Internal Revenue Service which discloses that an Event of Taxability shall have in fact occurred; (b) on the date when the Noteholder or any former Noteholder notifies the Borrower that it has received a written opinion by a firm of attorneys of national standing with widely recognized and substantial expertise on the subject of tax-exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within one year after receipt by the Borrower of such notification from the Purchaser, the Borrower shall deliver to the Purchaser a ruling or determination letter or other official written advice issued to or on behalf of the Borrower by the Internal Revenue Service to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred; (c) on the date when the Borrower shall be advised in writing by the Commissioner of the Internal Revenue Service or the Director of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time, including an employee subordinate to one of these officers who has been authorized to provide such advice) that, based upon filings of the Borrower, or upon any review or audit of the Borrower or upon any other ground whatsoever, an Event of Taxability shall have occurred; or (d) on the date when the Borrower shall receive notice from the Noteholder or any former Noteholder 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 such Noteholder or such former Noteholder the interest on the Note due to the occurrence of an Event of Taxability; *provided, however*, no Determination of Taxability shall occur under subparagraph (c) or (d) hereunder unless the Borrower 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; *provided further, however*, that upon demand from the Noteholder or former Noteholder, the Borrower shall promptly reimburse such Noteholder or former Noteholder for any payments, including any taxes, interest, penalties or other charges, such Noteholder (or former Noteholder) shall be obligated to make as a result of the Determination of Taxability.

“*Directed Amortization Payment*” has the meaning set forth in Section 3.01(b) hereof.

“*Directed Amortization Payment Date*” means (a) the Initial Amortization Payment Date and each third month anniversary of the Initial Amortization Payment Date occurring thereafter which occurs prior to the Amortization End Date and (b) the Amortization End Date.

“*Directed Amortization Period*” has the meaning set forth in Section 3.01(b) hereof.

“*Directed Mandatory Tender Date*” means the date on which the Note is subject to mandatory tender for purchase as a result of the Purchaser giving notice to the Paying Agent and the Borrower of the occurrence and continuance of an Event of Default hereunder and directing the Paying Agent or the Borrower, as applicable, to cause a mandatory tender pursuant to Section 7.02(ii) hereof.

“*Dollar*”, “*USD*”, “*\$*” and “*U.S. Dollar*” means the lawful currency of the United States of America.

“*Effective Date*” means October 1, 2021, subject to the satisfaction or waiver by the Purchaser of the conditions precedent set forth in Article IV hereof.

“*Electric System*” has the meaning set forth in the Note Ordinance.

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

“*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.

“*Event of Default*” with respect to this Agreement has the meaning set forth in Section 7.01 of this Agreement and, with respect to any Related Document, has the meaning assigned therein.

“*Event of Taxability*” means the date on which all or any portion of the interest paid or payable on the Note is includable, in whole or in part, in the gross income of the Noteholder.

“*Excess Interest Amount*” has the meaning set forth in Section 3.04 hereof.

“*Excluded Taxes*” means, with respect to the Purchaser or any Noteholder, (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 Purchaser or such Noteholder is organized or in which its principal office is located, and (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower is located.

“*Executive Order*” has the meaning set forth in Section 5.21 hereof.

“*Favorable Opinion of Note Counsel*” means an opinion of Note Counsel, addressed to the Borrower and the Purchaser, to the effect that the action proposed to be taken is authorized or permitted or not prohibited by or in contravention of the Note Ordinance and will not, in and of itself, result in the inclusion of interest on the Notes in gross income of the Noteholders thereof for federal income tax purposes.

“*Federal Funds Rate*” means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that: (a) if such day is not a Business Day, then the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day; and (b) if no such rate is so published on such next succeeding Business Day, then the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of one-hundredth of one percent) charged to Wells Fargo Bank, National Association (“*Wells Fargo*”) on such day on such transactions as determined by Wells Fargo.

“*Fiscal Year*” means the twelve month period from January 1 through the following December 31.

“*Fitch*” means Fitch, Inc.

“*FRB*” means the Board of Governors of the Federal Reserve System of the United States, together with any successors thereto.

“*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 Borrower.

“*Governmental Approval*” means an authorization, consent, approval, permit, license, certificate of occupancy or an exemption of, a registration or filing with, or a report to any Governmental Authority.

“*Governmental Authority*” means the government of the United States of America or any other nation or any 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 (including any supra-national bodies such as the European Union or European Central Bank), or any arbitrator, mediator or other Person with authority to bind a party at law.

“*Guarantee*” means, as to any Person, any (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt or other obligation payable by another Person (the “*primary obligor*”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Debt or other obligation of the payment of such Debt or other obligation or (iii) entered into for the purpose of assuring in any other manner the obligee in respect 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), or (b) any Lien on any assets of such Person securing any Debt or other obligation of any other Person, whether or not such Debt or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Debt to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “*Guarantee*” as a verb has a corresponding meaning.

“*Indemnified Taxes*” means Taxes other than Excluded Taxes.

“*Indemnitee*” has the meaning set forth in Section 8.01 hereof.

“*Index Rate*” means the SIFMA Rate, the Default Rate or the Taxable Rate, as applicable.

“*Index Rate Period*” means any period during which the Note bears interest at an Index Rate.

“*Interest Payment Date*” means the first Business Day of each calendar month and the Termination Date.

“*Initial Amortization Payment Date*” means the first Business Day of the third (3rd) full calendar month following the related Mandatory Tender Date.

“*Initial Period*” means the initial Index Rate Period commencing on the Effective Date and ending on the Termination Date (as defined on the Effective Date).

“*Initial Purchaser*” means Wells Fargo Bank, National Association.

“*Investor Letter*” has the meaning set forth in Section 9.12(c) hereof.

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

“*Liabilities*” has the meaning set forth in Section 8.01 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).

“*Majority Noteholder*” means the Noteholders with a majority of the aggregate ownership interest in advances evidenced by the Note from time to time. As of the Effective Date, Wells Fargo Bank, National Association shall be the Majority Noteholder.

“*Mandatory Tender Date*” means the Directed Mandatory Tender Date or the Scheduled Mandatory Tender Date, as applicable.

“*Mandatory Tender Price*” means an amount equal to 100% of the principal amount of the Note subject to mandatory tender for purchase on the Mandatory Tender Date and accrued interest thereon, if applicable.

“*Master Senior Bond Ordinance*” means Ordinance No. 28146, passed on April 30, 2013 (which ordinance amended and restated Ordinance No. 23514, passed on November 20, 1985), as supplemented and amended, including as supplemented and amended by Supplemental Ordinance No. 28773, and as may be further amended and supplemented from time to time hereafter in accordance with its terms.

“*Master Subordinate Bond Ordinance*” has the meaning set forth in the recitals hereof.

“*Margin Stock*” has the meaning ascribed to such term in Regulation U promulgated by the FRB, as now and hereafter from time to time in effect.

“*Material Adverse Effect*” means: (a) a change in, or an effect upon, the operations, business, properties, liabilities (actual or contingent) or condition (financial or otherwise) of the Borrower which could be reasonably be expected to materially impair the Borrower’s ability to make payments due under this Agreement; or (b) any material term of this Agreement or any Related Document or any material rights, security or remedies of the Purchaser hereunder or thereunder shall no longer be legal, valid, binding or enforceable against the Borrower

“*Maximum Federal Corporate Tax Rate*” means, for any day, the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, as in effect as of such day (or, if as a result of a change in the Code, the rate of income taxation imposed on corporations generally shall not be applicable to the Purchaser, the maximum statutory rate of federal income taxation which could apply to the Purchaser). As of the Effective Date, the Maximum Federal Corporate Tax Rate is 21%.

“*Maximum Interest Rate*” means the maximum rate of interest on the relevant obligation permitted by applicable law.

“*Moody’s*” means Moody’s Investors Service, Inc.

“*Non-Purchaser Transferee*” has the meaning set forth in Section 9.12(c) hereof.

“*Note*” means the Electric System Subordinate Revenue Note, Series 2021 issued on the Effective Date by the Borrower in definitive certificated form as a physical Note to the Purchaser as the initial registered owner, which evidences and secures each Advance hereunder.

“*Note Counsel*” means Pacifica Law Group LLP, or any other firm of attorneys nationally recognized on the subject of tax-exempt municipal finance selected by the Borrower.

“*Note Ordinance*” has the meaning set forth in the recitals hereof.

“*Noteholder*” means the Purchaser and each Purchaser Transferee or Non-Purchaser Transferee pursuant to Section 9.12 hereof so long as such Purchaser Transferee or Non-Purchaser Transferee has an ownership interest in the Note.

“*Obligations*” means all amounts payable by the Borrower pursuant to this Agreement and the Related Documents.

“*OFAC*” has the meaning set forth in Section 5.21 hereof.

“*Other Taxes*” has the meaning set forth in Section 3.06(a) hereof.

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

“*Paying Agent*” means the entity appointed paying agent/registrant pursuant to the Note Ordinance and its successors and assigns.

“*PBGC*” means the Pension Benefit Guaranty Corporation or any successor thereto.

“*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.

“*Plan*” means, with respect to the Borrower at any time, an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and either (i) is maintained, or has within the preceding five plan years been maintained, by a member of the Controlled Group for employees of a member of the Controlled Group of which the Borrower is a part, (ii) is maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group of which the Borrower is a part is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

“*Prime Rate*” means on any day, the rate of interest per annum then most recently established by Wells Fargo Bank, National Association, as its “prime rate.” Any such rate is a general reference rate of interest, may not be related to any other rate, and may not be the lowest or best rate actually charged by Wells Fargo Bank, National Association, to any customer or a favored rate and may not correspond with future increases or decreases in interest rates charged by other lenders or market rates in general, and that

the Wells Fargo Bank, National Association, may make various business or other loans at rates of interest having no relationship to such rate. If the Wells Fargo Bank, National Association, ceases to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in The Wall Street Journal (or the average prime rate if a high and a low prime rate are therein reported), and the Prime Rate shall change without notice with each change in such prime rate as of the date such change is reported.

“*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*” means, initially, Wells Fargo Bank, National Association, and its successors and assigns, and upon the receipt from time to time by the Paying Agent and the Borrower of a notice described in Section 9.12(a) from time to time means the Person designated in such notice as the Purchaser, as more fully provided in Section 9.12(a) hereof.

“*Purchaser Affiliate*” means the Purchaser and any Affiliate of the Purchaser, and includes, without limitation, Wells Fargo Municipal Capital Strategies, LLC, and Wells Fargo Securities (a trade name).

“*Purchaser Rate*” means a fluctuating interest rate per annum which, for each day, shall equal (i) for the period from and including the Mandatory Tender Date to and including the one hundred eightieth (180th) day immediately succeeding the Mandatory Tender Date, the Base Rate from time to time in effect and (ii) from the period from and after the one hundred eighty-first (181st) day immediately succeeding the Mandatory Tender Date, the Base Rate from time to time in effect *plus* one percent (1.00%); *provided that* if an Event of Default has occurred and is continuing, the Purchaser Rate shall equal the Default Rate.

“*Purchaser Transferee*” has the meaning set forth in Section 9.12(b) hereof.

“*Rating*” means the long-term unenhanced credit rating assigned by any Rating Agency to any Senior Debt, at the request of the Borrower.

“*Rating Agency*” means any of S&P, Moody’s and Fitch, as applicable.

“*Related Documents*” means this Agreement, the Note Ordinance, and the Note, as the same may be amended, modified or supplemented in accordance with the terms thereof and hereof.

“*Request for Advance*” means a certificate substantially in the form of Exhibit B hereto.

“*Revenues*” has the meaning set forth in the Note Ordinance.

“*Risk-Based Capital Guidelines*” means (a) the risk-based capital guidelines in effect in the United States of America, including transition rules, and (b) the corresponding capital regulations promulgated by regulatory authorities outside the United States of America including transition rules, and any amendment to such regulations.

“*S&P*” means S&P Global Ratings.

“*Sanction*” or “*Sanctions*” means any and all economic or financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes and restrictions and anti-terrorism laws imposed, administered or enforced from time to time by: (a) the United States of America, including those administered by OFAC, the U.S. Department of State, the U.S. Department of Commerce, or through any existing or future statute

or Executive Order, (b) the United Nations Security Council, (c) the European Union, (d) the United Kingdom, or (e) any other governmental authority with jurisdiction over Borrower.

“*Sanctioned Target*” means any target of Sanctions, including: (a) Persons on any list of targets identified or designated pursuant to any Sanctions, (b) Persons, countries, or territories that are the target of any territorial or country-based Sanctions program, (c) Persons that are a target of Sanctions due to their ownership or control by any Sanctioned Target(s), or (d) otherwise a target of Sanctions, including vessels and aircraft, that are designated under any Sanctions program.

“*Scheduled Amortization Payment*” has the meaning set forth in Section 3.01(b) hereof.

“*Scheduled Amortization Payment Date*” means (a) the Initial Amortization Payment Date and each third month anniversary of the Initial Amortization Payment Date occurring thereafter which occurs prior to the Amortization End Date and (b) the Amortization End Date.

“*Scheduled Amortization Period*” has the meaning set forth in Section 3.01(b) hereof.

“*Scheduled Mandatory Tender Date*” means the Commitment Expiration Date, which, for the avoidance of doubt, initially means October 1, 2024.

“*Senior Debt*” means any Debt issued or incurred by or on behalf of the Borrower and secured on a basis senior to the Lien on Revenues securing the payment of the principal of and interest on the Note and the obligations under this Agreement.

“*SIFMA*” means the Securities Industry & Financial Markets Association.

