
**AMENDED AND RESTATED
LETTER OF CREDIT
AND REIMBURSEMENT AGREEMENT**

dated as of January 1, 2013

among

CITY OF SAN JOSE FINANCING AUTHORITY,

CITY OF SAN JOSE

and

STATE STREET BANK AND TRUST COMPANY,
as the Bank

and

STATE STREET BANK AND TRUST COMPANY,
as Bank Agent

relating to

**CITY OF SAN JOSE FINANCING AUTHORITY
TAX-EXEMPT LEASE REVENUE
COMMERCIAL PAPER NOTES**

and

**CITY OF SAN JOSE FINANCING AUTHORITY
TAXABLE LEASE REVENUE
COMMERCIAL PAPER NOTES**

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This AMENDED AND RESTATED LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT, dated as of January 1, 2013 (this "Agreement"), by and among the CITY OF SAN JOSE FINANCING AUTHORITY (the "Authority"), the CITY OF SAN JOSE (the "City"), STATE STREET BANK AND TRUST COMPANY (the "Bank") and STATE STREET BANK AND TRUST COMPANY, as agent for the Bank under this Agreement (the "Bank Agent"), amends and restates the Letter of Credit and Reimbursement Agreement, dated as of January 1, 2004, as previously amended by Amendment No. 1 to Letter of Credit and Reimbursement Agreement, dated as of November 1, 2005 and by Amendment No. 2 to Letter of Credit and Reimbursement Agreement, dated as of December 1, 2009, among the Authority, the City, the Bank, the California State Teachers' Retirement System ("STRS") and the Bank Agent (collectively, the "Original Reimbursement Agreement").

WHEREAS, pursuant to a Trust Agreement, dated as of January 1, 2004 (the "Original Trust Agreement"), as amended and restated by the Amended and Restated Trust Agreement, dated as of June 1, 2005 (the "Amended and Restated Trust Agreement"), as further amended by the First Supplement to Amended and Restated Trust Agreement, dated as of November 1, 2005, the Second Supplement to Amended and Restated Trust Agreement, dated as of October 1, 2008, and the Third Supplement to Amended and Restated Trust Agreement, dated as of April 1, 2010 (such amendments together with the Original Trust Agreement and the Amended and Restated Trust Agreement, the "Trust Agreement"), each by and between the Authority and Wells Fargo Bank, National Association, as Trustee, the Authority may from time to time issue up to \$116,000,000 in aggregate principal amount outstanding at any time of its Commercial Paper Notes (the "Notes");

WHEREAS, to provide support for the payment of principal of and interest on the Notes, the Bank and STRS issued and delivered to the Issuing and Paying Agent (as defined herein) their irrevocable direct-pay letter of credit on a several but not joint basis pursuant to the Original Reimbursement Agreement (the "Original Letter of Credit"), which has a current expiration date of January 27, 2013 (the "Prior Expiration Date");

WHEREAS, while STRS has not agreed to extend its commitment under the Original Letter of Credit, the Authority has requested the Bank to continue to provide credit support for the Notes beyond the Prior Expiration Date, and the Bank is prepared to issue a new irrevocable direct-pay letter of credit in the maximum stated amount of \$93,435,750 to replace the Original Letter of Credit pursuant to and upon the terms and conditions stated in this Agreement;

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

NOW, THEREFORE, in consideration of the premises, in reliance on the representations, warranties, covenants, and other agreements hereinafter contained and referenced, and for other good, valuable, and fair considerations and reasonably equivalent value, the receipt and sufficiency of which are hereby recognized and acknowledged by all parties hereto, the Authority, the City, the Bank and the Bank Agent hereby agree as follows:

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

ARTICLE I

DEFINITIONS

Section 1.1 Certain Defined Terms. The following terms, as used herein, have the following meanings:

“Advance” means any Principal Advance or Default Advance.

“Advance Rate” means a rate per annum equal to (i) the Alternative Base Rate plus 0.75% per annum for the period from the date of such Principal Advance to and including the date thirty (30) days thereafter; (ii) the Alternative Base Rate plus 1.25% per annum for the period from the date thirty-one (31) days after the date of such Principal Advance to and including the date ninety (90) days thereafter; and (iii) the Alternative Base Rate plus 2.25% per annum for the period from the date ninety-one (91) days after the date of such Principal Advance and thereafter.

“Agreement” has the meaning assigned to such term in the introductory paragraph to this Agreement, together with any amendments or supplements.

“Alternate Credit Facility” has the meaning set forth in the Trust Agreement.

“Alternative Base Rate” means, for any day, the higher of (i) the Reference Rate, in effect on such date, plus three percent (3.0%), (ii) the Federal Funds Rate, plus three percent (3.0%), or (iii) the LIBOR Index Rate plus three percent (3.0%); provided, that at no time shall the Alternative Base Rate be less than the Floor Rate nor higher than the Maximum Rate.

“Assignment” means the Memorandum of Assignment, dated as of January 1, 2004, by and among the Authority, the Trustee and the Bank Agent, as amended by the First Amendment to Memorandum of Assignment, dated as of November 1, 2005, by and among the Authority, the Trustee and the Bank Agent, and the Second Amendment to Memorandum of Assignment, dated as of March 1, 2011, by and among the Authority, the Trustee and the Bank Agent, and as from time to time further amended or supplemented in accordance therewith and with Section 5.1(b) hereof.

“Authority” has the meaning assigned that term in the first paragraph of this Agreement.

“Authorized Representative” has the meaning set forth in the Trust Agreement.

“Bank” has the meaning assigned that term in the first paragraph of this Agreement.

“Bank Agent” has the meaning assigned that term in the first paragraph of this Agreement.

“Base Rental Payments” has the meaning set forth in the Sublease.

“Base Rental Period” has the meaning set forth in the Trust Agreement.

“Business Day” means any day other than (i) a Saturday or Sunday or a day on which banking institutions are authorized or required by law or executive order to be closed in the State of California or in New York for commercial banking purposes; (ii) a day on which the New York Stock Exchange is authorized or required by law or executive order to be closed; and (iii) a day upon which commercial banks are authorized or required by law or executive order to be closed in the cities and states in which demands for payment may be presented under the Letter of Credit.

“CAFR” has the meaning set forth in Section 5.1(a)(i).

“City” means the City of San José, California and its successors and assigns.

“City Representative” has the meaning set forth in the Trust Agreement.

“Commitment” means \$93,435,750, as such amount may be permanently decreased upon permanent reduction of the Unutilized Commitment in accordance with Section 2.10(c) hereof, which Commitment amount is equal to the sum of the Stated Amount of the Letter of Credit plus the Unutilized Commitment on the Date of Issuance.

“Commitment Expiration Date” means the Letter of Credit Expiration Date or such earlier date on which the Bank or the Authority and the City may permanently reduce the Unutilized Commitment to zero (0).

“Components” has the meaning set forth in the Sublease.

“Contingent Obligation” means, as to any Person, any obligation of such Person guaranteeing or intended to guarantee any indebtedness, leases, dividends, or other obligations (“primary obligations”) of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (x) for the purchase or payment of any such primary obligation, or (y) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities, or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; provided, however, that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

“Credit Event” means any one of the following: the issuance of the Letter of Credit; an increase in the Stated Amount of the Letter of Credit; the issuance of any Note; or the making of any Principal Advance.

“Date of Issuance” means the date on which the conditions precedent set forth in Section 3.1 of this Agreement are met or waived by the Bank and the Letter of Credit is issued.

“Dealer” means, with respect to the Notes, the Dealer appointed by the Authority pursuant to the Dealer Agreement, or any successors or assigns permitted under the Dealer Agreement or any other dealer for the Notes appointed by the Authority.

“Dealer Agreement” means the Amended and Restated Commercial Paper Dealer Agreement, dated as of June 1, 2005, by and between the Authority and Lehman Brothers Inc., as succeeded by Barclays Capital Inc., as the Dealer, providing for the acceptance by the Dealer of the duties and obligations imposed thereby and imposing certain other duties and obligations as the same shall have been amended, supplemented or otherwise modified as permitted thereby.