“*SIFMA Index*” means, on any date, a rate determined on the basis of the seven day high grade market index of tax exempt variable rate demand obligations, as produced by Bloomberg (or successor organizations) and published or made available by SIFMA or any Person acting in cooperation with or under the sponsorship of SIFMA and effective from such date or if such index is no longer produced or available (whether temporarily or permanently, and as reasonably determined by the Calculation Agent), then “*SIFMA Index*” shall mean (i) the S&P Municipal Bond 7 Day High Grade Rate Index (or successor index) as produced and made available by S&P Dow Jones Indices LLC (or successor organizations), (ii) with an Opinion of Note Counsel, such other index designed to measure the average interest rate on weekly interest rate reset demand bonds similar to the Note as selected by the Calculation Agent, or (iii) during any period in which neither index in (i) or (ii) is produced, available, or otherwise in effect (each as reasonably determined by the Calculation Agent), such other index determined by the Calculation Agent in its sole discretion, of which the Borrower has received written notice. Notwithstanding anything in this Agreement to the contrary, if the SIFMA Index determined as provided above would be less than zero percent (0.0%), then the SIFMA Index shall be deemed to be zero percent (0.00%).

“*SIFMA Index Rate*” means a per annum rate of interest established on each Computation Date equal to the product of (a) the sum of the Applicable Spread plus (ii) the SIFMA Index as determined on such date; *provided, however*, that immediately and upon the occurrence of an Event of Default (and without notice given with respect thereto) and during the continuance of such Event of Default, “*SIFMA Index Rate*” shall mean the Default Rate.

“*SIFMA Index Reset Date*” means Thursday of each week.

“*State*” means the State of Washington.

“*Subordinate Debt*” means any Debt issued or incurred by or on behalf of the Borrower and secured on a parity with, the Lien on Revenues securing the payment of the principal and purchase price of and interest on the Note and the obligations under this Agreement.

“*Supplemental Ordinance*” has the meaning set forth in the recitals hereof.

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

“*Taxable Date*” means the date on which interest on the Note is first includable in gross income of the Noteholder (including, without limitation, any previous Noteholder) thereof as a result of an Event of Taxability as such a date is established pursuant to a Determination of Taxability.

“*Taxable Period*” has the meaning set forth in Section 3.03 hereof.

“*Taxable Rate*” means, with respect to a Taxable Period, the product of (i) the average interest rate on the Note during such period and (ii) the Taxable Rate Factor.

“*Taxable Rate Factor*” means, for each day that the Taxable Rate is determined, the quotient of (i) one divided by (ii) one minus the Maximum Federal Corporate Tax Rate in effect as of such day, rounded upward to the second decimal place.

“*Tax Certificate*” means that certain Tax Certificate dated October 1, 2021, by the Borrower, relating to the Note, as the same may be amended or supplemented from time to time.

“*Taxes*” means all 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, in each case now existing or hereafter imposed.

“*Termination Date*” means the earliest of (i) the Commitment Expiration Date, as such date may be extended pursuant to Section 3.10 hereof, (ii) the date on which the Commitment and Available Commitment are otherwise terminated or reduced to zero in accordance with Section 2.06(b) hereof, and (iii) the date the Commitment terminates by its terms in accordance with Section 7.02(iii) hereof.

“*Unutilized Amount*” means, as of any date, an amount equal to the difference between (i) the Available Commitment and (ii) the aggregate amount of Advances made by the Initial Purchaser pursuant to the terms hereof.

Section 1.02. 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 1.03. 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 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, subsection and exhibit references are to this Agreement unless otherwise specified.

Section 1.04. 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. If, after the Effective Date, there shall occur any change in GAAP from those used in the preparation of the financial statements referred to in Section 6.03 hereof and such change shall result in a change in the method of calculation of any financial covenant, standard or term found in this Agreement including, without limitation, a recharacterization of operating leases to the effect that certain operating leases are to be treated as capital leases, either the Borrower or the Purchaser may by notice to the other party hereto, require that the Purchaser and the Borrower negotiate in good faith to amend such covenants, standards, and terms so as equitably to reflect such change in accounting principles, with the desired result being that the criteria for evaluating the financial condition of the Borrower shall be the same as if such change had not been made. No delay by the Borrower or the Purchaser in requiring such negotiation shall limit their right to so require such a negotiation at any time after such a change in accounting principles. Until any such covenant, standard, or term is amended in accordance with this Section 1.04, financial covenants shall be computed and determined in accordance with GAAP in effect prior to such change in accounting principles.

Section 1.05. Relation to Other Documents; Acknowledgment of Different Provisions of Related Documents; Incorporation by Reference.

(a) Nothing in this Agreement shall be deemed to amend, or relieve the Borrower of its obligations under, any Related Document.

(b) All references to other documents shall be deemed to include all amendments, modifications and supplements thereto to the extent such amendment, modification or supplement is made in accordance with the provisions of such document and this Agreement.

ARTICLE II: ISSUANCE OF NOTE AND ADVANCES

Section 2.01. Issuance of Note; Commitment to Make Advances.

(a) From the Effective Date through the Termination Date, and upon and subject to the terms and conditions and on the basis of the representations and agreements contained herein, the Initial Purchaser hereby agrees, when requested by the Borrower pursuant to this Agreement, to make Advances from time to time (but in no event more than two (2) per calendar month) in an aggregate principal amount not to exceed the Available Commitment outstanding at any time, and the Borrower hereby agrees to issue the Note in an aggregate principal amount equal to \$150,000,000, to the Initial Purchaser, under the terms and conditions herein and in the Note Ordinance to evidence and secure the Advances.

This Agreement, and the Borrower's obligation to repay amounts due under this Agreement as evidenced by the Note, represents a revolving line of credit.

The Note is authorized pursuant to the Note Ordinance, and is to be issued only for the purposes authorized under the Note Ordinance. The Note is issued as a "Subordinate Bond" under the Note Ordinance and, pursuant to the Note Ordinance, the principal of and interest on the Note is payable from and secured by a subordinate lien on and pledge of Revenues, subject to the terms and conditions hereof and of the Note Ordinance. The Note shall contain a schedule on which each Advance and the interest rate with respect thereto shall be recorded by the Purchaser; *provided, however*, that the failure to do so or any other act or omission of the Purchaser shall not relieve the Borrower from its obligations as provided herein. Such schedule shall be conclusive as to such amounts absent manifest error.

(b) Each Advance shall (i) be evidenced and secured by the Note, which will be delivered to the Initial Purchaser on the Effective Date, (ii) be secured by the Revenues as set forth in Section 5.15 hereof and the Note Ordinance, and (iii) mature on the Termination Date. Interest on each Advance shall be calculated on the basis of a year of 360 days and actual days elapsed from the Advance Date.

Section 2.02. Closing. At such date and time as shall have been mutually agreed upon by the Borrower and the Initial Purchaser, the certificates, opinions and other documents required by Article IV below shall be executed and delivered (all of the foregoing actions are herein referred to collectively as the "*Closing*"). Assuming the Closing is completed in accordance with the provisions of this Agreement then, subject to the provisions of this Agreement and the conditions set forth in Article IV hereof, the Initial Purchaser shall make Advances upon the request of the Borrower pursuant to Section 2.03 hereof and each Advance must be in a minimum principal amount of \$250,000; *provided* that an initial Advance in excess of \$250,000 and not to exceed the Available Commitment shall be made at Closing pursuant to the closing memorandum prepared in connection with the issuance of the Note and without the need for a Request for Advance.

Section 2.03. Method of Requesting Advances.

(a) Each Advance shall be made upon the Borrower's irrevocable notice to the Initial Purchaser in the form of a Request for Advance, with blanks appropriately completed. Each Request for Advance shall be signed by a Borrower Representative and shall specify: (i) the Advance Date, which shall be a Business Day and shall be at least three (3) Business Days after the date of the Request for Advance; and (ii) the principal amount of the Advance, which shall not exceed the Available Commitment as of the proposed Advance Date and shall be in a minimum principal amount of \$1,000,000. Each Request for Advance must be received by the Purchaser not later than 12:00 noon New York City time three Business Days immediately prior to the requested Advance Date. For the avoidance of doubt, Borrower may submit its notice of the requested Advance through the Purchaser's *Commercial Electronic Office Portal*® ("*CEO Portal*"), subject to the terms and conditions set forth in the Credit Management Agreement ("*CM Agreement*") entered into by Borrower and the Purchaser and the other Service Documentation (as such term is defined in the CM Agreement).

(b) Upon receipt of a Request for Advance by the Purchaser, the Initial Purchaser, subject to the terms and conditions of this Agreement, shall be required to make an Advance by 4:00 p.m. New York City time on the proposed Advance Date for the account of the Borrower in an amount equal to the amount of the requested Advance. Notwithstanding the foregoing, in the event such Request for Advance is received by the Purchaser after 12:00 noon New York City time on the Business Day which is three (3) Business Days immediately prior to the day of the proposed Advance, the Initial Purchaser shall be required to make the related Advance by 4:00 p.m. New York City time on the fourth Business Day after receipt of

the related Request for Advance. Unless one or more Advances are then outstanding, the Purchaser shall determine the initial SIFMA Index Rate with respect to any Advance two Business Days prior to the related Advance Date. The Purchaser shall not be obligated to honor more than one Request for Advance per Business Day.

(c) Commencing on the Effective Date, the Index Rate with respect to the initial Advance shall be the SIFMA Index Rate. The Index Rate for each subsequent Advance shall be the SIFMA Index Rate, which shall apply equally to all outstanding Advances, regardless of when made, unless a Determination of Taxability has occurred, in which case the Index Rate shall be the Taxable Rate. The Calculation Agent shall notify the Paying Agent and the Borrower of the Index Rate with respect to each SIFMA Index Reset Date.

Section 2.04. Interest Rate.

(a) Each Advance shall bear interest at a rate per annum equal to the lesser of (1) the Maximum Interest Rate and (2) the Index Rate.

(b) Any principal of, and to the extent permitted by applicable law, interest on the Note and any other sum payable hereunder, which is not paid when due shall bear interest, from the date due and payable until paid, payable on demand, at a rate per annum equal to the lesser of (i) the Default Rate and (ii) subject to Section 3.04 hereof, Maximum Interest Rate.

Section 2.05. Payment.

(a) Accrued but unpaid interest on the Advances shall be due and payable on each Interest Payment Date. All outstanding principal of Advances shall be due and payable on the Termination Date. Interest due and payable on the Advances shall be equal to the amount accrued to, but excluding the related payment date. If the payment date for the principal of or interest on the Advances is a day other than a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended period of time shall be included in the computation of interest; *provided, however*, the payment of interest on the Advances on such extended date shall have the same force and effect as if made on the original payment date.

(b) Subject to Section 3.08 hereof, the Borrower may prepay any Advance, in whole or in part, on the SIFMA Index Reset Date provided at least three (3) Business Days' prior written notice is given by the Borrower to the Purchaser. Each such notice shall specify the date and amount of such prepayment. Each such notice of optional prepayment shall be irrevocable and shall bind the Borrower to make such prepayment in accordance with such notice. Any prepayment of Advances shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof or, if less, the entire principal amount thereof then outstanding. All prepayments of principal shall include accrued interest to the date of prepayment and all other amounts due and payable at such time pursuant to this Agreement.

Section 2.06. Reduction and Termination.

(a) The Available Commitment may be reduced in part from time to time as requested by the Borrower within three (3) days of the Borrower's written notice to the Initial Purchaser requesting such reduction substantially in the form of Exhibit D hereto; *provided*, that (i) each such reduction amount shall be in an amount equal to \$1,000,000 or an integral multiple thereof, (ii) any reduction in the Available Commitment shall not be effective until the Initial Purchaser delivers to the Borrower a notice substantially in the form attached hereto as Exhibit D reflecting such reduction, and (iii) after giving effect to such

reduction the Available Commitment shall not be less than the aggregate principal amount of all Advances then outstanding.

(b) The Borrower may at any time and at its sole option terminate the Available Commitment in whole upon three (3) Business Days' prior written notice to the Initial Purchaser substantially in the form of Exhibit D hereto. As a condition to any such termination, the Borrower shall pay or cause to be paid all Obligations owed to the Initial Purchaser.

Section 2.07. Index Rate Periods.

(a) *Interest Period and Effective Period.* The initial Index Rate Period shall commence on and be effective from the Effective Date and shall continue through the end of the Initial Period.

(b) *Determination Time.* Each Advance shall bear interest at the SIFMA Index Rate, subject to adjustment as set forth herein. The Calculation Agent shall determine the SIFMA Index Rate on each Computation Date with respect to all Advances, and such rate shall become effective on the SIFMA Index Reset Date next succeeding the Computation Date and interest at such rate shall accrue each day with respect to all Advances, commencing on and including the next succeeding SIFMA Index Reset Date to but excluding the immediately succeeding SIFMA Index Reset Date. The SIFMA Index Rate shall be rounded upward to the second decimal place. Promptly following the determination of the SIFMA Index Rate, the Calculation Agent shall give notice thereof to the Paying Agent and the Borrower. If the SIFMA Index Rate is not determined by the Calculation Agent on the Computation Date, the rate of interest on such Advance shall be the rate in effect for the immediately preceding SIFMA Index Reset Date until the Calculation Agent next determines the SIFMA Index Rate as required hereunder.

ARTICLE III: THE BORROWER'S OBLIGATIONS

Section 3.01. Payment Obligations.

(a) The Borrower hereby agrees to make prompt and full payment of all payment obligations owed to the Purchaser under the Related Documents and to pay any other Obligations owing to the Purchaser whether now existing or hereafter arising, with interest thereon at the rate or rates provided in such Related Documents with respect to such Obligations.