“Debt” means, with respect to any Person, (a) all indebtedness of such Person for borrowed money; (b) all obligations of such Person as lessee under capital leases; (c) all obligations of such Person to pay the deferred purchase price of property or services; (d) certificates of participation evidencing an undivided ownership interest in payments made by such Person as lessee under capital leases, as purchaser under an installment sale agreement or otherwise as an obligor in connection therewith; (e) all Guarantees by such Person of Debt of another Person; (f) the face amount of any letter of credit issued for the account of such Person and, without duplication, all drafts drawn and reimbursement obligations arising thereunder, (g) all Debt of a second Person secured by any lien on any property owned by such first Person, whether or not such Debt has been assumed; (h) all obligations of such Person to pay a specified purchase price for goods or services whether or not delivered or accepted, including but not limited to, take-or-pay or similar obligations; and (i) all Contingent Obligations of such Person; provided, however, that Debt shall not include trade payables arising in the ordinary course of business; and provided, further, however that with respect to the City, Debt shall exclude conduit, enterprise and other Debt that have no claim on the General Fund of the City.

“Decrease Date” means each Decrease Date set forth in a Notice of Decrease in Stated Amount.

“Default” means an event which with the giving of notice or passage of time, or both, shall constitute an Event of Default.

“Default Advance” has the meaning assigned that term in Section 2.6.

“Default Rate” means, on any particular date, a rate of interest per annum equal to the Alternative Base Rate in effect on such date, plus 3.25% per annum.

“Environmental Law” means any federal, state, or local statute, law, rule, regulation, ordinance, code, policy, or rule of common law now or hereafter in effect and in each case as

amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree, or judgment, relating to health, safety, or the environment or to Hazardous Materials, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et seq.; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1801 et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901 et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251 et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. § 2601 et seq.; the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.; the Safe Drinking Water Act, as amended, 42 U.S.C. § 3608 et. seq.; the California Superfund Statute, Cal. Health & Safety C. § 25300 et seq.; legislation promulgated pursuant to the California Safe Drinking Water and Toxic Enforcement Act of 1986 (“Proposition 65”), Cal. Health & Safety C. § 25249.5 et seq.; Environmental Protection Agency regulations pertaining to asbestos, including 40 C.F.R. Part 61, Subpart M; and Occupational Safety and Health Administration regulations pertaining to asbestos, including 29 C.F.R. § 1910.1001 and 1926.58.

“Event of Default” has the meaning assigned that term in Section 6.1.

“Federal Funds Rate” means, for any day, the rate of interest per annum as determined by the Bank Agent at which overnight federal funds are offered to the Bank Agent for such day by major banks in the interbank market, with any change in such rate to become effective on the date of any change in such rate. Each determination of the Federal Funds Rate by the Bank Agent shall be deemed conclusive and binding on the Authority absent manifest error.

“Fiscal Year” means the twelve-month period commencing on July 1 of each year; provided, however, that the City may, from time to time, agree on a different twelve-month period as the Fiscal Year.

“Fitch” means Fitch, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“Floor Rate” means seven percent (7.0%) per annum.

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

“Increase Date” means each Increase Date set forth in a Notice of Increase in Stated Amount.

“Interest Coverage Amount” has the meaning assigned that term in the Letter of Credit.

“Issuing and Paying Agent Agreement” means the Amended and Restated Issuing and Paying Agent Agreement, dated as of June 1, 2005, by and between the Authority and Wells Fargo Bank, National Association, as Issuing and Paying Agent for the Notes, providing for the acceptance by such Issuing and Paying Agent of the duties and obligations imposed thereby and imposing certain other duties and obligations, as the same shall have been amended, supplemented or otherwise modified as permitted thereby.

“Issuing and Paying Agent” means the Issuing and Paying Agent appointed with respect to the Notes pursuant to Article V of the Trust Agreement, and having the duties, responsibilities and rights provided for therein, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant thereto.

“Letter of Credit” means the irrevocable direct-pay letter of credit issued by the Bank on January 14, 2013, in substantially the form of Exhibit A hereto, as amended from time to time in accordance therewith.

“Letter of Credit Expiration Date” has the meaning assigned to that term in the Letter of Credit.

“LIBOR Index Rate” means, for any day, the rate per annum for deposits in Dollars for a period equal to three months, which appears on the Reuters LIBOR01 Page as of 11:00 a.m. (London, England time) on such date.

“Material City Debt” means any Debt of the City which is outstanding in a principal amount of \$8,000,000 or more.

“Maximum Base Rental” has the meaning set forth in the Sublease.

“Maximum Rate” means ten percent (10%) per annum.

“Minimum Required Rental Payment” has the meaning set forth in the Sublease.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“No-Issuance Notice” has the meaning assigned that term in Section 3.3.

“Noteholder,” “Holder of Notes” or “Holder” or any similar term, when used with reference to a Note or Notes, means any person who shall be the bearer of any Outstanding Notes not registered, or the registered owner of any Outstanding Note which shall at the time be registered other than to bearer as provided in the Trust Agreement.

“Note” and “Notes” means, collectively, the Tax-Exempt Commercial Paper Notes and the Taxable Commercial Paper Notes.

“Notice of Decrease in Stated -Amount” means a notice from the Bank to the Issuing and Paying Agent in the form of Annex F to the Letter of Credit.

“Notice of Decrease in Unutilized Commitment” means a notice from the Bank to the Authority and the City in the form of Exhibit E hereto.

“Notice of Extension” means a notice from the Bank to the Issuing and Paying Agent in the form of Annex G to the Letter of Credit.

“Notice of Increase in Stated Amount” means a notice from the Bank to the Issuing and Paying Agent in the form of Annex E to the Letter of Credit.

“Offering Memorandum” means the Offering Memorandum dated January 14, 2013 with respect to the Notes, prepared in connection with the Notes and any supplements or amendments thereto, and the documents, if any, incorporated therein by reference.

“Original Reimbursement Agreement” has the meaning set forth in the recitals to this Agreement.

“Outstanding,” when used in reference to Notes means, as of a particular date, all Notes authenticated and delivered pursuant to the Trust Agreement except: (i) any Note cancelled at or before such date, (ii) any Note deemed to have been paid in accordance with the Trust Agreement and (iii) any Note in lieu of or in substitution for which another Note shall have been authenticated and delivered pursuant to the Trust Agreement.

“Participant Bank” means any institution to which the Bank has granted a participation in or assigned, sold, or otherwise transferred the whole or any part of the Bank’s rights or obligations (or both) under this Agreement or any other Related Document.

“Payment Draft” has the meaning assigned to that term in the Letter of Credit.

“Person” means any natural person, firm, partnership, association, corporation, joint exercise of powers authority or public body.

“Pledged Property” has the meaning set forth in the Trust Agreement.

“Principal Advance” has the meaning assigned that term in Section 2.5.

“Property” has the meaning set forth in the Trust Agreement.

“Quarterly Date” means the first day of each January, April, July and October.

“Rating Agency” means Fitch, Moody’s or S&P.

“Reference Rate” means the rate of interest publicly announced from time to time by the Bank Agent as its prime rate. It is a rate set by the Bank Agent based upon various factors including the Bank Agent’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in the Reference Rate announced by the Bank Agent shall take effect at the opening of business on the day specified in the public announcement of such change.

“Reimbursement Obligations” means any and all amounts including, but not limited to, fees, expenses, amounts drawn under the Letter of Credit, Principal Advances and Default Advances, which may from time to time be owing by the Authority to the Bank under this Agreement.

“Related Documents” means the Trust Agreement, the Letter of Credit, this Agreement, the Notes, the Revolving Note, the Issuing and Paying Agent Agreement, the Offering Memorandum, the Site Lease, the Sublease, the Dealer Agreement and the Assignment.

“Request for Decrease in the Stated Amount” means a notice from the Authority to the Bank Agent in the form of Exhibit D attached hereto.

“Request for Extension” shall mean a notice from the Authority to the Bank in the form of Exhibit F attached hereto.

“Request for Increase in the Stated Amount” means a notice from the Authority and the City to the Bank Agent in the form of Exhibit C attached hereto.

“Revolving Note” means the Authority’s revolving note, substantially in the form of Exhibit A attached hereto, and as from time to time amended or supplemented in accordance therewith, issued to the Bank pursuant to Section 2.11 hereof, to evidence the indebtedness of the Authority due and owing to the Bank under this Agreement with respect to amounts drawn on the Letter of Credit.

“S&P” means Standard & Poor’s Credit Market Services, a division of The McGraw-Hill Companies, its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“Site Lease” means the Site Lease, dated as of January 1, 2004, by and between the City and the Authority, as amended by the First Amendment to Site Lease, dated as of June 1, 2005, by and between the City and the Authority, the Second Amendment to Site Lease, dated as of

November 1, 2005, by and between the City and the Authority, and the Third Amendment to Site Lease, dated as of March 1, 2011, by and between the City and the Authority, and as from time to time further amended or supplemented in accordance therewith and with Section 5.1(b) hereof.