(b) In the event the Purchaser has not received the Mandatory Tender Price on the Scheduled Mandatory Tender Date, the Borrower shall cause the principal amount of the Note to be redeemed in full on the Mandatory Tender Date; *provided that*, if the Borrower is required to redeem the Note as set forth above and (i) no Default or Event of Default shall have occurred and be continuing and (ii) the representations set forth in Article V shall be true and correct on, as if the same had been made on, the Scheduled Mandatory Tender Date (except to the extent that any such representations expressly relate to an earlier date), then the principal amount of the Note shall be due and payable in full on the thirtieth (30th) day after the Mandatory Tender Date (such thirtieth (30th) day being the "*Conversion Date*") and shall accrue interest during such period at the Purchaser Rate. Upon the Borrower's written notice substantially in the form of Exhibit E attached hereto to enter into a Scheduled Amortization Period (as hereinafter defined) delivered to the Purchaser no later than the twenty-fifth (25th) calendar day after the Mandatory Tender Date and provided that (A) no Default or Event of Default shall have occurred and be continuing and (B) the representations set forth in Article V shall be true and correct on, as if the same had been made on the Conversion Date (except to the extent that any such representations expressly relate to an earlier date) (the foregoing clauses (A) and (B) both the "*Term Out Conditions*") then the Note shall continue to bear interest at the Purchaser Rate and the Borrower shall cause the outstanding principal amount of the Note to be redeemed in installments payable on each Scheduled Amortization Payment Date (each such

payment, a “*Scheduled Amortization Payment*”), with the final installment in an amount equal to the entire then-outstanding principal amount of the Note to be redeemed on the related Amortization End Date (the period commencing on the related Mandatory Tender Date and ending on the related Amortization End Date is herein referred to as the “*Scheduled Amortization Period*”). Each Scheduled Amortization Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate Scheduled Amortization Payments over the Scheduled Amortization Period. During the Scheduled Amortization Period, interest on the Note shall accrue at the Purchaser Rate, be payable monthly in arrears on the first Business Day of each calendar month and be calculated on the basis of a 360-day year and actual days elapsed. In the event that the Term Out Conditions are not satisfied on the Conversion Date, the Borrower shall cause the principal amount of the Note to be redeemed in full on the Conversion Date.

In the event the Purchaser has not received the Mandatory Tender Price on the Directed Mandatory Tender Date, then the Borrower shall cause the outstanding principal amount of the Note to be redeemed in installments payable on each Directed Amortization Payment Date (each such payment, a “*Directed Amortization Payment*”), with the final installment in an amount equal to the entire then-outstanding principal amount of the Note to be redeemed on the related Amortization End Date (the period commencing on the related Mandatory Tender Date and ending on the related Amortization End Date is herein referred to as the “*Directed Amortization Period*”). Each Directed Amortization Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate Directed Amortization Payments over the Directed Amortization Period. During the Directed Amortization Period, interest on the Note shall accrue at the Default Rate, be payable on demand, and be calculated on the basis of a 360-day year and actual days elapsed.

(c) The Borrower shall pay or cause to be paid to the Initial Purchaser on January 3, 2022, for the period commencing on the Effective Date to and including December 31, 2021, and in arrears on the first Business Day of each April, July, October, and January to occur thereafter to the Termination Date, and on the Termination Date, a non-refundable commitment fee (the “*Commitment Fee*”) in an amount equal to the product of the rate per annum associated with the Level set forth below corresponding to the Rating (as defined below) then in effect as specified below (the “*Commitment Fee Rate*”), and the daily average Unutilized Amount during the related quarterly period:

<u>LEVEL</u>	<u>MOODY'S RATING</u>	<u>S&P RATING</u>	<u>FITCH RATING</u>	<u>COMMITMENT FEE RATE</u>
Level 1	Aa3 or above	AA- or above	AA- or above	0.17%
Level 2	A1	A+	A+	0.22%
Level 3	A2	A	A	0.27%
Level 4	A3	A-	A-	0.32%
Level 5	Baa1	BBB+	BBB+	0.47%
Level 6	Baa2	BBB	BBB	0.72%
Level 7	Baa3 or below	BBB- or below	BBB- or below	1.07%

If Ratings are in effect from any two of Moody’s, S&P and Fitch, the Commitment Fee Rate shall be equal to the Level set forth above corresponding to the lower Rating from either of such Rating Agencies. If Ratings are in effect from all three of Moody’s, S&P and Fitch and only two of such Ratings are equivalent, the Commitment Fee Rate shall be equal to the Level set forth above corresponding to such two equivalent Ratings. If Ratings are in effect from all three of Moody’s, S&P and Fitch, and none of such Ratings are equivalent, the Commitment Fee Rate shall be equal to the Level set forth above corresponding to the middle Rating. Any change in the Commitment Fee Rate resulting from a change in a Rating shall

be and become effective as of and on the date of the announcement of the change in such Rating. References to Ratings above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system, the ratings from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system that most closely approximates the applicable rating category as currently in effect. Upon the occurrence and during the continuance of an Event of Default (whether or not the Purchaser declares an Event of Default in connection therewith), the Commitment Fee Rate shall immediately and without notice increase by three percent (3.00%) per annum above the Commitment Fee Rate otherwise in effect. The Commitment Fee shall be payable quarterly in arrears, together with interest on the Commitment Fee from the date payment is due until payment in full at the Default Rate. The Borrower acknowledges that as of the Effective Date the Commitment Fee Rate is that specified above for Level 1.

(d) The Borrower shall pay within thirty (30) days after demand:

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

(ii) a fee for each amendment to this Agreement or any Related Document or any consent or waiver by the Purchaser with respect to any Related Document requested by the Borrower hereunder (regardless of whether the same is actually executed or delivered), in each case, in an amount mutually agreed to by the Purchaser and the City, plus the reasonable fees and expenses of counsel to the Purchaser;

(iii) the reasonable fees and out-of-pocket expenses for counsel to the Purchaser in connection with advising the Purchaser as to its rights and responsibilities under this Agreement and the Related Documents upon a Default or Event of Default; and

(iv) any amounts advanced by or on behalf of the Purchaser to the extent required to cure any Default, Event of Default or event of nonperformance hereunder or any Related Document, together with interest at the Default Rate.

In addition, if at any time any Governmental Authority shall require revenue or other documentary stamps or any other tax in connection with the execution or delivery of this Agreement or the Related Documents, then, if the Borrower lawfully may pay for such stamps, taxes or fees, the Borrower shall pay, when due and payable, for all such stamps, taxes and fees, including interest and penalties thereon, and the Borrower agrees to promptly reimburse the Purchaser for any and all fines, penalties or other monetary liabilities with respect to or resulting from any delay of the Borrower in paying, or omission of the Borrower to pay, such stamps, taxes and fees hereunder.

Section 3.02. Default Rate. Upon the occurrence and during the continuance of an Event of Default and, for the avoidance of doubt, during the Directed Amortization Period after the Directed Mandatory Tender Date, the Obligations of the Borrower hereunder (to the extent a rate is not otherwise specified) shall bear interest at the Default Rate, which shall be payable by the Borrower to each Noteholder (or, if applicable, the Purchaser) upon demand therefor and be calculated on the basis of a 360-day year and actual days elapsed.

Section 3.03. Determination of Taxability. In the event a Determination of Taxability occurs, to the extent not payable to each Noteholder (or to the Purchaser for the period that it was the Noteholder of any of the Note) under the terms of the Note Ordinance and the Note, the Borrower hereby agrees to pay to

each Noteholder (or, if applicable, the Purchaser) on demand therefor (a) an amount equal to the difference between (A) the amount of interest that would have been paid to such Noteholder (or, if applicable, the Purchaser) on the Note during the period for which interest on the Note is included in the gross income of such Noteholder (or, if applicable, the Purchaser) if the Note had borne interest at the Taxable Rate, beginning on the Taxable Date (the “*Taxable Period*”), and (B) the amount of interest actually paid to the Noteholder (or, if applicable, the Purchaser) during the Taxable Period, and (b) an amount equal to any interest, penalties or charges owed by such Noteholder (or, if applicable, the Purchaser) as a result of interest on the Note becoming included in the gross income of such Noteholder (or, if applicable, the Purchaser), together with any and all reasonable attorneys’ fees, court costs, or other out-of-pocket costs incurred by such Noteholder (or, if applicable, the Purchaser) in connection therewith.

Section 3.04. Maximum Interest Rate.

(a) If the amount of interest payable for any period in accordance with the terms hereof or the Note 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 for any period but for the operation of the immediately preceding subclause (i) shall accrue and be payable as provided in this subclause (ii) and shall, less interest actually paid to each Noteholder for 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 with respect to which interest is payable shall bear interest at the Maximum Interest Rate until payment to each Noteholder of the entire Excess Interest Amount.

(c) Notwithstanding the foregoing, on the date on which no principal amount with respect to the Note remains unpaid, the Borrower shall pay to each Noteholder a fee equal to any accrued and unpaid Excess Interest Amount.

Section 3.05. Increased Costs.

(a) *Increased Costs Generally.* If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, capital or liquidity ratio, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, the Purchaser or any Noteholder;

(ii) subject the Purchaser or any Noteholder to any Taxes of any kind whatsoever with respect to this Agreement or the Note, or change the basis of taxation of payments to the Purchaser or such Noteholder in respect thereof (except for Indemnified Taxes covered by Section 3.06 hereof and the imposition of, or any change in the rate of any Excluded Tax payable by the Purchaser or such Noteholder); or

(iii) impose on the Purchaser or any Noteholder any other condition, cost or expense affecting this Agreement or the Note;

and the result of any of the foregoing shall be to increase the cost to the Purchaser or such Noteholder of owning the Note (or of maintaining its obligation to make Advances), or to reduce the amount of any sum received or receivable by the Purchaser or such Noteholder hereunder or under the Note (whether of principal, interest or any other amount) then, upon written request of the Purchaser or such Noteholder as

set forth in subsection (c) below, the Borrower shall promptly pay to the Purchaser or such Noteholder, as the case may be, such additional amount or amounts as will compensate the Purchaser or such Noteholder, as the case may be, for such additional costs incurred or reduction suffered.

(b) *Capital or Liquidity Requirements.* If the Purchaser or any Noteholder determines that any Change in Law affecting the Purchaser or such Noteholder or the Purchaser's or such Noteholder's parent or holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on the Purchaser's or such Noteholder's capital or liquidity or the capital or liquidity of the Purchaser's or such Noteholder's parent or holding company holding, if any, as a consequence of this Agreement, or ownership of the Note, to a level below that which the Purchaser or such Noteholder or the Purchaser's or such Noteholder's parent or holding company could have achieved but for such Change in Law (taking into consideration the Purchaser's or such Noteholder's policies and the policies of the Purchaser's or such Noteholder's parent or holding company with respect to capital or liquidity adequacy), then from time to time upon written request of the Purchaser or such Noteholder as set forth in subsection (c) below, the Borrower shall promptly pay to the Purchaser or such Noteholder, as the case may be, such additional amount or amounts as will compensate the Purchaser or such Noteholder or the Purchaser's or such Noteholder's parent or holding company for any such reduction suffered.

(c) *Certificates for Reimbursement.* A certificate of the Purchaser or any Noteholder setting forth the amount or amounts necessary to compensate the Purchaser or any such Noteholder or the Purchaser's or any such Noteholder's parent or holding company, as the case may be, as specified in subsection (a) or (b) above and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall pay the Purchaser or any such Noteholder, as the case may be, the amount shown as due on any such certificate within sixty (60) days after receipt thereof.

(d) *Delay in Requests.* The Purchaser or any such Noteholder will use commercially reasonable efforts to notify the Borrower within 90 days of its obtaining actual knowledge of any event occurring after the date hereof that will entitle the Purchaser or any such Noteholder or their respective parent or holding company, to compensation pursuant to this Section; *provided* that the failure of the Purchaser or any such Noteholder to notify the Borrower within such 90-day period shall not relieve the Borrower from any liability for payment of such compensation; *provided further* that the Borrower shall not be required to compensate the Purchaser or any such Noteholder pursuant to this Section for any increased costs incurred or reductions suffered more than six (6) months prior to the date that the Purchaser or any such Noteholder, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions, and of the Purchaser's or any such Noteholder's intention to claim compensation therefor (except that (i) if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof (ii) if the Purchaser or any such Noteholder had no actual knowledge of the action resulting in such increased costs as of the date six months prior to the date of notice to the Borrower, then the six-month period referred to above will not apply).

(e) *Survival.* Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section shall survive the termination of this Agreement and the payment in full of the Note and the obligations of the Borrower thereunder and hereunder.

Section 3.06. Net of Taxes, Etc.

(a) Any and all payments to the Purchaser or any Noteholder by the Borrower hereunder or with respect to the Note shall be made free and clear of and without deduction or withholding for any and all Indemnified Taxes. If the Borrower shall be required by law to deduct or withhold any Indemnified

Taxes imposed by the United States of America or any political subdivision thereof from or in respect of any sum payable hereunder or with respect to the Note, then (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Purchaser or such Noteholder receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall timely pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the Borrower shall make any payment under this Section to or for the benefit of the Purchaser or such Noteholder with respect to Indemnified Taxes and if the Purchaser or such Noteholder shall claim any credit or deduction for such Indemnified Taxes against any other taxes payable by the Purchaser or such Noteholder to any taxing jurisdiction in the United States of America then the Purchaser or such Noteholder shall pay to the Borrower an amount equal to the amount by which such other taxes are actually reduced; *provided*, that the aggregate amount payable by the Purchaser or such Noteholder pursuant to this sentence shall not exceed the aggregate amount previously paid by the Borrower with respect to such Indemnified Taxes. In addition, the Borrower agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America or any state of the United States from any payment made hereunder or under the Note or from the execution or delivery of this Agreement or the Note, or otherwise with respect to this Agreement or the Note (hereinafter referred to as "*Other Taxes*"). The Purchaser or such Noteholder shall provide to the Borrower within a reasonable time a copy of any written notification it receives with respect to Indemnified Taxes or Other Taxes owing by the Borrower to the Purchaser or such Noteholder hereunder; *provided*, that the Purchaser or such Noteholder's failure to send such notice shall not relieve the Borrower of its obligation to pay such amounts hereunder.

(b) The Borrower shall, to the fullest extent permitted by law and subject to the provisions hereof, pay the Purchaser or such Noteholder for the full amount of Indemnified Taxes and Other Taxes including any Indemnified Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section paid by the Purchaser or such Noteholder or any liability (including penalties, interest and reasonable expenses) arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally asserted; *provided*, that the Borrower shall not be obligated to pay the Purchaser or such Noteholder for any penalties, interest or expenses relating to Indemnified Taxes or Other Taxes arising from the Purchaser or such Noteholder's gross negligence or willful misconduct. The Purchaser or such Noteholder agrees to give notice to the Borrower of the assertion of any claim against the Purchaser or such Noteholder relating to such Indemnified Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided*, that the Purchaser or such Noteholder's failure to notify the Borrower promptly of such assertion shall not relieve the Borrower of its obligation under this Section. Payments by the Borrower pursuant to this Section shall be made within thirty (30) days from the date the Purchaser or such Noteholder makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Purchaser or such Noteholder agrees to repay to the Borrower any refund (including that portion of any interest that was included as part of such refund) with respect to Indemnified Taxes or Other Taxes paid by the Borrower pursuant to this Section received by the Purchaser or such Noteholder for Indemnified Taxes or Other Taxes that were paid by the Borrower pursuant to this Section and to contest, with the cooperation and at the expense of the Borrower, any such Indemnified Taxes or Other Taxes which the Purchaser or such Noteholder or the Borrower reasonably believes not to have been properly assessed.

(c) Within thirty (30) days after the date of any payment of Indemnified Taxes by the Borrower, the Borrower shall furnish to the Purchaser or such Noteholder, as applicable, the original or a certified copy of a receipt evidencing payment thereof.

(d) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section shall survive the termination of this

Agreement and the payment in full of the Note and the obligations of the Borrower thereunder and hereunder.

Section 3.07. Obligations Absolute. The payment obligations of the Borrower under this Agreement shall be absolute and unconditional and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

- (a) any lack of validity or enforceability of this Agreement, the Note or any of the Related Documents;
- (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, set-off, defense or other right which the Borrower may have at any time against the Purchaser, any other Noteholder or any other person or entity, whether in connection with this Agreement, the Related Documents, the transactions contemplated herein or therein or any unrelated transaction; or
- (d) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

Notwithstanding this Section, the Purchaser acknowledges the Borrower may have the right to bring a collateral action with respect to one or more of the foregoing circumstances. All Commitment Fees payable pursuant to this Agreement shall be deemed to be fully earned when due and non-refundable when paid.

Section 3.08. Funding Indemnity. In the event the Purchaser shall incur any loss, cost, or expense (including, any loss, cost, or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired or contracted to be acquired by the Purchaser to purchase or hold the Note or the relending or reinvesting of such deposits or other funds or amounts paid or prepaid to the Purchaser) as a result of any redemption or conversion of the Note on a date other than an SIFMA Index Reset Date for any reason, whether before or after default, and whether or not such payment is required by any provision of this Agreement or the Note Ordinance, then upon the demand of the Purchaser, the Borrower shall pay to the Purchaser a redemption or conversion premium, as applicable in such amount as will reimburse the Purchaser for such loss, cost, or expense. If the Purchaser requests such redemption or conversion premium, as applicable it shall provide to the Borrower a certificate setting forth the computation of the loss, cost, or expense giving rise to the request for such redemption or conversion premium, as applicable in reasonable detail and such certificate shall be conclusive if reasonably determined.

Section 3.09. Optional Redemption or Conversion. The Borrower shall not redeem or convert the interest rate on all or any portion of the Note from the Index Rate in any amount less than \$250,000 and increments of \$250,000 in excess thereof.

Section 3.10. Purchaser Consent to Subsequent Index Rate Period.

(a) In the event that (i) the Purchaser is the sole owner of the interest in the Note and (ii) the Purchaser and the Borrower wish to extend the Commitment Expiration Date, on or before the date one hundred twenty (120) days prior to the current Commitment Expiration Date, the Borrower may provide written notice to the Purchaser of its desire to extend the Commitment Expiration Date and/or change the interest rate, available with respect to Advances and requesting the Purchaser to continue to hold the Note and make Advances thereunder. The Purchaser will make reasonable efforts to respond to such request within sixty (60) days after receipt of all information necessary, in the Purchaser's reasonable judgment, to

permit the Purchaser to make an informed credit decision. The Purchaser may, in its sole and absolute discretion, decide to accept or reject any such request and no consent shall become effective unless the Purchaser shall have consented thereto in writing. For greater certainty, in the event the Purchaser fails to definitively respond to such request within such sixty (60) day period, the Purchaser shall be deemed to have refused to grant such request. Upon the Purchaser's acceptance of such request, the Purchaser and the Borrower may extend the Commitment Expiration Date and/or change the interest rate available with respect thereto by delivering written notice (an "*Extension Notice*") from the Borrower and the Purchaser to the Paying Agent not less than twenty (20) days prior to the date on which such extension is to be effective, as specified in such notice. The Extension Notice shall contain that information described in paragraph (b) of this Section 3.10. The consent of the Purchaser, if granted, shall be conditioned upon the preparation, execution and delivery of documentation in form and substance satisfactory to the Purchaser (which may include, but not be limited to the delivery of a "no adverse effect opinion" of Note Counsel to the Purchaser with respect to the tax-exempt status of the Note as a result of such extension and/or interest rate change). For greater certainty, in the event the Borrower and the Purchaser fail to document in writing their agreement of the proposed rate(s) and terms of the succeeding period(s), the Borrower shall continue to be required to repurchase the Note on the Scheduled Mandatory Tender Date for a purchase price of 100% of the par amount thereof plus accrued interest to the Scheduled Mandatory Tender Date (or, failing such repurchase, redeem the principal amount of the Note in full on the Scheduled Mandatory Tender Date). By providing notice to the Purchaser as contemplated above, the Borrower shall be deemed to represent that (a) no Default or Event of Default has occurred and is continuing, (b) no event has occurred and is continuing that could reasonably be expected to result in a Material Adverse Effect and (c) all representations of the Borrower made in this Agreement are true and correct and are deemed to be made as of the date of such request.

(b) *New Interest Rate.* A direction of the Borrower to extend the Commitment Expiration Date shall specify the proposed date for such extension and shall be accompanied by a letter of Note Counsel that it expects to be able to give a Favorable Opinion of Note Counsel on the date of such extension. Such direction shall also state the new Commitment Expiration Date, and the new Applicable Spread. The new Applicable Spread shall be mutually determined by the Borrower and the Purchaser.

ARTICLE IV: CONDITIONS PRECEDENT TO PURCHASE OF NOTE

Section 4.01. Documentary Requirements. The obligation of the Purchaser to purchase the Note is subject to the conditions precedent that the Purchaser shall have received, on or before the Effective Date, the items listed below in this Section, each dated and in form and substance as is satisfactory to the Purchaser.

- (a) The following Borrower organizational documents:
- (i) copies of the resolutions of the Public Utility Board of the Borrower and the Note Ordinance approving the execution and delivery of the Related Documents, and the other matters contemplated hereby, certified by the Borrower as being true and full and in full force and effect on the Effective Date;
 - (ii) the City Charter of the Borrower, certified by the Borrower to be in full force and effect as of the Effective Date;
 - (iii) the audited annual financial statements of the Borrower for the Fiscal Year ended December 31, 2020, together with internally prepared financial statements of the Borrower for each fiscal quarter(s) ended since the end of such Fiscal Year; and

(iv) a certificate dated the Effective Date and executed by the Borrower certifying the names and signatures of the persons authorized to sign, on behalf of the Borrower, the Related Documents and the other documents to be delivered by it hereunder or thereunder.

(b) An executed original or certified copy, as applicable, of each of the Related Documents and the Master Senior Bond Ordinance.

(c) The following documents and other information:

(i) a certificate dated the Effective Date and executed by the Borrower certifying (A) that there has been no event or circumstance since December 31, 2020, that could reasonably be expected to result, either individually or in the aggregate, in a Material Adverse Effect, (B) that the representations contained in Article V hereof and the Related Documents are true and correct in all material respects on the Effective Date and (C) no event has occurred and is continuing, or would result from entry into this Agreement, which would constitute a Default or Event of Default;

(ii) evidence satisfactory to the Purchaser that the unenhanced long-term debt rating assigned by S&P and Fitch to Senior Debt is at least AA and AA- respectively; and

(iii) from (a) external counsel to the Borrower, opinions as to the due authorization, execution, delivery, and enforceability of the Related Documents to which the Borrower is a party, and such other customary matters as the Purchaser may reasonably request, and (b) Note Counsel, an opinion to the effect that the interest on the Note is excludable from gross income for federal income tax purposes and such other customary matters as the Purchaser may reasonable request and that the issuance of the Note complies with the terms of the Note Ordinance.

(iv) Evidence that a CUSIP number has been obtained and reserved from Standard & Poor's CUSIP for the Note.

Section 4.02. Litigation. Purchaser shall receive a certificate of the Borrower stating that there is no controversy or litigation pending, or to the best of its knowledge threatened, affecting the delivery of the Note and the execution of this Agreement, the collection of utility revenues pledged to pay the principal thereof and interest thereon, the validity of the Note or this Agreement, the corporate existence or boundaries of the Borrower, or the title of the present officers of the Borrower to their respective offices, and that no authority or proceedings for the issuance of the Note has or have been repealed, revoked or rescinded.

Section 4.03. Other Matters. The Purchaser and its counsel shall have received such other certificates, documents and opinions with respect to the Borrower and the transactions contemplated by this Agreement as the Purchaser or its counsel may reasonably request.

Section 4.04. Payment of Fees and Expenses. On or prior to the Effective Date, Chapman and Cutler LLP, as counsel to the Purchaser shall have received payment of its legal fees and expenses.

Section 4.05. No Note Rating; DTC; Offering Document. The Note shall not be (i) assigned a separate rating by any Rating Agency, or (ii) registered with The Depository Trust Company or any other securities depository or (iii) issued pursuant to any type of offering document or official statement.

Section 4.06. Conditions Precedent to Advances. The obligation of the Purchaser to make an Advance (other than the initial Advance) is subject to the satisfaction of the following conditions precedent on the Advance Date:

- (a) the representations of the Borrower set forth in Article V of this Agreement shall be true and correct in all material respects on and as of such Advance Date, and shall be deemed to have been made on such Advance Date;
- (b) no Default or Event of Default shall have occurred and be continuing on such Advance Date;
- (c) such Advance shall not violate any order, judgment or decree of any court or authority of competent jurisdiction entered against the Borrower or any provision of law applicable to the Borrower;
- (d) after giving effect to such Advance, the aggregate principal amount of all Advances outstanding at one time shall not exceed the Available Commitment;
- (e) the Purchaser shall have received a Request for Advance as required under, and in strict conformity with, Section 2.03 hereof; and
- (f) neither the Borrower nor the Purchaser shall have received actual notice (either verbal or written) from Note Counsel that the opinion delivered pursuant to Section 4.01 hereof may no longer be relied upon.

ARTICLE V: REPRESENTATIONS

The Borrower makes the following representations to each Noteholder:

Section 5.01. Existence and Power. The City is a municipal corporation duly organized, validly existing and in good standing under the laws of the State and has the power and authority to execute and deliver this Agreement and to execute or enact the Related Documents, to perform its obligations hereunder and thereunder, and to conduct the business of the Borrower as presently conducted.

Section 5.02. Due Authorization. The execution, delivery and performance by the Borrower of this Agreement and the Related Documents have been duly authorized by all necessary action of the Borrower, and no further approval, authorization, filings, notices or consents are required by law or otherwise for the due execution, delivery and performance by the Borrower of this Agreement or the due execution, delivery or performance by the Borrower of the Related Documents. This Agreement and such Related Documents constitute the legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally. Each of this Agreement and the Related Documents is or on the Effective Date will be in full force and effect.

(b) The Borrower is duly authorized and licensed to own the Electric System and to operate the Electric System as currently operated, and the Borrower has obtained all requisite approvals of all Governmental Authorities required to be obtained for such purposes and such approvals are in full force and effect.

Section 5.03. Noncontravention; Compliance with Law.

(a) Neither the execution and delivery by the Borrower of this Agreement and the Related Documents, nor the consummation of the transactions herein and therein contemplated, nor compliance with the provisions hereof or thereof, will constitute a material breach or violation of any law, rule, regulation, order, writ, judgment, injunction, decree or award or of the provisions of any ordinance, resolution, instrument or agreement to which the Borrower is a party or is subject, or by which it or its property is bound, or conflict in any material respect with or constitute a material default thereunder or result in the creation or imposition of any Lien upon or with respect to any Property owned by the Borrower, other than the pledge of Revenues specified in the Master Subordinate Bond Ordinance and the Master Senior Bond Ordinance.

(b) The Borrower, with respect to the Electric System, is in compliance with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees and awards, except for such noncompliance that, singly or in the aggregate, has not caused or could not reasonably be expected to cause a Material Adverse Effect.