“State” means the State of California.

“Stated Amount” has the meaning assigned that term in the Letter of Credit.

“Stated Termination Date” means March 15, 2013, as such date may be extended pursuant to Section 2.10; provided, however, that if such date is not a Business Date, the Stated Termination Date shall be the next succeeding Business Day.

“Sublease” means the Sublease, dated as of January 1, 2004, by and between the City and the Authority, as amended by the First Amendment to Sublease, dated as of June 1, 2005, by and between the City and the Authority, the Second Amendment to Sublease, dated as of November 1, 2005, by and between the City and the Authority, and the Third Amendment to Sublease, dated as of March 1, 2011, by and between the City and the Authority, and as from time to time further amended or supplemented in accordance therewith and with Section 5.1(b) hereof.

“Taxes” has the meaning assigned that term in Section 2.9(b).

“Tax-Exempt Commercial Paper Notes” means the City of San José Financing Authority Tax-Exempt Lease Revenue Commercial Paper Notes issued from time to time pursuant to the Trust Agreement.

“Taxable Commercial Paper Notes” means the City of San José Financing Authority Taxable Lease Revenue Commercial Paper Notes issued from time to time pursuant to the Trust Agreement.

“Trust Agreement” has the meaning ascribed in the recitals to this Agreement.

“Trustee” means Wells Fargo Bank, National Association, and its successor or successors, and any other person which may at any time be substituted in its place pursuant to the Trust Agreement.

“Unutilized Commitment” means an amount equal to (a) the Commitment, minus (b) the sum of (i) the Stated Amount of the Letter of Credit determined (x) without regard to reductions in such Stated Amount subject to automatic reinstatement as provided in the Letter of Credit, but (y) after giving effect to permanent reductions in the Stated Amount of the Letter of Credit as contemplated by Annex F to the Letter of Credit, plus (ii) the principal amount of all drawings for which the Bank has not been reimbursed to the extent that the Stated Amount of the Letter of Credit will not be automatically reinstated upon the Bank’s reimbursement for such drawing.

Section 1.2 Computation of Time Periods. In this Agreement, in the computation of, a period of time from a specified date to a later specified date, unless otherwise specified herein, the word “from” means “from and including” and the words “till” and “until” each mean “to but excluding.” All references to time shall mean New York City time, whether or not so expressed.

Section 1.3 Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted United States accounting principles consistently applied.

Section 1.4 Terms Defined in Trust Agreement. Any capitalized term not defined herein has the meaning ascribed to such term in the Trust Agreement.

ARTICLE II

AMOUNT AND TERMS OF THE LETTER OF CREDIT

Section 2.1 The Letter of Credit. The Bank agrees, on the terms and conditions hereinafter set forth, to issue the Letter of Credit to the Issuing and Paying Agent in the Stated Amount as of the Date of Issuance and expiring by its terms not later than the Stated Termination Date.

Section 2.2 Issuance of the Letter of Credit. The Bank will issue the Letter of Credit to the Issuing and Paying Agent on the Date of Issuance upon fulfillment of the applicable conditions precedent set forth in Section 3.1.

Section 2.3 Letter of Credit Fees. The Authority will pay:

(a) Reserved.

(b) to the Bank Agent for the credit of the Bank, an annual commitment fee equal to 1.25% per annum of the daily average Stated Amount of the Letter of Credit in effect from time to time for the period from the Date of Issuance to and including the Letter of Credit Expiration Date; provided, however, that in the event that the long-term unsecured general obligation debt ratings of the City are downgraded by two or more Rating Agencies, the annual commitment fee shall increase by 15 basis points (0.15%) per annum for each rating category (including each “+” or “-” or numerical designation) below the “Aa1” category by Moody’s or the “AA+” category by Fitch or S&P through the “A2” category by Moody’s or the “A” category by Fitch or S&P and by 20 basis points (0.20%) per annum for every rating category (including each “+” or “-” or numerical designation) below the “A2” category by Moody’s or the “A” category by Fitch or S&P (and if such ratings are withdrawn or suspended, for purposes of this provision, such ratings shall be deemed to be downgraded below the “Baa2” category by Moody’s or the “BBB” category by Fitch or S&P);

(c) to the Bank Agent for the credit of the Bank, an annual commitment fee equal to 1.25% per annum of the daily average Unutilized Commitment in effect from time to time hereunder for the period from the Date of Issuance to and including the Commitment

Expiration Date; provided, however, that in the event that the long-term unsecured general obligation debt ratings of the City are downgraded by two or more Rating Agencies, the annual commitment fee shall increase by 15 basis points (0.15%) per annum for each rating category (including each “+” or “-” or numerical designation) below the “Aa1” category by Moody’s or the “AA+” category by Fitch or S&P through the “A2” category by Moody’s or the “A” category by Fitch or S&P and by 20 basis points (0.20%) per annum for every rating category (including each “+” or “-” or numerical designation) below the “A2” category by Moody’s or the “A” category by Fitch or S&P (and if such ratings are withdrawn or suspended, for purposes of this provision, such ratings shall be deemed to be downgraded below the “Baa2” category by Moody’s or the “BBB” category by Fitch or S&P);

(d) Reserved.

(e) Reserved.

(f) to the Bank Agent for the credit of the Bank, on the date of each drawing under the Letter of Credit, a draw fee of \$250; and

(g) to the Bank Agent for the credit of the Bank, on the date of each transfer of the Letter of Credit to a successor beneficiary, a transfer fee of \$1,000.

The fees set forth in Section 2.3(b) and (c) above shall be computed using a 360-day year for the actual number of days elapsed and shall be payable in arrears on the Letter of Credit Expiration Date or the Commitment Expiration Date, as applicable; provided, however, that if the Letter of Credit Expiration Date or Commitment Expiration Date, as applicable, is extended pursuant to the terms hereof, then the payment of the fees set forth in Section 2.3(b) and (c) above shall be payable commencing on April 1, 2013 and on each Quarterly Date thereafter.

Section 2.4 Payment of Amounts Drawn on Letter of Credit.

(a) The Authority will pay or cause to be paid to the Bank an amount equal to that amount drawn under the Letter of Credit pursuant to any Payment Draft with respect to the payment of accrued interest on maturing Notes or, subject to the provisions of Section 2.5 hereof, any Payment Draft with respect to the payment of principal of maturing Notes, on the same Business Day such drawing is honored.

(b) Any amount drawn under the Letter of Credit pursuant to a Payment Draft that is not repaid to the Bank when due as provided in clause (a) of Section 2.4, shall bear interest at the Default Rate until paid in full, payable on demand. Principal Advances and Default Advances shall be repaid to the Bank as provided in Sections 2.5 and 2.6 hereof.

(c) Any amount drawn under the Letter of Credit shall be noted by the Bank Agent as principal due and owing on the grid attached to the Revolving Note pursuant to Section 2.11.

Section 2.5 Principal Advances. If the Bank shall make any payment under the Letter of Credit pursuant to a Payment Draft with respect to the payment of principal of maturing Notes and the conditions precedent set forth in Section 3.2 shall have been fulfilled, and the Authority (at its option) does not reimburse or cause to be reimbursed the Bank in connection therewith on the same Business Day, then such payment shall constitute a principal advance made by the Bank to the Authority on the date and in the amount of such payment (each such advance being a “Principal Advance” and, collectively, the “Principal Advances”). The Authority shall pay interest on the unpaid amount of each Principal Advance from the date that such Principal Advance is made by the Bank until such amount is repaid in full. Such interest shall be payable monthly in arrears (based on the actual days elapsed since the date of such Principal Advance, divided by 360), on the first day of each calendar month during the term of each Principal Advance and, with respect to any such amount repaid, on the date any such amount is repaid, at a rate per annum equal to the Advance Rate.