Section 5.04. Pending Litigation and Other Proceedings. There is no action, suit or proceeding pending before any Governmental Authority with jurisdiction over the Borrower in which service of process has been completed against the Borrower or, to the knowledge of the Borrower, any other action, suit or proceeding threatened in writing before any Governmental Authority with jurisdiction over the Borrower, in either case against the Borrower or any of its properties or revenues, or any of the Related Documents, which if determined adversely to the Borrower could reasonably be expected to result in a Material Adverse Effect.

Section 5.05. Financial Statements. The audited financial statements of the Borrower's Electric System as at December 31, 2020, and the related consolidated statement of activities and changes in net assets and the consolidated statement of cash flows for the Fiscal Year then ended, and accompanying notes thereto, which financial statements, accompanied by the audit report of Moss Adams LLP, nationally recognized independent public accountants, heretofore furnished to the Purchaser, which are consistent in all material respects with the audited financial statements of the Borrower's Electric System for the Fiscal Year ended December 31, 2019, fairly present the financial condition of the Borrower's Electric System in all material respects as of such dates and the results of its operations for the periods then ended in conformity with GAAP. Since December 31, 2020, there has been no material adverse change in the financial condition or operations of the Borrower's Electric System that could reasonably be expected to result in a Material Adverse Effect.

Section 5.06. Employee Benefit Plan Compliance. The Borrower has no funding liability or obligation currently due and payable with respect to any employee benefit plan which could reasonably be expected to result in a Material Adverse Effect. The Borrower and each employee benefit plan of the Borrower is in compliance in all material respects with the terms of any such plan and applicable law related thereto. Neither the Borrower nor a member of the Controlled Group is subject to ERISA or maintains a Plan.

Section 5.07. No Defaults. No default by the Borrower has occurred and is continuing in the payment of the principal of or premium, if any, or interest on any Subordinate Debt including, regularly scheduled payments on any Swap Agreements which constitute Subordinate Debt. No bankruptcy, insolvency or other similar proceedings pertaining to the Borrower are pending or presently contemplated. No Default or Event of Default has occurred and is continuing hereunder. No "default" or "event of default" under, and as defined in, any of the Related Documents or the Master Senior Bond Ordinance has occurred and is continuing. With respect to the Borrower's Electric System, the Borrower is not presently in default under any material agreement to which it is a party which could reasonably be expected to result in a Material Adverse Effect. The Borrower is not in violation of any term of the City Charter or any term of

any bond indenture or agreement to which it is a party or by which any of its Property is bound which could reasonably be expected to result in a Material Adverse Effect.

Section 5.08. Insurance. The Borrower either (a) self-insures in such manner and to such extent as the Borrower has determined is necessary and appropriate or, (b) to the extent insurance coverage (i) is available at a reasonable cost with responsible insurers, and (ii) is usually carried by utilities operating like properties, keeps or causes to be kept the Electric System and the operation thereof insured, with policies payable to the Borrower, in each case against the risks of direct physical loss, damage to or destruction of the Electric System, or any part thereof, and against accidents, casualties, or negligence, including general liability and employer's liability.

Section 5.09. Incorporation by Reference. The representations of the Borrower contained in the Related Documents to which the Borrower is a party, together with the related definitions of terms contained therein, are hereby incorporated by reference in this Agreement as if each and every such representation and definition were set forth herein in its entirety, and the representations made by the Borrower in such Sections are hereby made for the benefit of the Purchaser. No amendment to or waiver of such representations or definitions relating to the rights, remedies, security or interests of the Purchaser or the Noteholders made pursuant to the relevant Related Document or incorporated by reference shall be effective to amend such representations and definitions as incorporated by reference herein without the prior written consent of the Purchaser.

Section 5.10. Correct Information. Subject to the immediately succeeding sentence, all material information, reports and other papers and data with respect to the Borrower furnished by the Borrower to the Purchaser were, at the time the same were so furnished, correct in all material respects. Any financial, budget and other projections furnished by the Borrower 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, and represented, and as of the date of this representation, represent (subject to the updating or supplementation of any such financial, budget or other projections by any additional information provided to the Purchaser in writing, the representations contained in this Agreement being limited to financial, budget or other projections as so updated or supplemented), in the judgment of the Borrower, a reasonable, good faith estimate of the information purported to be set forth, it being understood that uncertainty is inherent in any projections and that no assurance can be given that the results set forth in the projections will actually be obtained. No fact is known to the Borrower which it has not disclosed in writing to the Purchaser that could reasonably be expected to result in a Material Adverse Effect.

Section 5.11. Investment Company. The Borrower is not an “investment company” or a company “controlled” by an “investment company,” as such terms are defined in the Investment Company Act of 1940, as amended.

Section 5.12. Margin Stock. The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds from the issuance of the Note will be used to purchase or carry any such Margin Stock or extend credit to others for the purpose of purchasing or carrying any such Margin Stock.

Section 5.13. Tax-Exempt Status. The Borrower has not taken any action or omitted to take any action, and has no actual knowledge of any action taken or omitted to be taken by any other Person, which action, if taken or omitted, would adversely affect the exclusion of interest on the Note from gross income for federal income tax purposes.

Section 5.14. Usury. None of the Related Documents provide for any payments that would violate any applicable law regarding permissible maximum rates of interest.

Section 5.15. Security. The Note Ordinance creates, for the benefit of the owners of the Noteholders the legally valid and binding Lien on the Revenues. There is no lien on the Revenues other than the lien created by the Master Subordinate Bond Ordinance and the Master Senior Bond Ordinance. Except for Senior Debt issued pursuant to and in accordance with the Master Senior Bond Ordinance, the Note Ordinance does not permit the issuance or incurrence of any Debt secured by the Revenues to rank senior to the Note and the other Obligations. The payment of the Note ranks on a parity with the payment of the principal and purchase price of and interest on all other Subordinate Debt, and is prior as against all other Persons having claims of any kind in tort, contract or otherwise, whether or not such Persons have notice of such lien (other than as set forth in the Master Senior Bond Ordinance). No filing, registration, recording or publication of the Note Ordinance that has not been made or any other instrument is required to establish the pledge provided for thereunder or to perfect, protect or maintain the Lien created thereby on the Revenues to secure the Note and the other Obligations. To the extent that any Obligation or other amount so payable hereunder does not rank on a parity with the payment of the principal and purchase price of and interest on all Subordinate Debt, such Obligation or other amount so payable shall be payable as Operating Expenses by the Borrower.

Section 5.16. Pending Legislation and Decisions. There is no amendment or legislation that has passed either house of the legislature of the State, any State law or any administrative interpretation of the Constitution of the State or any State law or any judicial decision interpreting any of the foregoing or, to the knowledge of the Director of Public Utilities of the Borrower, any proposed amendment to the Constitution of the State or any legislation proposed, in each case the effect of which could reasonably be expected to materially adversely affect the issuance of the Note, the security for the Note or any Obligation, the creation, organization, or existence of the Borrower or the Electric System or the titles to office of any officers executing this Agreement or any Related Documents to which the Borrower is a party or have a Material Adverse Effect.

Section 5.17. Paying Agent. The Borrower is the duly appointed and acting Paying Agent for the Note.

Section 5.18. Environmental Matters. The operations of the Electric System are in material compliance with all of the requirements of applicable federal, state and local environmental, health and safety statutes and regulations and are not 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, where a failure to comply with any such requirement or the need for any such remedial action could reasonably be expected to result in a Material Adverse Effect.

Section 5.19. No Immunity. The Borrower is subject to claims and to suit for money damages in connection with or under the Note and this Agreement pursuant to and in accordance with the laws of the State applicable to municipal corporations, and is not entitled to raise the defense of sovereign immunity with respect thereto.

Section 5.20. No Public Vote or Referendum. There is no public vote or referendum pending, concluded or, to the knowledge of the Director of Public Utilities of the Borrower, proposed, the results of which could reasonably be expected to result in a Material Adverse Effect.

Section 5.21. Anti-Terrorism Laws. The Borrower is not in violation of any Laws relating to terrorism or money laundering (“*Anti-Terrorism Laws*”), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the “*Executive Order*”), and the Patriot Act;

(a) The Borrower is not any of the following:

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

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

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

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

(v) a Person that is named as a “specially designated national and blocked person” on the most current list published by the Department of the Treasury’s 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;

(b) The Borrower does not (i) conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (a)(ii) above, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (iii) engage in or conspire 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.

Section 5.22. Swap Agreements. The Borrower has not entered into any Swap Agreement relating to Debt (i) wherein any termination payment thereunder is senior to or on a parity with the payment of the Note or (ii) which requires the Borrower to post cash collateral to secure its obligations thereunder.

Section 5.23. No Existing Right to Accelerate or Cause Earlier Repayment.

(a) No Person, including, without limitation, any credit facility provider or liquidity provider, either of which provides credit enhancement or liquidity support to any Debt secured by a pledge of Revenues, or any holder of any Debt secured by a pledge of Revenues, has a right under any ordinance or supplemental ordinance relating to any such Debt or under any other document or agreement relating to any such Debt, to direct the Borrower or trustee or any other party to cause (or otherwise cause) the acceleration of such Debt, or to otherwise declare the principal of and interest on any such Debt to be immediately due and payable (including, without limitation, by redemption) prior to its maturity, or to cause a term-out or amortization of any such Debt following a default or event of default or similar event over a shorter period than is provided in this Agreement.

(b) As of the Effective Date, except for the Borrower’s Electric System Subordinate Revenue Note, Series 2020 (Taxable), no other Subordinate Debt is outstanding.

Section 5.24. Control of Rates. The Borrower has full and exclusive authority over the Electric System’s rates and charges free from the jurisdiction and control of any federal or state governmental body.

Section 5.25. Financing Documents. The Note Ordinance, a true and correct copy of which the Borrower has delivered to the Purchaser, constitutes all of the documents and official action relevant or pertaining to the issuance of the Note, the execution and delivery of this Agreement and the Related Documents relating to the Electric System.

Section 5.26. Certain Definitions. The definitions of each of “Electric System,” “Revenues” and “Operating Expenses” as set forth in the Master Subordinate Bond Ordinance are the same in substance as the definitions of each of “Electric System,” “Revenues” and “Operating Expenses,” respectively, as set forth in the Master Senior Bond Ordinance.

Section 5.27. Reserved.

Section 5.28. Arm’s Length Transaction. The transaction described in this Agreement is an arm’s length, commercial transaction between the Borrower and the Purchaser in which (a) the Purchaser is acting solely as a principal (*i.e.*, as a lender) and for its own interest; (b) the Purchaser is not acting as a municipal advisor or financial advisor to the Borrower; (c) the Purchaser has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to the Borrower with respect to this transaction (irrespective of whether the Purchaser or any of its affiliates has provided other services or is currently providing other services to the Borrower on other matters); (d) the Borrower has consulted with the Borrower’s own legal accounting, tax, financial and other advisors, as the Borrower deems appropriate in connection with this Agreement; (e) the only contractual obligations the Purchaser has to the Borrower with respect to this transaction are set forth in this Agreement; and (f) the Purchaser is not recommending that the Borrower take an action with respect to the transaction described in this Agreement and the Related Documents.

Section 5.29. Sanctions. Borrower represents and warrants continuously throughout the term of this Agreement that: (a) Borrower is not a Sanctioned Target; (b) Borrower is not owned or controlled by, or acting or purporting to act for or on behalf of, directly or indirectly, a Sanctioned Target; (c) Borrower complies with Sanctions to the extent required by law; and (d) to the best of Borrower’s knowledge, after due care and inquiry, Borrower is not under investigation for an alleged violation of Sanction(s) by a governmental authority that enforces Sanctions. Borrower shall notify Purchaser in writing not more than one (1) business day after first becoming aware of any breach of this section.

Section 5.30. Anti-Money Laundering and Anti-Corruption Laws. Borrower represents and warrants continuously throughout the term of this agreement that: (a) Borrower complies with Anti-Money Laundering Laws and Anti-Corruption Laws to the extent required by law; and (b) to the best of Borrower’s knowledge, after due care and inquiry, the Borrower is not under investigation for an alleged violation of Anti-Money Laundering Laws or Anti-Corruption Laws by a governmental authority that enforces such laws.

ARTICLE VI: COVENANTS OF THE BORROWER

The Borrower covenants and agrees, until the full and final payment and satisfaction of all of the Obligations that:

Section 6.01. Existence, Etc. The Borrower

- (a) shall maintain its existence pursuant to its City Charter and the laws of the State and
- (b) shall not liquidate or dissolve, or sell or lease or otherwise transfer or dispose of all or any substantial part of the Electric System or its property, assets or business, or combine, merge or consolidate with or into any other entity.

Section 6.02. Compliance with Laws; Taxes and Assessments. The Borrower shall comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees and awards applicable to it and the Electric System where non-compliance could reasonably be expected to result in a Material Adverse Effect, such compliance to include paying all Taxes imposed upon it or the Electric System before the same become delinquent, unless and to the extent that the same are being contested in good faith and by appropriate proceedings and reserves (if any) are provided therefor that in the opinion of the Borrower are adequate.

Section 6.03. Reports. The Borrower shall furnish to the Purchaser in form and detail satisfactory to the Purchaser:

(a) *Annual Report.* As soon as available, and in any event within 180 days after the end of the Fiscal Year, the annual audited financial statements of the Borrower together with (1) the opinion of the Borrower's independent accountants and (2) a Compliance Certificate signed by the chief financial officer of the Borrower (x) stating that no Event of Default or Default has occurred, or if such Event of Default or Default has occurred, specifying the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to correct such Event of Default or Default and (y) demonstrating compliance with the rate covenant set forth in Section 9.3 of the Master Subordinate Bond Ordinance.