Section 2.6 Default Advances. If (i) the Bank shall make any payment under the Letter of Credit pursuant to a Payment Draft with respect to the payment of principal of maturing Notes and the conditions set forth in Section 3.2 shall not have been fulfilled, and the Authority fails to reimburse or cause to be reimbursed the Bank in connection therewith, (ii) if the Bank shall have made a Principal Advance to the Authority and such amount remains outstanding on the Letter of Credit Expiration Date, or (iii) if an Event of Default shall have occurred while any Principal Advance remains outstanding, such payment or Principal Advance shall constitute a default advance (and not a Principal Advance) made by the Bank to the Authority on the date and in the amount of such payment under the Letter of Credit or on such other date (each such default advance being a “Default Advance” and, collectively, the “Default Advances”). The Authority hereby agrees to pay to the Bank (i) interest at the Default Rate on any amount of the Default Advance remaining unpaid by the Authority to the Bank from the date of such Default Advance until payment in full, payable in arrears, upon demand, and (ii) the unpaid amount of each Default Advance immediately upon demand by the Bank but if no demand is made, then on each Quarterly Date in an amount equal to the then fair rental value with respect to the Components subject to the Sublease for such quarterly period; provided, however, that the unpaid amount of each Default Advance shall be paid by the Authority in each year only to the extent of the then fair rental value with respect to the Components subject to the Sublease for such Base Rental Period, and to the extent not so repaid, such Default Advance shall be paid during each subsequent Base Rental Period, to the extent owed, to the extent of the then fair rental value with respect to the Components subject to the Sublease for each such subsequent Base Rental Period, and such Default Advance shall continue to be an obligation of the City pursuant to the Sublease.

Section 2.7 Prepayment of Principal Advances; Reinstatement of Letter of Credit Amounts.

(a) The Authority may prepay the amount of any Principal Advance outstanding in whole or in part with accrued interest to the date of such repayment on the amount prepaid. Any prepayment in part under this Section 2.7(a) shall be applied by the Bank against each such Principal Advance in the order in which each such Principal Advance was made.

(b) Any prepayment made under Section 2.7(a) shall be applied by the Bank as a reimbursement of the related drawing (and as a prepayment of the Principal Advance resulting from such drawing) and, in the case of a prepayment of a Principal Advance, the Authority irrevocably authorizes the Bank to reinstate the amount available to be drawn under the Letter of Credit by the amount of such prepayment; provided, however, that the Issuing and Paying Agent shall not deliver any Notes (the aggregate principal and interest of which is payable from the amount of the Letter of Credit so reinstated) for sale or otherwise until the Letter of Credit has been reinstated pursuant to the terms of this Agreement and the Letter of Credit. The amount of the Letter of Credit and the amounts available to be drawn thereunder by the Issuing and Paying Agent by any Payment Draft shall not be increased with respect to repayments of Default Advances, unless otherwise agreed to by the Bank.

(c) In the event that the Issuing and Paying Agent delivers any Notes while any Principal Advance or any portion of any Principal Advance remains unpaid, the Authority shall apply the proceeds of any such Notes to the prepayment of such outstanding Principal Advance. Any prepayment in part under this Section 2.7(c) shall be applied against each such Principal Advance in the order in which each such Principal Advance was made.

Section 2.8 Increased Costs; Capital Adequacy.

(a) In the event of the adoption after the date hereof of any law, rule or regulation (domestic or foreign), or any change after the date hereof in any law, rule or regulation, or the interpretation or application thereof by any court, governmental authority, central bank or comparable authority charged with the enforcement or administration or interpretation thereof, or the compliance with any guidelines or request from any governmental authority, central bank or comparable authority (whether or not having the force of law):

(i) subjects the Bank or any Participant Bank to any tax, deduction or withholding with respect to this Agreement, the Letter of Credit or the Revolving Note (other than any tax based upon the overall net income of the Bank or such Participant Bank), or

(ii) imposes, modifies or deems applicable any reserve, special deposit, insurance premium (including any assessment or other cost imposed by the Federal Deposit Insurance Corporation or any successor thereto) or similar requirement against credits or commitments to extend credit extended by, or assets (funded or contingent) held by, or deposits with or for the account of, or loans by, or other acquisitions of funds or bonds by, the Bank or any Participant Bank, or

(iii) imposes upon the Bank or any Participant Bank any other condition or expense with respect to this Agreement, the commitment or obligations of the Bank or such Participant Bank hereunder, the Letter of Credit or the Revolving Note;

and the result of any of the foregoing is to increase the cost to the Bank or such Participant Bank, reduce the income receivable by the Bank or such Participant Bank, impose any expense upon the Bank or such Participant Bank or reduce the amount of any payment receivable by the Bank or such Participant Bank, with respect to this Agreement, the Letter of Credit or the Revolving Note, as reasonably determined and allocated by the Bank or such Participant Bank, by an amount which the Bank or such Participant Bank deems to be material, the Bank shall notify the Authority and the City thereof by delivery of a certificate of an officer of the Bank or such Participant Bank of the nature described in the next sentence, and the Authority or the City, on behalf of the Authority, shall pay or cause to be paid to the Bank promptly, and in any event within 30 days after receipt of such notice, that amount which shall compensate the Bank or such Participant Bank (on an after tax basis, grossing up to cover any taxes payable by the Bank or such Participant Bank on such amount) for such increase in cost, reduction in income, additional expense or reduced amount. A certificate setting forth such increase in cost, reduction in income or additional expense or reduced amount (including such detail as the Authority or City may reasonably request), and the manner of calculating the same as determined by the Bank or such Participant Bank, shall be submitted by the Bank to the Authority and the City and, absent manifest error, shall be conclusive as to the amount thereof.

(b) If the Bank or any Participant Bank shall have determined that the adoption after the date hereof of any law, rule, regulation or guideline (whether or not having the force of law) regarding capital adequacy, or any change in any applicable law, rule, regulation or guideline, as the case may be, or any change in the enforcement or interpretation or administration thereof by any court or any administrative or governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank or any Participant Bank (or any lending office thereof) with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on capital of the Bank or such Participant Bank as a consequence of its rights or obligations hereunder, under the Letter of Credit or with respect to the Revolving Note to a level below that which the Bank or such Participant Bank could have achieved but for such adoption, change or compliance (taking into consideration the policies of the Bank or such Participant Bank with respect to liquidity and capital adequacy) by an amount deemed by the Bank to be material, the Bank shall notify the Authority and the City thereof by delivery of a certificate of an officer of the Bank of the nature described in the next sentence, and the Authority, or the City, on behalf of the Authority, shall pay or cause to be paid to the Bank promptly, and in any event within 30 days after receipt of such notice, that amount which shall compensate the Bank or such Participant Bank (on an after tax basis, grossing up to cover any taxes payable by the Bank or such Participant Bank on such amount) for such reduction in rate of return on capital. A certificate setting forth such reduction in rate of return on capital (including such detail as the Authority or the City may reasonably request), and the manner of calculating the same as determined by the Bank or such Participant Bank, shall be submitted by the Bank to the Authority and the City and, absent manifest error, shall be conclusive as to the amount thereof.

(c) The Bank shall notify the Authority and the City of any such impending or announced change in law, regulation or interpretation referred to in subsection (a) or (b) of this

Section 2.8 promptly upon receipt by it of actual notice of such change; provided, however, that any delay or failure to so notify the Authority or the City shall not in any manner relieve the Authority or the City of their obligations under this Section 2.8.

(d) Notwithstanding anything to the contrary in this Section 2.8, in the event the Bank grants any participation to any Participant Bank pursuant to Section 8.7(b) hereof, neither the Authority nor the City shall have any obligation to pay amounts pursuant to this Section 2.8 in an amount greater than that which it would have been required to pay if the Bank had not granted such participation.

Section 2.9 Payments and Computations.

(a) The Authority shall make or cause to be made each payment hereunder (i) representing reimbursement pursuant to Section 2.4 hereof to the Bank of the amount drawn on the Bank pursuant to a Payment Draft made under the Letter of Credit not later than 4:00 p.m. (New York City time), and (ii) not later than 1:00 P.M. (New York City time) for all other payments, on the day when due, in lawful money of the United States of America to the account of the Bank at its address set forth in Section 8.2 in immediately available funds; provided, however, that whenever any payment hereunder shall be due on a day that is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day, and any interest payable thereon shall be payable for such extended time; and provided, further that the Authority shall be permitted to make any payment pursuant to Section 2.3 in next day funds if such payment is made (i) on the Business Day immediately preceding the date on which such payment would otherwise have been due and (ii) in an amount equal to the amount that would have been required to have been paid had the payment not been made in next day funds in reliance upon this proviso. Payment received by the Bank after the applicable time set forth in this Section 2.9 shall be considered to have been made on the next succeeding Business Day. Computations of the Alternative Base Rate, the Reference Rate and the Default Rate hereunder shall be made by the Bank Agent on the basis of a year of 360 days for the actual number of days elapsed.

(b) All such payments will be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein (but excluding any tax imposed on the overall net income of the Bank or such Participant Bank pursuant to the laws of the jurisdiction (or any political subdivision or taxing authority thereof or therein) in which the principal office of the Bank or such Participant Bank is located) and all interest, penalties or similar liabilities with respect thereto (collectively, "Taxes"); provided, however, that the Authority shall have no liability with respect to any Taxes which are imposed on the Bank or any Participant Bank pursuant to the laws of the jurisdiction (or any political subdivision or taxing authority thereof or therein) in which the principal office of the Bank or such Participant Bank is located unless (i) the Bank or such Participant Bank is entitled to the benefits of an income tax treaty with the United States that provides for an exemption from United States withholding tax on interest and other amounts payable to the Bank or such Participant Bank, as the case may be, pursuant to the

terms of this Agreement, the Revolving Note and any other Related Document, or (ii) all interest and other amounts payable to the Bank or such Participant Bank pursuant to the terms of this Agreement, the Revolving Note or any other Related Documents will be effectively connected with the conduct by the Bank or such Participant Bank of a trade or business within the United States. If any Taxes are so levied or imposed, the Authority agrees to pay to the Bank on demand the full amount of such Taxes and such additional amounts as may be necessary so that every payment of all amounts due hereunder, under the Revolving Note or under any Related Document, after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein, in the Revolving Note or in such Related Document. The Authority will deliver to the Bank within 45 days after the date the payment of any Taxes is due pursuant to applicable law certified copies of tax receipts evidencing such payment by the Authority. To the extent permitted by law, the Authority will indemnify and hold harmless the Bank or such Participant Bank and reimburse the Bank upon written request, for the amount of any Taxes so levied or imposed and paid by the Bank or such Participant Bank.

Section 2.10 Extension of Stated Termination Date; Increase in Stated Amount; Permanent Reduction of Commitment; Reduction in Stated Amount.

(a) Extension of Stated Termination Date. On the Date of Issuance, the Stated Termination Date shall be March 15, 2013; provided that such date shall be subject to extension at any time following the then scheduled Stated Termination Date, as set forth below and in the Letter of Credit. On any date which is not more than one year prior to the Stated Termination Date, the Authority and the City may request in writing that the Bank extend the Stated Termination Date for an additional term of one or more years by delivery to the Bank Agent of a Request for Extension. Within 45 days of the date of any such Request for Extension, the Bank Agent will notify the Authority and the City in writing of the decision by the Bank in their absolute discretion whether to extend for such additional period, the Stated Termination Date for purposes of this Agreement and the Letter of Credit, including in such notice the extended Stated Termination Date and the conditions of such consent (including conditions relating to legal documentation and the consent of the Issuing and Paying Agent). If the Bank does so agree to extend, the Bank shall deliver an executed Notice of Extension to the Issuing and Paying Agent. If the Bank shall not so notify the Authority, the Bank shall be deemed to have denied any such extension.

(b) Increase in Stated Amount of the Letter of Credit. The Bank agrees, upon satisfaction of the conditions set forth in this Section 2.10(b), to increase the Stated Amount of the Letter of Credit from time to time prior to the Commitment Expiration Date by an amount not to exceed the Unutilized Commitment. Upon satisfaction of the conditions precedent set forth in this Section 2.10(b), the Bank shall execute and deliver a Notice of Increase in Stated Amount to the Issuing and Paying Agent with an Increase Date within five (5) days following receipt by the Bank Agent of a Request for Increase in the Stated Amount, and upon such delivery, the Stated Amount of the Letter of Credit shall be increased on the Increase Date to the amount set forth in such Notice of Increase in Stated Amount. If for any reason the Bank fails to deliver a Notice of Increase in Stated Amount to the Issuing and Paying Agent with an Increase Date within five (5) days following receipt by the Bank Agent of any Request for Increase in the

Stated Amount, the conditions precedent set forth below shall be deemed to be unsatisfied and such request shall be deemed to be denied by the Bank, absent manifest evidence to the contrary. As a condition precedent to any increase in the Stated Amount of the Letter of Credit, each of the following conditions shall be satisfied as determined by the Bank:

(i) the Bank Agent shall have received an executed original Request for Increase in the Stated Amount of the Letter of Credit at least five (5) days prior to the proposed Increase Date;

(ii) the Commitment Expiration Date shall not have occurred;

(iii) the amount of the requested increase in the Stated Amount of the Letter of Credit shall not exceed the Unutilized Commitment;

(iv) the representations and warranties made by the Authority and the City in Article 4 hereof shall be true and correct on and as of the Increase Date as if made on and as of the Increase Date; and

(v) no Event of Default has occurred and is continuing and no event has occurred and is continuing which is or with the passage of time or giving of notice or both would be an Event of Default on and as of the Increase Date or shall occur as a result of the requested increase in the Stated Amount of the Letter of Credit.

(c) Permanent Reduction of Unutilized Commitment. The Authority and the City may at any time prior to the Commitment Expiration Date request the Bank to permanently reduce the Unutilized Commitment. The Bank shall execute and deliver a Notice of Decrease in Unutilized Commitment to the Authority and the City within five (5) days following its receipt of such request from the Authority and the City, and the Unutilized Commitment shall be decreased on the date of and to the amount set forth in such Notice of Decrease in Unutilized Commitment. Notwithstanding any such reduction, so long as any obligations owing hereunder remain unpaid, this Agreement shall remain in full force and effect.

(d) Reduction in Stated Amount. The Authority and the City may elect to reduce the Stated Amount of the Letter of Credit from time to time prior to the Letter of Credit Expiration Date by delivery of a Request for Decrease in Stated Amount to the Bank, upon receipt of which the Bank will notify the Issuing and Paying Agent by means of a notice substantially in the form attached to the Letter of Credit as Annex F, thereby reducing the Stated Amount, all as set forth in the Letter of Credit. Upon such reduction, the Stated Amount of the Letter of Credit shall not be less than the principal amount of all outstanding Notes plus the Interest Coverage Amount with respect to such Notes.

Section 2.11 Evidence of Debt; Revolving Note. The Bank Agent shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Authority resulting from each drawing under the Letter of Credit and from each Advance made from time to time hereunder and the amounts of principal and interest payable and paid from

time to time hereunder. In any legal action or proceeding in respect of this Agreement, the entries made in such accounts shall be prima facie evidence of the existence and amounts of the obligations of the Authority therein recorded.

To evidence the indebtedness of the Authority due and owing to the Bank under this Agreement with respect to amounts drawn under the Letter of Credit, the Authority will issue the Revolving Note, substantially in the form of Exhibit B attached hereto, to the Bank on the Date of Issuance. The Bank Agent shall note on the grid attached to the Revolving Note principal amounts owing to the Bank, and the maturity schedule therefor pursuant to Sections 2.5 and 2.6 respecting outstanding Advances with interest until payment in full pursuant to the terms of the Revolving Note.

Section 2.12 Obligations Absolute. The obligations of the Authority under this Agreement shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms thereof, under all circumstances whatsoever, including without limitation the following circumstances:

- (a) any lack of validity or enforceability of any of the Related Documents;
- (b) any amendment to, waiver of or consent to departure from any provision of, this Agreement or any of the Related Documents;
- (c) the existence of any claim, set-off; defense or other right which the Authority or the City may have at any time against the Trustee, the Issuing and Paying Agent, the Dealer or the Bank (other than the defense of the payment to the Bank in accordance with the terms of this Agreement) or any beneficiary or any transferee of the Letter of Credit (or any person or entity for whom any such beneficiary or any such transferee may be acting), the Bank or any other Person, whether in connection with this Agreement, any Related Document or any unrelated transaction;
- (d) any statement or any other document presented under the Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect whatsoever; or
- (e) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

Notwithstanding the foregoing, the obligations of the Authority under this Agreement are a special obligation of the Authority payable solely from the Pledged Property.

Section 2.13 Termination, Acceptance of Alternate Credit Facility. Upon thirty (30) days' written notice to the Bank Agent, the Authority may terminate the Letter of Credit prior to the Stated Termination Date upon acceptance by the Issuing and Paying Agent of an Alternate Credit Facility in substitution for the Letter of Credit, subject to the terms and conditions of the Trust Agreement and upon payment to the Bank of all Reimbursement Obligations including, without limitation, any Advance, at or prior to the time of; as applicable, such termination.