(b) *Unaudited Quarterly Financials; Quarterly Compliance Certificates.* As soon as available, and in any event within 90 days after the end of each calendar quarter ending March 31, June 30 and September 30, (i) the unaudited financial statements of the Borrower, including the balance sheet as of the end of such calendar quarter and a statement of income and expenses, all in reasonable detail and certified, subject to year-end adjustment and (ii) a Compliance Certificate signed by an appropriate officer of the Borrower stating that no Event of Default or Default has occurred, or if such Event of Default or Default has occurred, specifying the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to correct such Event of Default or Default.

(c) *Budget.* As soon as available, and in any event within 30 days following the final approval thereof, the annual operating budget of the Borrower.

(d) *Paying Agent Notices.* As soon as available all notices, certificates, and other documents in connection with the Note provided to the Paying Agent other than those that relate solely to the routine issuance and payment of the Note.

(e) *Notices of Resignation of the Paying Agent.* As promptly as practicable, written notice to the Purchaser of the resignation of the Paying Agent immediately upon receiving notice of the same.

(f) *Notice of Default or Event of Default.* (i) Promptly upon obtaining knowledge of any Default or Event of Default, or notice thereof, and in any event within five (5) Business Days thereafter, a certificate signed by a Borrower Representative specifying in reasonable detail the nature and period of existence thereof and what action the Borrower has taken or proposes to take with respect thereto; (ii) promptly following a written request of the Purchaser, a certificate of a Borrower Representative as to the existence or absence, as the case may be, of a Default or an Event of Default under this Agreement; and (iii) promptly upon obtaining knowledge of any "default" or "event of default" as defined under any Bank Agreement, notice specifying in reasonable detail the nature and period of existence thereof and what action the Borrower has taken or proposes to take with respect thereto.

(g) *Litigation.* As promptly as practicable, written notice to the Purchaser of all actions, suits or proceedings pending or threatened against the Borrower of any kind before any Governmental Authority which could reasonably be expected to result in a Material Adverse Effect.

(h) *Other Information.* Such other information regarding the business affairs, financial condition and/or operations of the Borrower as the Purchaser may from time to time reasonably request.

Section 6.04. Maintenance of Books and Records. The Borrower will keep proper books of record and account in which full, true and correct entries in accordance with GAAP as generally applied to municipal entities such as the Borrower. All financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the financial statements and as generally applied to municipal entities such as the Borrower, except as otherwise specifically prescribed herein. Except as provided in the immediately preceding sentence, in preparing any financial data or statements contemplated or referred to in this Agreement, the Borrower shall not vary or modify the accounting methods or principles from the accounting standards employed in the preparation of its audited financial statements described in Section 5.05 hereof.

Section 6.05. Access to Books and Records. To the extent permitted by law, the Borrower will permit any agent or employee of the Purchaser designated by the Purchaser (at the expense of the Purchaser, unless and until a Default or Event of Default has occurred, at which time such expenses shall be borne by the Borrower) examine the books and financial records (except books and financial records the examination of which by the Purchaser is prohibited by law or by attorney or client privilege), including minutes of public meetings of any relevant governmental committees or agencies of the Borrower, and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of the Electric System with the Borrower's principal officials, all at such reasonable times and as often as the Purchaser may reasonably request.

Section 6.06. Compliance With Documents. The Borrower agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in the Note Ordinance and each of the Related Documents, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety all of which shall be deemed to be made for the benefit of the Purchaser and shall be enforceable against the Borrower. To the extent that any such incorporated provision relates to rights, remedies, security or interests of the Purchaser or any Noteholder permits the Borrower or any other party to waive compliance with such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to the Borrower or any other party, for purposes of this Agreement, such provision shall be complied with unless it is specifically waived by the Purchaser in writing and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Purchaser which shall only be evidenced by the written approval by the Purchaser of the same. Except as permitted by Section 6.09 hereof, no amendment to or other modification of such covenants and agreements or defined terms or release of the Borrower with respect thereto made pursuant to the Note Ordinance or any of the Related Documents to which the Borrower is a party, shall be effective to amend or modify such covenants and agreements and defined terms or release the Borrower with respect thereto in each case as incorporated by reference herein without the prior written consent of the Purchaser. Notwithstanding any termination or expiration of the Note Ordinance or any Related Document, the Borrower shall continue to observe the covenants therein contained for the benefit of the Purchaser until the termination of this Agreement and the payment in full of the Note and all other Obligations.

Section 6.07. Paying Agent. The Borrower will not, without the prior written consent of the Purchaser (which consent shall not be unreasonably withheld or delayed) remove or replace the Paying Agent. The Borrower shall at all times maintain a Paying Agent pursuant to the terms of the Note Ordinance that is reasonably acceptable to the Purchaser.

Section 6.08. Limitation on Additional Debt. The Borrower will not issue and/or incur any additional Subordinate Debt payable from or secured by Revenues, unless the Borrower provides the Purchaser with either of the certificates required pursuant to Section 6.1(b) of the Note Ordinance.

Section 6.09. Related Documents. The Borrower shall not modify, amend or consent to any modification, amendment or waiver in any material respect of any Related Document, except that the Borrower may amend, modify or waive any term or provision with respect to any Related Document (other than this Agreement and, with respect to this Agreement, the amendments, supplements and modifications to which shall be governed by Section 9.03 hereof) in a manner (i) not relating to the Lien on Revenues created for the benefit of the Note, remedies of the Purchaser, interests or rights of the Purchaser under this Agreement or the Related Documents, as determined in the Purchaser's reasonable discretion, or (ii) not having a material adverse effect, as determined in the Purchaser's reasonable discretion, on (x) the ability of the Borrower to pay when due the principal of or interest on the Note and the other Obligations of the Borrower under this Agreement and the Related Documents or (y) the Lien on Revenues created for the benefit of the Note, remedies of the Purchaser, interests or rights of the Purchaser under this Agreement or under any Related Document. In connection with any such amendment, modification or waiver, the Borrower agrees to deliver to the Purchaser copies of all such amendments, modifications or waivers at least thirty (30) calendar days prior to the effective date thereof. The Bank shall, within fifteen (15) calendar days after receiving such copies, inform the Borrower in writing if, in the Purchaser's reasonable discretion, such amendment, modification or waiver requires the prior written consent of the Bank in accordance with this Section 6.09.

Section 6.10. Liens. The Borrower shall not, directly or indirectly, incur, create or permit to exist any Lien on all or any part of the security provided by the Note Ordinance that is on a parity with the Lien securing the Note and the Obligations, other than (i) Liens created under and in accordance with the terms of the Note Ordinance; (ii) the Liens created for the benefit of the Note and the Obligations and other Subordinate Debt that has heretofore or may hereafter be issued; and (iii) Liens which could not reasonably be expected to materially adversely affect the interests, rights, remedies or security of the Purchaser under this Agreement and the Related Documents.

Section 6.11. Conversions and Redemptions.

(a) The Borrower shall provide thirty (30) days written notice to the Purchaser prior to the date of any proposed conversion of the interest rate on the Note.

(b) The Borrower shall provide thirty (30) days written notice to the Purchaser prior to the date of any proposed optional redemption or purchase in lieu of redemption of Note pursuant to the Note Ordinance.

Section 6.12. Disclosure to Participants, Purchaser Transferees and Non-Purchaser Transferees. The Borrower shall permit the Purchaser to disclose the financial information received by it pursuant to this Agreement to each participant, Purchaser Transferee and Non-Purchaser Transferee pursuant to Section 9.12 of this Agreement, subject to confidentiality restrictions and use restrictions customary for financial institutions.

Section 6.13. Immunity from Jurisdiction. To the fullest extent permitted by law, the Borrower will not assert any immunity it may have as a public entity under the laws of the State from an action at law or in equity with respect to the Note, the other Obligations, this Agreement or any Related Document.

Section 6.14. Swap Agreements. Without the prior written consent of the Purchaser, the Borrower will not enter into any Swap Agreement relating to Debt (a) wherein any termination payments thereunder are senior to or on parity with the payment of the Note or the other Obligations or (b) which requires the Borrower to post cash collateral to secure its obligations thereunder.

Section 6.15. Use of Purchaser's Name. The Borrower shall not use the Purchaser's name in any public offering disclosure document without the prior written consent of the Purchaser, which consent shall not be unreasonably withheld or delayed.

Section 6.16. ERISA. The Borrower shall not be, and shall not permit a member of the Controlled Group to be, subject to ERISA and shall not maintain, nor permit a member of the Controlled Group to maintain, a Plan. The Borrower and each employee benefit plan shall remain in compliance in all material respects with the terms of any such plan and applicable law related thereto where non-compliance could reasonably be expected to result in a Material Adverse Effect.

Section 6.17. Environmental Laws. The Borrower shall comply with all applicable Environmental Laws and cure any defect thereto (or cause other Persons to effect any such cure) to the extent that's its failure to do so could reasonably be expected to result in a Material Adverse Effect.

Section 6.18. Federal Reserve Board Regulations. The Borrower shall not use any portion of the proceeds of the Note for the purpose of carrying or purchasing any Margin Stock and shall not incur any Debt which is to be reduced, retired or purchased by the Borrower out of such proceeds.

Section 6.19. Underlying Rating. The Borrower shall at all times maintain a rating on its long-term unenhanced Senior Debt from at least two Rating Agencies. The Borrower covenants and agrees that it shall not at any time withdraw any long-term unenhanced rating on its Senior Debt from any of Fitch, Moody's or S&P if the effect of such withdrawal would be to cure a Default or an Event of Default under this Agreement or reduce the Applicable Spread.

Section 6.20. No Existing Right to Accelerate or Cause Earlier Repayment. The Borrower shall not grant to or otherwise permit any Person, including, without limitation, any credit facility provider or liquidity provider, either of which provides credit enhancement or liquidity support to any Debt secured by a pledge of Revenues, or any holder of any Debt secured by a pledge of Revenues, a right under any ordinance or supplemental ordinance relating to any such Debt or under any other document or agreement relating to any such Debt, to direct the Borrower or trustee or any other party to cause (or otherwise cause) the acceleration of such Debt, or to otherwise declare the principal of and interest on any such Debt to be immediately due and payable (including, without limitation, by redemption) prior to its maturity, or to cause a term-out or amortization of any such Debt following a default or event of default or similar event over a shorter period than is provided in this Agreement.

Section 6.21. Use of Proceeds.

(a) *Sanctions.* Borrower shall not directly or indirectly use any of the credit to fund, finance or facilitate any activities, business or transactions: (a) that are prohibited by Sanctions, (b) that would be prohibited by U.S. Sanctions if conducted by a U.S. Person, or (c) that would be prohibited by Sanctions if conducted by Purchaser, or any other party hereto. Borrower shall notify Purchaser in writing not more than one (1) business day after first becoming aware of any breach of this section.

(b) *Anti-Money Laundering/Anti-Corruption Laws.* Borrower shall not directly or indirectly use any of the credit to fund, finance or facilitate any activities, business or transactions that would be prohibited by Anti-Money Laundering Laws or Anti-Corruption Laws.

(c) *Compliance.* Borrower shall comply with Sanctions, Anti-Money Laundering Laws, and Anti-Corruption Laws.

(d) *Source of Repayment and Collateral.* Borrower shall not fund any repayment of the credit with proceeds, or provide as collateral any property, that is directly or indirectly derived from any transaction or activity that is prohibited by Sanctions, Anti-Money Laundering Laws or Anti-Corruption Laws, or that could otherwise cause the Purchaser or any other party to this agreement to be in violation of Sanctions, Anti-Money Laundering Laws or Anti-Corruption Laws.

ARTICLE VII: EVENTS OF DEFAULT

Section 7.01. Events of Default. The occurrence of any of the following events shall be an “Event of Default” hereunder:

(a) the Borrower shall fail to pay the principal of or interest on the Note when due (whether by scheduled maturity, required prepayment, redemption, acceleration, or otherwise);

(b) the Borrower shall fail to pay any Obligation (other than the obligation to pay the principal of or interest on the Note) and such failure shall continue for five (5) Business Days;

(c) any representation made by the Borrower in this Agreement (including, for avoidance of doubt, those incorporated herein by reference) shall be incorrect or untrue in any material respect when made or deemed to have been made;

(d) the Borrower shall default in the due performance or observance of any of the covenants set forth in Section 6.01, 6.03(f) (but only with respect to Events of Default), 6.03(g), 6.06 (after giving effect to any grace period or cure period contained in the specific portion incorporated by reference by such Section 6.06 (but not any grace or cure period found elsewhere (for example in the defaults) in such Related Documents), 6.08, 6.09, 6.10, 6.13, 6.14, 6.18, 6.19, 6.20, or 6.21 hereof;

(e) the Borrower shall default in the due performance or observance of any other term, covenant or agreement contained in this Agreement (including, for avoidance of doubt, those incorporated herein by reference) and such default shall remain unremedied for a period of thirty (30) days after the occurrence thereof;

(f) the Borrower or the Electric System shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) become insolvent or shall not pay, or be unable to pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take

any official action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in Section 7.01(g) of this Agreement;

(g) a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for the Borrower or any substantial part of the Electric System, or a proceeding described in Section 7.01(f)(v) shall be instituted against the Borrower and such proceeding continues undischarged or any such proceeding continues undismissed or unstayed for a period of sixty (60) or more days;

(h) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any Debt of the Electric System by any Governmental Authority with appropriate jurisdiction;

(i) any material provision of this Agreement or any Related Document shall at any time for any reason cease to be valid and binding on the Borrower as a result of any action by a Governmental Authority with competent jurisdiction;

(j) the validity or enforceability of any material provision of this Agreement or any Related Document shall be publicly contested by the Borrower; or

(k) any final, unappealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, which are not covered in full by insurance, with written acknowledgement of such coverage having been provided by the provider of such insurance coverage to the Purchaser, in an aggregate amount not less than \$10,000,000 shall be entered or filed against the Borrower or against any of its Property and remain unpaid, unvacated, unbonded or unstayed for a period of sixty (60) days;

(l) any "event of default" under any Related Document (as defined respectively therein) beyond the period of grace, if any, provided in such Related Document shall have occurred;

(m) any of Fitch, Moody's and S&P shall have downgraded its rating of any long-term unenhanced Senior Debt of the Borrower to below "BBB" (or its equivalent), "Baa2" (or its equivalent), or "BBB" (or its equivalent) respectively, or suspended or withdrawn its rating of the same (unless the applicable Rating Agency confirms in writing that such action was taken for non-credit related reasons);

(n) the Borrower shall (i) default on the payment of the principal of or interest on any Subordinate Debt including, without limitation, any regularly scheduled payments on Swap Agreements which constitute Subordinate Debt, beyond the period of grace, if any, provided in the instrument or agreement under which such Subordinate Debt was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Subordinate 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 cause (determined without regard to whether any notice is required) any such Subordinate Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Subordinate Debt; or

(o) the Borrower shall (i) default on the payment of the principal of or interest on any Debt (other than Subordinate Debt) including, without limitation, any regularly scheduled payments on Swap Agreements, aggregating in excess of \$10,000,000 beyond the period of grace, if any, provided in the instrument or agreement under which such Debt (other than Subordinate Debt) was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Debt (other than Subordinate Debt) aggregating in excess of \$10,000,000, 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 (determined without regard to whether any notice is required) any such Debt to become immediately due and payable in full whether as the result of the mandatory redemption or mandatory tender of such Debt or otherwise.