Section 2.14 Pledge by the Authority. To provide security to the Bank for the payment by the Authority of the Reimbursement Obligations and any and all amounts now or hereafter owing to the Bank under this Agreement and the Revolving Note, the Authority hereby pledges to the Bank the Pledged Property. The pledge of the Pledged Property made by the Authority hereunder is valid, binding and perfected from the time when it is made and the Pledged Property so pledged shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof. No instrument by which such pledges are created nor any financing statement need be recorded or filed. Such lien shall be on a parity with the lien in favor of the Bank and the Issuing and Paying Agent and the Trustee on the Pledged Property under the Trust Agreement.

Section 2.15 Maximum Interest Rate; Payment of Fee. If the rate of interest payable hereunder shall exceed any maximum interest rate payable by law for any period for which interest is payable, then (i) interest at such maximum interest rate shall be due and payable with respect to such interest period and (ii) interest at the rate equal to the difference between (A) the rate of interest calculated in accordance with the terms hereof and (B) such maximum interest rate (the "Excess Interest"), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed such maximum interest rate, at which time the Authority shall pay to the Bank, with respect to amounts then payable to the Bank that are required to accrue interest hereunder, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Bank to equal such maximum interest rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder until all deferred Excess Interest is fully paid to the Bank. Upon the termination of this Agreement, in consideration for any limitation of the rate of interest which may otherwise be payable hereunder, the Authority shall pay to the Bank Agent for the credit of the Bank a fee equal to the amount of all unpaid deferred Excess Interest (the "Termination Fee"); provided that the Termination Fee shall be payable as and to the extent that the then fair rental value with respect to the Components subject to the Sublease for such Base Rental Period exceeds the sum of all other Reimbursement Obligations remaining unpaid hereunder and the amount of interest accruing on the Notes during such Base Rental Period. In accordance with Section 5922 of the California Government Code, the Authority hereby represents and warrants that the obligations of the Authority under the Revolving Note and all other Reimbursement Obligations hereunder are not subject to any limitation as to maximum interest rate.

ARTICLE III

CONDITIONS OF ISSUANCE

Section 3.1 Conditions Precedent to Issuance of the Letter of Credit. The obligation of the Bank to issue the Letter of Credit is subject to the fulfillment of the following conditions precedent on or before the Date of Issuance in form and substance and in a manner satisfactory to the Bank:

(a) The Bank shall have received:

(i) Certified copies of the resolutions of the Authority and the City approving this Agreement, the Related Documents and the, other matters contemplated hereby, and all other documents, including records of proceedings of the Authority and the City, instruments, governmental approvals, third party approvals and opinions as the Bank and its counsel may reasonably request evidencing any other necessary action.

(ii) A certificate of the Authority and the City stating the names and true signatures of the officers of the Authority and the City authorized to sign this Agreement and the other documents to be delivered by the Authority and the City hereunder.

(iii) Executed or conformed copies of each of the Related Documents in form and substance satisfactory to the Bank.

(iv) A letter addressed to the Bank from Jones Hall, Note Counsel, entitling the Bank to rely on such firm's approving Note opinion addressed to the Authority, together with an opinion to the effect that the delivery of the Letter of Credit complies with the requirements of Section 6.02 of the Trust Agreement and does not, in and of itself, adversely affect the exclusion of interest on the Tax-Exempt Commercial Paper Notes for federal income tax purposes.

(v) An opinion of Jones Hall, Note Counsel, in form and substance satisfactory to the Bank and its counsel, addressed to the Bank, to the effect that (A) this Agreement has been duly authorized, executed and delivered by the Authority and the City and constitutes a legal, valid and binding agreement of the Authority and the City enforceable against the Authority and the City in accordance with its terms (except that (i) the enforcement of the Agreement may be limited by bankruptcy and other similar laws relating to creditors' rights, (ii) certain equitable remedies may be unavailable and (iii) the indemnification provision may be limited by securities laws and public policy), (B) the Letter of Credit satisfies the terms and conditions of the Trust Agreement, (C) the Bank is entitled to the benefits of the Trust Agreement on a parity with all holders of the Notes, and (D) the Authority and the City have the authority and power to execute this Agreement.

(vi) The Revolving Note duly executed and delivered by the Authority to the Bank.

(vii) A certificate of the City setting forth the annual fair rental value of each Component.

(viii) Certificates of the Authority and the City stating that (A) on the Date of Issuance, no event has occurred and is continuing, or would result from the issuance of the Letter of Credit, which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both, and that (B) on the Date of Issuance and after giving effect to the issuance of the Letter of Credit, all representations

and warranties of the Authority and the City contained herein or otherwise made in writing in connection herewith shall be true and correct with the same force and effect as though such representations and warranties had been made on and as of such time.

(ix) An opinion of the City Attorney of the City as counsel to the Authority, in form and substance satisfactory to the Bank and its counsel, and addressed to the Bank.

(x) An opinion of the City Attorney of the City as counsel to the City, in form and substance satisfactory to the Bank and its counsel, and addressed to the Bank.

(xi) Audited financial statements for the City for the two most recently available fiscal years and the most recent operating budget summaries for the City's General Fund for the current fiscal year.

(xii) Evidence of title insurance on the Components in the form of a CLTA leasehold policy (1990) of title insurance insuring the Trustee and naming the Bank an additional insureds, in an amount not less than the Commitment, subject only to such exceptions as shall be acceptable to the Bank, with such endorsements and affirmative coverages as may be reasonably required by the Bank, including such endorsements as may be reasonably required by the Bank, and otherwise in form and substance satisfactory to the Bank and their counsel and issued by an insurance company acceptable to the Bank and its counsel and authorized to issue such insurance in the State of California.

(xiii) Evidence of the City's current hazard and rental interruption insurance for the Components, and such insurance shall be satisfactory to the Bank. The Bank shall also have received a certificate from the City's Risk Manager stating that the City's current policies of insurance and any self-insurance maintained by the City comply with the provisions of Section 4.3 of the Sublease. Any such commercial insurance policies shall name the Bank as loss payees and additional insured and shall be issued by insurers rated "A" or better by Best's or approved by the Bank.

(xiv) Certificates of the Trustee and the Issuing and Paying Agent evidencing the signatures and offices of officers of each executing the Related Documents and with respect to the Issuing and Paying Agent, authorized to draw on the Letter of Credit, and with respect to such other matters as the Bank may reasonably request, and an opinion of counsel to each of the Issuing and Paying Agent and the Trustee, in form and substance satisfactory to the Bank and its counsel, and addressed to the Bank.

(xv) The Original Letter of Credit shall be immediately canceled by the Trustee and surrendered to the Bank Agent on behalf of the Bank and STRS, respectively, on the Date of Issuance upon receipt by the Trustee of the Letter of Credit hereunder.

(xvi) The Bank shall have received all amounts due and owing to it under the Original Reimbursement Agreement pursuant to invoices provided to the City by the Bank Agent.

(xvii) The Bank shall have received evidence satisfactory to it that all amounts due and owing to STRS under the Original Reimbursement Agreement have been paid in full pursuant to invoices provided by the Bank Agent to the City.

(xviii) The Offering Memorandum.

(xix) Such other documents, certificates, opinions, approvals and filings with respect to the Related Documents and this Agreement as the Bank may reasonably request, including, but not limited, such documents that are required pursuant to Section 6.02 of the Trust Agreement.

(b) All other legal matters pertaining to the execution and delivery of this Agreement, the Related Documents and the issuance of the first installment of the Notes shall be reasonably satisfactory to the Bank and its counsel.

(c) The Authority shall have made payment to the Bank of all amounts due on the Date of Issuance under Section 8.6 hereof.

Section 3.2 Conditions Precedent to Each Credit Event. As a condition precedent to the occurrence of each Credit Event hereunder, including the initial Credit Event, the following conditions shall be satisfied on the date of such Credit Event:

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

(b) the representations and warranties made by the Authority and the City in Article 4 hereof shall be true and correct in all material respects on and as of such date, as if made on and as of such date.

On the occurrence of each Credit Event, the Authority shall be deemed to have represented and warranted that the foregoing conditions precedent have been satisfied.

Section 3.3 No-Issuance Notice. The Bank Agent, acting on instructions from the Bank, may deliver a notice, in accordance with Section 8.2 hereof, to the Issuing and Paying Agent (a “No-Issuance Notice”) at any time that the Bank shall have determined that (i) the conditions precedent to the issuance of a Note set forth in Section 3.2 have not been satisfied or (ii) an Event of Default shall have occurred and is continuing. Upon receipt of such notice, the Issuing and Paying Agent shall cease authenticating Notes, as provided in Section 3.1 of the Trust Agreement, unless and until such No-Issuance Notice is rescinded. Any such notice received after 10:00 A.M. (New York City time) shall be deemed to have been received on the next following Business Day. The Bank Agent and the Bank shall not incur any liability as a result of the Bank’s giving of any No-Issuance Notice which, in its good faith judgment, the Bank Agent determines to be in accordance with this Section 3.3. Notwithstanding anything in

this Section 3.3 which may be to the contrary, a No-Issuance Notice shall not affect the obligation of the Bank to honor demands for payment under the Letter of Credit with respect to Notes authenticated prior to the receipt by the Issuing and Paying Agent of such No-Issuance Notice, and the Issuing and Paying Agent shall continue to have the right to draw under the Letter of Credit to pay the principal of and accrued interest on maturing Notes authenticated prior to the receipt by the Issuing and Paying Agent of such No-Issuance Notice.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1 City Representations and Warranties. The City represents and warrants that, as of the date on which this Agreement is executed:

(a) Existence. The City is validly existing as a charter city and municipal corporation duly organized and created and validly existing under the laws and Constitution of the State, with full right and power to own its properties and to carry on its affairs as now being conducted and to execute, deliver and perform its obligations under this Agreement and each Related Document to which it is a party.

(b) Authorization; Contravention. The execution, delivery and performance by the City of this Agreement and the other Related Documents to which it is a party are within the City's powers, have been duly authorized by all necessary action, require no action by or in respect of; or filing with, any governmental body, agency or official and do not violate or contravene, or constitute a default under, any provision of applicable law, charter, ordinance or regulation or of any material agreement, judgment, injunction, order, writ, determination, award, decree or material instrument binding upon the City or by which the City or its properties may be bound or affected, or result in the creation or imposition of any lien or encumbrance on any asset of the City (other than pursuant to such enumerated documents). The City is not a party to, or otherwise subject to, any provision contained in any instrument evidencing indebtedness of the City, any agreement relating thereto, or any other contract or agreement (including its charter) that limits the amount of; or otherwise imposes restrictions on, the incurring of obligations of the City that would materially and adversely affect the ability of the City to perform its obligations hereunder or under any other Related Documents to which it is a party.

(c) Binding Effect. Assuming due execution by the other parties thereto, this Agreement and the other Related Documents to which the City is a party each constitutes a valid, binding and enforceable agreement of the City, subject to applicable laws affecting creditors' rights generally and general principles of equity regardless of whether such enforceability is considered in a proceeding at law or in equity.

(d) No Default. It is not, in any material respect, in breach of or default under its organizational documents, or any applicable law or administrative regulation of the State or of the United States, relating, in each case, to the issuance of debt securities by it, or any applicable judgment, decree, loan agreement, note, resolution, ordinance or other material agreement to

which it is a party or is otherwise subject. Late delivery of financial statements or other reporting documentation shall not be deemed material for purposes of this Section.

(e) Litigation. Except as disclosed in writing to the Bank, there is no action, suit or proceeding pending with service of process having been accomplished against, or to the knowledge of the City, threatened against or affecting, the City before any court or arbitrator or any governmental body, agency or official seeking to restrain or enjoin the issuance, sale, execution or delivery of the Notes or in any way contesting or affecting the validity of the Notes or in which there is a reasonable possibility of an adverse decision which could have a material adverse effect on (i) the ability of the City to perform its obligations hereunder or under the Related Documents to which it is a party or (ii) the enforceability or validity of the Trust Agreement or any of the Related Documents.

(f) No Sovereign Immunity. The City does not enjoy any rights of immunity on the grounds of sovereign immunity in respect of its obligations hereunder or under any Related Document to which it is a party or by which it is bound.

(g) Incorporation of Representations and Warranties by Reference. As of the Date of Issuance, the City hereby makes to the Bank the same representations and warranties made by the City as are set forth in the Related Documents to which it is a party, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety. No amendment to such representations and warranties or defined terms made pursuant to the Related Documents to which it is a party shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the consent of the Bank.

(h) No Proposed Legal Changes. There is no amendment, or, to the knowledge of the City, no proposed amendment certified for placement on a statewide ballot, to the Constitution of the State of California or any published administrative interpretation of the Constitution of the State of California or any State of California law, or any legislation that has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which is to materially adversely affect (i) the execution and delivery of this Agreement or the Related Documents to which the City is a party, or (ii) the performance by the City of its obligations under this Agreement or the Related Documents to which the City is a party.

(i) Offering Memorandum. The information contained in the Offering Memorandum under the caption "CITY OF SAN JOSE," as of the Date of Issuance, and as of the date of each issuance of Notes under the Trust Agreement, does not contain any untrue statement of any material fact.

(j) Title to Property. The City has good and marketable fee simple title to all of the Components, subject only to Permitted Encumbrances.

(k) Disclosure. Except as disclosed in writing to the Bank, there is no fact known to the City, as of the date this representation is made, that would have a material adverse effect on (i) the ability of the City to perform its obligations hereunder or under the Related Documents to which it is a party or (ii) the enforceability or validity of any of the Related Documents.

(l) Financial Information. The consolidated statement of financial position of the City as of June 30, [2012], as well as each CAFR of the City as of any more recent date, delivered to the Bank pursuant to this Agreement, fairly present the financial condition of the City as at such date and the results of the operations of the City for the period ended on such date, all in accordance with generally accepted accounting principles consistently applied, and since the date of such financial information, there has been no change in the business, financial condition, results of operations, or prospects of the City which would materially and adversely affect the ability of the City to perform its obligations hereunder or under any other Related Documents to which it is a party.

(m) Legal Matters. The City is in material compliance with all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction over the City, including all Environmental Laws, non-compliance with which would materially and adversely affect the ability of the City to perform its obligations hereunder or under any other Related Documents to which it is a party.

Section 4.2 Authority Representations and Warranties. The Authority represents and warrants that, as of the date on which this Agreement is executed:

(a) Existence. The Authority is validly existing as a joint powers authority under the laws of the State, including the State constitution, with full right and power to own its properties and to carry on its affairs as now being conducted and to issue the Notes, to pledge the security and to execute, deliver and perform its obligations under this Agreement and each Related Document to which it is a party.

(b) Authorization; Contravention. The execution, delivery and performance by the Authority of this Agreement, the Revolving Note and the other Related Documents to which it is a party are within the Authority's powers, have been duly authorized by all necessary action, require no action by or in respect of, or filing with, any governmental body, agency or official and do not violate or contravene, or constitute a default under, any provision of applicable law, charter, ordinance or regulation or of any material agreement, judgment, injunction, order, writ, determination, award, decree or material instrument binding upon the Authority or by which the Authority or its properties may be bound or affected, or result in the creation or imposition of any lien or encumbrance on any asset of the Authority (other than pursuant to such enumerated documents). The Authority is not a party to, or otherwise subject to, any provision contained in any instrument evidencing indebtedness of the Authority, any agreement relating thereto, or any other contract or agreement (including its charter) that limits the amount of; or otherwise imposes restrictions on, the incurring of obligations of the Authority

that would materially and adversely affect the ability of the Authority to perform its obligations hereunder or under any other Related Documents to which it is a party.

(c) Binding Effect. Assuming due execution by the other parties thereto, this Agreement and the other Related Documents to which the Authority is a party each constitutes a valid, binding and enforceable agreement of the Authority, subject to applicable laws affecting creditors' rights generally and general principles of equity regardless of whether such enforceability is considered in a proceeding at law or in equity.

(d) No Default. It is not, in any material respect, in breach of or default under its articles of incorporation or other similar documents, or any applicable law or administrative regulation of the State or of the United States, relating, in each case, to the issuance of debt securities by it, or any applicable judgment, decree, loan agreement, note, resolution, ordinance or other material agreement to which it is a party or is otherwise subject. Late delivery of financial statements or other reporting documentation shall not be deemed material for purposes of this Section.

(e) Litigation. Except as disclosed in writing to the Bank, there is no action, suit or proceeding pending with service of process having been accomplished against, or to the knowledge of the Authority, threatened against or affecting, the Authority before any court or arbitrator or any governmental body, agency or official seeking to restrain or enjoin the issuance, sale, execution or delivery of the Notes or in any way contesting or affecting the validity of the Notes or in which there is a reasonable possibility of an adverse decision which could have a material adverse effect on (1) the ability of the Authority to perform its obligations hereunder or under the Related Documents to which it is a party or (ii) the enforceability or validity of the Trust Agreement or any of the Related Documents.