Section 7.02. Consequences of an Event of Default. If an Event of Default specified in Section 7.01 hereof shall occur and be continuing, the Purchaser 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) by written notice to the Paying Agent and the Borrower, declare the outstanding amount of the Obligations (other than the principal of and interest on the Note) under this Agreement to be immediately due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived, and an action therefor shall immediately accrue;

(ii) deliver a written notice to the Paying Agent and the Borrower that an Event of Default has occurred and is continuing and direct the Paying Agent and the Borrower, as applicable, to cause a mandatory tender of the Note or take such other remedial action as is provided for in the Note Ordinance;

(iii) the Commitment and the Available Commitment shall automatically, and without notice to anyone, terminate;

(iv) 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 Borrower under the Related Documents, whether for specific performance of any agreement or covenant of the Borrower or in aid of the execution of any power granted to the Purchaser in the Related Documents;

(v) at the expense of the Borrower, cure any Default, Event of Default or event of nonperformance hereunder or under any Related Document; *provided, however*, that the Purchaser shall have no obligation to effect such a cure;

(vi) exercise, or cause to be exercised, any and all remedies as it may have under the Related Documents (other than as provided for in clause (ii) of this Section 7.02) and as otherwise available at law and at equity;

(vii) by written notice to the Borrower and the Paying Agent or the Trustee, as applicable, request the appointment of a new Paying Agent or Trustee, as applicable, under the Note Ordinance, as designated by the Purchaser in its sole but reasonable discretion and approved by the initial purchaser of the Note, whose approval shall not be unreasonably withheld or delayed, and the Borrower shall promptly do such acts and things under the Note Ordinance and otherwise as may be reasonably necessary or desirable to effect such replacement (and, if the Borrower shall fail to do so, the Purchaser may seek an order from a court of competent jurisdiction to effect the appointment of the new Paying Agent or the Trustee, as applicable); and

(viii) impose interest at the Default Rate.

Notwithstanding anything contained in this Agreement or any other Related Document to the contrary, if any other holder or credit or liquidity enhancer of any Debt secured by a pledge of Revenues or any counterparty under any Swap Agreement related thereto causes any such Debt of the Borrower to

become immediately due and payable, the Purchaser may immediately, and without notice, declare or cause to be declared the unpaid principal amount of the Note, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder to be immediately due and payable.

Section 7.03. Discontinuance of Proceedings. In case the Purchaser shall proceed to invoke any right, remedy or recourse permitted hereunder or under the Related Documents and shall thereafter elect to discontinue or abandon the same for any reason, the Purchaser shall have the unqualified right so to do and, in such event, the Borrower and the Purchaser shall 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 Purchaser hereunder shall continue as if the same had never been invoked.

Section 7.04. Injunctive Relief. The Borrower recognizes that in the event an Event of Default occurs, any remedy of law may prove to be inadequate relief to the Purchaser; therefore, the Borrower agrees that the Purchaser, if the Purchaser so requests, shall be entitled to temporary and permanent relief in any such case to the extent such relief is permitted by law.

ARTICLE VIII: INDEMNIFICATION; PAYMENT OBLIGATIONS

Section 8.01. Indemnification. In addition to any and all rights of reimbursement, indemnification, subrogation or any other rights pursuant hereto or at law or in equity, the Borrower hereby agrees (to the extent permitted by law) to indemnify and hold harmless each Noteholder and its officers, directors and agents (each, an “*Indemnitee*”) from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever (including reasonable attorneys’ fees) which may incur or which may be claimed against an Indemnitee by any Person or entity whatsoever (collectively, the “*Liabilities*”) by reason of or in connection with (a) the validity, sufficiency or genuineness of the Related Documents, (b) the execution and delivery and performance of, or payment or failure to pay by any Person (other than the Purchaser, as and when required by the terms and provisions hereof) under, this Agreement or the issuance and sale of the Note; and (c) the use of the proceeds of the Note; *provided, however*, that the Borrower shall be relieved of its obligation to so indemnify and hold harmless the Purchaser if and to the extent that any such claims, damages, losses, liabilities or costs or expenses are a result of (i) the Purchaser’s failure to honor its obligations to make Advances upon the satisfaction of the conditions precedent set forth herein and in accordance with the terms of this Agreement, or (ii) the Purchaser’s gross negligence or willful misconduct.

Section 8.02. Liability of the Borrower. The Borrower and the Purchaser agree the Purchaser shall not be responsible for, among other things, (a) the validity, genuineness or enforceability of this Agreement, the Note 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), (b) the use to which the amounts disbursed by the Purchaser may be put, or (c) any other circumstances or happenings whatsoever, whether or not similar to any of the foregoing.

Section 8.03. Liability of the Purchaser. Neither the Purchaser nor any of its officers, directors, employees, representatives or agents shall be liable or responsible for (a) the use which may be made of the Note or this Agreement or for any acts, omissions, errors, interruptions, delays in transmission, dispatch or delivery of any message or advice, however transmitted, of the Purchaser in connection with this Agreement or the Note, (b) any action, inaction or omission which may be taken by the Paying Agent in connection with this Agreement or the Note, (c) the validity, sufficiency or genuineness of documents, or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged by any Person other than the Purchaser, (d) payment by the Purchaser against presentation of documents which do not comply with the terms of this Agreement or a Request for Advance, or (e) any other circumstances whatsoever in making or failing to make payment under this

Agreement or pursuant to a Request for Advance; *provided, however*, that the Borrower shall have a claim against the Purchaser and the Purchaser shall be liable to the Borrower for any and all claims, damages, losses, liabilities and reasonable costs or expenses (including reasonable attorney's fees and expenses) suffered by the Borrower to the extent, but only to the extent, any direct, as opposed to special, indirect, consequential or punitive, damages (the right to receive special, indirect, consequential or punitive damages being hereby waived) suffered by it that were caused by (f) the Purchaser's willful misconduct or gross negligence in determining whether documents presented under this Agreement comply with the terms of this Agreement or (g) the Purchaser's failure to pay hereunder after the presentation to it of a Request for Advance strictly complying with the terms and conditions of this Agreement; *provided further*, that the Purchaser shall in no event be liable to the Borrower for punitive or consequential damages, and the Borrower hereby waives its rights to receive any such damages. In furtherance and not in limitation of the foregoing, the Purchaser may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

Section 8.04. No Personal Liability of Borrower Officials. No covenant or agreement contained in this Agreement shall be deemed to be the covenant or agreement of any present or future official, officer, agent or employee of the Borrower, in his or her individual capacity, and neither the officials, officers, agents and employees of the Borrower, nor any person executing this Agreement, shall be liable personally hereunder or be subject to any personal liability or accountability by reason hereof.

Section 8.05. Limited Payment Obligations of Borrower. Notwithstanding any other provision of this Agreement, all obligations of the Borrower to the Purchaser under this Agreement, including with respect to the Note, are limited obligations of the Borrower payable solely from Revenues as provided herein and in the Note Ordinance. The amounts payable hereunder shall not in any manner or to any extent constitute general obligations of the Borrower or of the State or any political subdivision of the State or a charge upon any general fund or upon any moneys or other property of the Borrower or the State or of any political subdivision of the State not specifically pledged thereto by the Note Ordinance or this Agreement. Neither the full faith and credit nor the taxing power of the Borrower, of the State or of any political subdivision the State are pledged to the payment of amounts due hereunder

Section 8.06. Survival. The obligations of the Borrower under this Article VIII shall survive the payment of the Note and the termination of this Agreement.

ARTICLE IX: MISCELLANEOUS

Section 9.01. Patriot Act Notice.

(a) The Purchaser hereby notifies the Borrower that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Paying Agent to identify the Borrower in accordance with the Patriot Act. The Borrower hereby agrees that it shall promptly provide such information upon request by the Purchaser. The Borrower shall, promptly following a request by the Purchaser, provide all documentation and other information that the Purchaser reasonably requests in order to comply with its ongoing obligations under applicable law or regulation, including, without limitation, "know your customer" and anti-money laundering rules and regulations, including the Patriot Act, and shall comply.

(b) The Borrower shall (i) ensure that the Borrower is not and will not be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by OFAC or the Department of the Treasury or included in any Executive Order that prohibits or limits the Purchaser from providing any funding or extending any credit to the Borrower or from otherwise conducting business with the

Borrower and (ii) ensure that the proceeds of any advance or extension of credit hereunder will not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto.

Section 9.02. Further Assurances. The Borrower shall execute, acknowledge where appropriate, and deliver, and cause to be executed, acknowledged where appropriate, and delivered, from time to time promptly at the request of the Purchaser, all such instruments and documents as in the reasonable opinion of the Purchaser are necessary to carry out the intent and purpose of this Agreement and the other Related Documents.

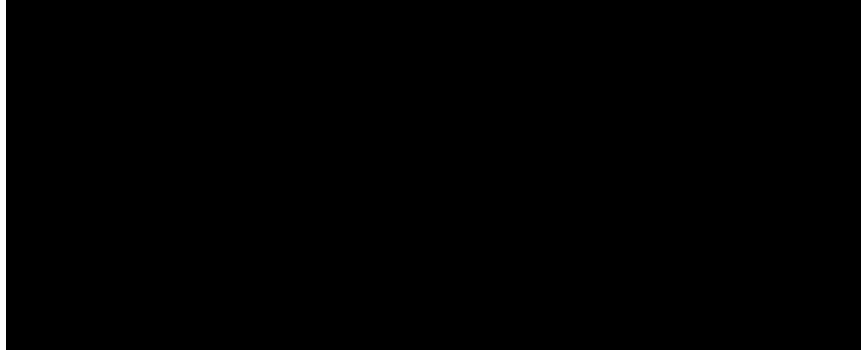
Section 9.03. Amendments and Waivers; Enforcement. The Purchaser and the Borrower may from time to time enter into agreements amending, modifying or supplementing this Agreement or changing the rights of the Purchaser or the Borrower hereunder, and the Purchaser may from time to time grant waivers or consents to a departure from the due performance of the obligations of the Borrower hereunder. Any such agreement, waiver or consent must be in writing and shall 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 Default or 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 Default or Event of Default or impair any right consequent thereto. In connection with each amendment to this Agreement, the Borrower shall pay the Purchaser a fee of \$2,500 unless such fee is waived by the Purchaser.

Section 9.04. No Implied Waiver; Cumulative Remedies. No course of dealing and no delay, omission or failure of the Purchaser in exercising any right, power or privilege or in the pursuit of any remedy under this Agreement or the Related Documents shall affect or impair any other or future exercise thereof or exercise of any right, power or privilege or be construed to be a waiver of any default on the part of the Purchaser or to be acquiescence therein; nor shall 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. The rights, powers and remedies of the Purchaser under this Agreement and the Related Document are cumulative, concurrent and nonexclusive of any rights or remedies which the Purchaser would otherwise have hereunder or under any Related Document and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy (whether specifically herein 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 Purchaser, 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 at the same time or thereafter any other right, power or remedy.

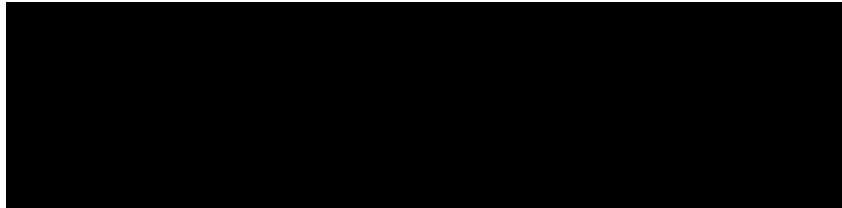
The rights and remedies of the Purchaser specified herein are for the sole and exclusive benefit, use and protection of the Purchaser, and the Purchaser is entitled, but shall have no duty or obligation to the Borrower, the Paying Agent or any other Person or otherwise, to exercise or to refrain from exercising any right or remedy reserved to the Purchaser hereunder or under any of the Related Documents.

Section 9.05. Notices. All notices, requests, demands, directions and other communications (collectively “*notices*”) under the provisions of this Agreement shall be in writing (including facsimile communication), unless otherwise expressly permitted hereunder, and shall be sent by first-class mail or overnight delivery and shall be deemed received as follows: (i) if by first class mail, five (5) days after mailing; (ii) if by overnight delivery, on the next Business Day; (iii) if by telephone, when given to a person who confirms such receipt; and (iv) if by facsimile, when confirmation of receipt is obtained; *provided*, that each Request for Advance shall be sent via facsimile or email as provided in Section 2.03. 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 hereto:

The Borrower:



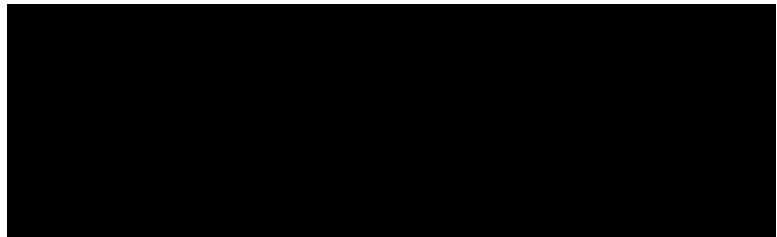
with a copy to:



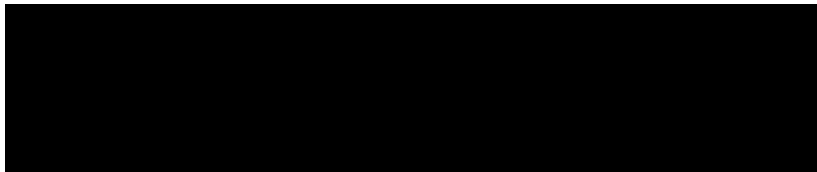
The Purchaser:



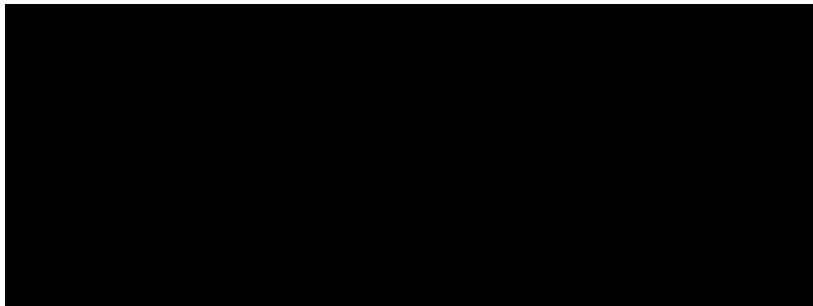
The Purchaser with respect
to any Request for Advance:



With a copy to:



The Paying Agent:



The Purchaser may rely on any notice (including telephone communication) purportedly made by or on behalf of the other, and shall have no duty to verify the identity or authority of the Person giving such notice, unless such actions or omissions would amount to gross negligence or intentional misconduct.

Section 9.06. No Third-Party Rights. Nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the parties hereto and the Noteholders 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.

Section 9.07. Severability. The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, 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 9.08. Governing Law; Consent to Jurisdiction and Venue; Waiver of Jury Trial.

(a) 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) TO THE EXTENT PERMITTED BY APPLICABLE LAWS, EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE 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. EACH OF THE PARTIES HERETO REPRESENTS THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS 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 AS PROVIDED HEREIN.

(c) The covenants and waivers made pursuant to this Section 9.08 shall be irrevocable and unmodifiable, whether in writing or orally, and shall be applicable to any subsequent amendments, renewals, supplements or modifications of this Agreement.

Section 9.09. Prior Understandings. This Agreement and the Related Documents supersede all other prior understandings and agreements, whether written or oral, among the parties hereto relating to the transactions provided for herein and therein.

Section 9.10. Duration. All representations of the Borrower contained herein or made in connection herewith shall survive the making of and shall not be waived by the execution and delivery of this Agreement or the Related Documents. All covenants and agreements of the Borrower contained herein shall continue in full force and effect from and after the date hereof until the Obligations have been fully discharged.

Section 9.11. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts each of which, when so executed, shall be deemed an original, but all such counterparts 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 will have the same force and effect as an originally signed version of such signature page.

Section 9.12. Successors and Assigns.

(a) *Successors and Assigns Generally.* This Agreement is a continuing obligation and shall be binding upon the Borrower, its successors, transferees and assigns and shall inure to the benefit of the Noteholders and their respective permitted successors, transferees and assigns. The Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Purchaser. For avoidance of doubt, the Purchaser may not assign its obligation to make Advances hereunder unless the Purchaser receives the written consent of each of the Borrower and the Paying Agent. Each Noteholder may, in its sole discretion and in accordance with applicable Law, from time to time assign, sell or transfer in whole or in part, this Agreement, its interest in the Note and the Related Documents in accordance with the provisions of paragraph (b) or (c) of this Section. Each Noteholder may at any time and from time to time enter into participation agreements in accordance with the provisions of paragraph (d) of this Section. Each Noteholder may at any time pledge or assign a security interest subject to the restrictions of paragraph (e) of this Section. Wells Fargo Bank, National Association shall be the Purchaser hereunder until such time as the Majority Noteholder designates an alternate Person to serve as the Purchaser hereunder by delivery of written notice to the Borrower and the Paying Agent and such Person accepts and agrees to act as the Purchaser hereunder and under the Related Documents. The Majority Noteholder may so designate an alternate Person to act as the Purchaser from time to time. Upon acceptance and notification thereof to the Borrower and the Paying Agent, the successor to the Purchaser for such purposes shall thereupon succeed to and become vested with all of the rights, powers, privileges and responsibilities of the Purchaser, and Wells Fargo Bank, National Association or any other Person being replaced as the Purchaser shall be discharged from its duties and obligations as the Purchaser hereunder.

(b) *Sales and Transfers by Noteholder to a Purchaser Transferee.* Without limitation of the foregoing generality, a Noteholder may at any time sell or otherwise transfer to one or more transferees all or a portion of its ownership interest in the Note to a Person that is (i) a Purchaser Affiliate or (ii) a trust or other custodial arrangement established by the Purchaser or a Purchaser Affiliate, the owners of any beneficial interest in which are limited to “qualified institutional buyers” as defined in Rule 144A promulgated under the 1933 Act (each, a “*Purchaser Transferee*”). From and after the date of such sale or transfer, Wells Fargo Bank, National Association (and its successors) shall continue to have all of the rights of the Purchaser hereunder and under the Related Documents as if no such transfer or sale had occurred; *provided, however*, that (A) no such sale or transfer referred to in clause (b)(i) or (b)(ii) hereof shall in any way affect the obligations of the Purchaser hereunder, (B) the Borrower and the Paying Agent shall be required to deal only with the Purchaser with respect to any matters under this Agreement and (C) in the case of a sale or transfer referred to in clause (b)(i) or (b)(ii) hereof, only the Purchaser shall be entitled to enforce the provisions of this Agreement against the Borrower.

(c) *Sales and Transfers by Noteholder to a Non-Purchaser Transferee.* Without limitation of the foregoing generality, a Noteholder may at any time sell or otherwise transfer to one or more transferees which are not Purchaser Transferees but each of which constitutes (i) a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act and (ii) a commercial bank organized under the laws of the United States, or any state thereof, or any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and, in any such case, having a combined capital and surplus, determined as of the date of any transfer pursuant to this clause (c), of not less than \$5,000,000,000 (each a “*Non-Purchaser Transferee*”) all or a portion of its ownership interest in the Note if, in all cases involving a transfer to a Non-Purchaser Transferee, (A) the transferor shall have used commercially reasonable efforts to provide at least sixty (60) days prior to such sale or transfer, written notice of such sale or transfer, including that such sale or transfer is to a Non-Purchaser

Transferee, together with addresses and related information with respect to the Non-Purchaser Transferee, to the Borrower, the Paying Agent and the Purchaser (if different than the Noteholder) by such selling Noteholder and Non-Purchaser Transferee, and (B) the Non-Purchaser Transferee shall have delivered to the Borrower, the Paying Agent and the selling Noteholder, an investment letter in substantially the form attached as Exhibit C hereto (the “*Investor Letter*”).

From and after the date the Borrower, the Paying Agent and the selling Noteholder have received written notice and an executed Investor Letter, (A) the Non-Purchaser Transferee thereunder shall be a party hereto and shall have the rights and obligations of a Noteholder hereunder and under the Related Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the Non-Purchaser Transferee, and any reference to the assigning Noteholder hereunder and under the Related Documents shall thereafter refer to such transferring Noteholder and to the Non-Purchaser Transferee to the extent of their respective interests, and (B) if the transferring Noteholder no longer owns any Note, then it shall relinquish its rights and be released from its obligations hereunder and under the Related Documents. Notwithstanding the foregoing or anything in Section 3.05(a) or 3.05(b) to the contrary, no Non-Purchaser Transferee shall be entitled to receive payment under Section 3.05(a) or 3.05(b) hereof in an amount greater than the amount(s) that would otherwise be payable to the initial Purchaser under such Section 3.05(a) or 3.05(b), as applicable.

(d) *Participations.* The Purchaser shall have the right to grant participations in all or a portion of the Purchaser’s interest in the Note, this Agreement to one or more other banking institutions; *provided, however,* that (i) no such participation by any such participant shall in any way affect the obligations of the Purchaser hereunder and (ii) the Borrower and the Paying Agent shall be required to deal only with the Purchaser, with respect to any matters under this Agreement and the Note and no such participant shall be entitled to enforce any provision hereunder against the Borrower.

(e) *Certain Pledges.* The Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under the Note, this Agreement and the Related Documents to secure obligations of the Purchaser, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or assignee for the Purchaser as a party hereto.

(f) *Evidence of Ownership Interest.* Any Purchaser Transferee or Non-Purchaser Transferee may, by written notice to the Borrower, with a copy to the Majority Noteholder, request that its ownership interest in the Note be evidenced by a separate instrument, and that a CUSIP number be obtained and reserved from Standard & Poor’s CUSIP Service for such instrument. Upon such request, the Borrower and the Majority Noteholder will promptly cooperate with such Purchaser Transferee or Non-Purchaser Transferee, as applicable, to grant such request, in a manner reasonably satisfactory to all such parties.

(g) *Minimum Denominations.* Notwithstanding anything in this Section 9.12 to the contrary, any sale or transfer of any ownership interest in the Note must be in a minimum principal amount of \$250,000 or such greater amount which is an integral multiple of \$5,000.

Section 9.13. No Advisory or Fiduciary Responsibility. In connection with all aspects of the transactions contemplated by this Agreement and the Related Documents (including in connection with any amendment, waiver or other modification of this Agreement or of any Related Document), the Borrower acknowledges and agrees that: (a)(i) any arranging, structuring and other services regarding this Agreement and the Related Documents provided by the Purchaser or any Affiliate of the Purchaser are arm’s length commercial transactions between the Borrower on the one hand, and the Purchaser and any Affiliate of the Purchaser on the other hand, (ii) the Borrower has consulted its own legal, accounting, regulatory and tax

advisors to the extent it has deemed appropriate, and (iii) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated by this Agreement and the Related Documents; (b)(i) the Purchaser and each Affiliate of 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 Borrower or any other Person and (ii) neither the Purchaser nor any Affiliate of the Purchaser has any obligation to the Borrower with respect to the transactions contemplated by this Agreement and the Related Documents, except those obligations expressly set forth herein; and (c) the Purchaser and each Affiliate of the Purchaser may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower, and neither the Purchaser nor any Affiliate of the Purchaser has any obligation to disclose any of such interests to the Borrower. To the fullest extent permitted by applicable Laws, the Borrower hereby waives and releases any claims that it may have against the Purchaser and each Affiliate of the Purchaser with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of the transactions contemplated by this Agreement and the Related Documents.

Section 9.14. Electronic Signatures. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. 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 9.15. EMMA Postings. In the event the Borrower files with EMMA, this Agreement, any Related Documents or any description of the material terms thereof or notice of any agreement to covenants, events of default, remedies, priority rights or other similar terms, either voluntarily or as required pursuant a continuing disclosure agreement or Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the “Rule”) (each such posting, an “EMMA Posting”), the Borrower (i) shall provide the Purchaser with a copy of each EMMA Posting prior to submitting or posting on EMMA and (ii) shall not file or permit the filing of any EMMA Posting that includes information that the Purchaser states, in writing to Borrower, to be confidential. Notwithstanding the foregoing, the parties hereto acknowledge that this Agreement and the other Related Documents are public documents of the Borrower subject to chapter 42.56 of the Revised Code of Washington (the Public Records Act). The Borrower acknowledges and agrees that although the Purchaser may request review, edits or redactions of such materials prior to filing, the Purchaser is not responsible for the Borrower’s or any other entity’s (including, but not limited to, any broker-dealer’s) compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with any continuing disclosure agreement or any applicable securities or other laws, including, but not limited to, those relating to the Rule.

Section 9.16. Acknowledgment Regarding Any Supported QFCs. To the extent that the Related Documents provide support, through a guarantee or otherwise, for Swap Agreements or any other agreement or instrument that is a QFC (such support, “QFC Credit Support” and, each such QFC, a “Supported QFC”), the parties acknowledge and agree as follows with respect to the resolution power of

the FDIC under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regimes”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Related Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a “Covered Party”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Related Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Related Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 9.16, the following terms have the following meanings:

“*BHC Act Affiliate*” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“*Covered Entity*” means any of the following:

(i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“*Default Right*” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“*QFC*” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

[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 Effective Date.