(f) No Sovereign Immunity. The Authority does not enjoy any rights of immunity on the grounds of sovereign immunity in respect of its obligations hereunder or under any Related Document to which it is a party or by which it is bound.

(g) Incorporation of Representations and Warranties by Reference. As of the Date of Issuance, the Authority hereby makes to the Bank the same representations and warranties made by the Authority as are set forth in the Related Documents to which it is a party, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety. No amendment to such representations and warranties or defined terms made pursuant to the Related Documents to which it is a party shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the consent of the Bank.

(h) No Proposed Legal Changes. There is no amendment, or, to the knowledge of the Authority, no proposed amendment certified for placement on a statewide ballot, to the Constitution of the State of California or any published administrative interpretation of the Constitution of the State of California or any State of California law, or any legislation that

has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which is to materially adversely affect (i) the execution and delivery of this Agreement or the Related Documents to which the Authority is a party, or (ii) the performance by the Authority of its obligations under this Agreement or the Related Documents to which the Authority is a party.

(i) Title to Property. The Authority has good and marketable leasehold title to all of the Components pursuant to the Site Lease.

(j) Disclosure. Except as disclosed in writing to the Bank, there is no fact known to the Authority that would have a material adverse effect on (i) the ability of the Authority to perform its obligations hereunder or under the Related Documents to which it is a party or (ii) the enforceability or validity of the Trust Agreement or any of the Related Documents.

(k) No Maximum Rate of Interest. The Authority is authorized to enter into this Agreement and the transactions contemplated hereby by Section 5922 of the California Government Code. In accordance with Section 5922 of the California Government Code, the obligations of the Authority under the Revolving Note and all other Reimbursement Obligations hereunder are not subject to any limitation as to maximum interest-rate.

ARTICLE V

COVENANTS

Section 5.1 Covenants. The Authority and the City each agrees that so long as the Letter of Credit remains outstanding or any amount payable hereunder remains unpaid:

(a) Information. The City and the Authority will prepare or cause to be prepared and deliver to the Bank the following:

(i) as promptly as available, and in any event no later than 270 days after the end of each fiscal year of the City, the complete Comprehensive Annual Financial Report (“CAFR”) of the City, certified as to the fairness of presentation and conformity with generally accepted accounting principles by a recognized firm of independent certified public accountants;

(ii) concurrently with the delivery of the financial statements delivered to the Bank pursuant to (a)(i) above, a certificate from a City Representative certifying that such City Representative has no knowledge of any event which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both, that has occurred and is continuing and a certificate from an Authorized Representative of the Authority certifying that such Authorized Representative has no knowledge of any event which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both, that has occurred and is continuing;

(iii) within twenty (20) days of proposal or adoption (as the case may be) of the most recently proposed or adopted annual operating budget of the City (as the case may be) with respect to the City's General Fund, evidence that such annual operating budget with respect to the City's General Fund includes therein as a separate line item all Minimum Required Rental Payments and Additional Payments due during such period, if not otherwise paid from capitalized interest funded by proceeds of the Notes;

(iv) copies of any "material events notices" as set forth in the United States Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) the City or the Authority files in the normal course of affairs with any nationally recognized municipal securities repository with respect to General Fund obligations of the City pursuant to any continuing disclosure agreement; and

(v) such other information respecting the affairs, conditions and/or operations, financial or otherwise, of the City or the Authority, as the Bank or the Bank Agent may from time to time reasonably request.

(b) No Amendment Without Consent of the Bank. Without the prior written consent of the Bank, which consent shall not be unreasonably withheld or delayed, the Authority and the City will not agree or consent to any amendment, supplement, waiver or modification of any provision of any Related Document to which the Authority or the City is a party.

(c) Incorporation of Covenants by Reference. The Authority and the City each agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in the Related Documents to which it is a party, which provisions, as well as related defined terms contained herein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety. To the extent that any such incorporated provision permits any Person to waive compliance with or consent to such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to any Person, for purposes of this Agreement, such provision shall be complied with only if it is waived or consented to by the Bank and such document, opinion or other instrument shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Bank.

(d) Issuing and Paying Agent. The Authority and the City will at all times have an Issuing and Paying Agent performing the duties thereof contemplated by the Trust Agreement and the Issuing and Paying Agent Agreement.

(e) Dealer. The Authority and the City will at all times have one or more Dealers reasonably acceptable to the Bank performing the duties thereof contemplated by the Trust Agreement and the Dealer Agreement.

(f) Outstanding Notes Plus Interest Coverage Amount Not to Exceed Stated Amount; No-Issuance after Receipt of No-Issuance Notice.

(i) The Authority will instruct the Issuing and Paying Agent not to authenticate or deliver any Note if, immediately after the authentication and delivery of, and receipt of payment for, such Note, the aggregate principal amount of Notes then to be Outstanding under the Trust Agreement plus the Interest Coverage Amount with respect to such Notes, would exceed the Stated Amount.

(ii) The Authority will not instruct the Issuing and Paying Agent to authenticate or deliver any Note if the Issuance and Paying Agent has received a No-Issuance Notice, unless and until such No-Issuance Notice is rescinded.

(g) Defaults. The Authority and the City will promptly notify the Bank of the occurrence of any Event of Default, specifying the details of such Event of Default and the action that the Authority proposes to take with respect thereto.

(h) Books, Records. The Authority and the City will permit, during normal business hours and from time to time, upon reasonable prior notice, the Bank or the Bank Agent or any of its agents or representatives to examine and make copies of and abstracts from the records and books of account of the Authority and the City, respectively (except records and books of accounts the examination of which by the Bank or the Bank Agent, as applicable, is prohibited by law), and to discuss the affairs, finances and accounts of the Authority and the City with any representative or any other appropriate officer of the Authority and the City or the Authority's or the City's independent public accountants.

(i) Other Obligations. The Authority and the City will each comply with and observe all other material obligations and requirements set forth in the Trust Agreement and each other Related Document to which it is a party (including without limitation all provisions therein for the benefit of the Bank) and in all laws, statutes and regulations binding upon it, noncompliance with which would materially adversely affect the Authority's or the City's ability to perform its respective obligations under the Notes, this Agreement or any of the Related Documents.

(j) Litigation; Material Change. The Authority and the City shall promptly notify the Bank Agent of (i) the existence and status of any litigation which individually or in the aggregate could, in the event of an unfavorable outcome, or (ii) the occurrence of any other event or change which could have a material adverse effect on (A) the ability of the Authority or the City to perform their respective obligations hereunder or under the Related Documents or (B) the enforceability or validity of the Trust Agreement or any of the Related Documents.

(k) Repayment of Drawings. On and after the date of any drawing on the Letter of Credit, the Authority will use its best efforts to cause the Dealer to sell Notes as soon as practicable and to use the proceeds of the sale of such Notes to repay such drawing.

(l) Obligations under Related Documents. The Authority and the City shall take all actions as may be reasonably requested by the Bank or the Bank Agent to enforce the obligations under the Related Documents of each of the other parties thereto.

(m) Replacement of Certain Entities. The Authority shall obtain the prior written consent of the Bank to the replacement of the Issuing and Paying Agent or the Dealer, which consent shall not be unreasonably withheld or delayed. The Authority and the City shall provide the Bank Agent with prior written notice of the replacement of any other entity that is a party to a Related Document.

(n) Limitation on Voluntary Liens. The Authority and the City shall not create a pledge, lien or charge on any part of the Property, other than the lien in favor of holders of the Notes. The City and the Authority covenant (i) to keep the Components and all parts thereof free from judgments, and materialmen's and mechanics' liens, claims, demands, encumbrances, liabilities and other liens of whatever nature or character, which, in each case, might hamper the City in utilizing the Components; and (ii) promptly, upon request of the Bank or the Bank Agent, to take such action from time to time as may be reasonably necessary or proper to remedy or cure any cloud upon or defect in the title to the Components or any part thereof, whether now existing or hereafter developing, to prosecute all actions, suits, or other proceedings as may be reasonably appropriate for such purpose.

(o) City and the Authority to Maintain Existence. The Authority agrees that it will maintain its existence as a joint exercise of powers authority under the laws of the State of California. The City agrees that it will maintain its existence as a charter city and municipal corporation under the laws and Constitution of the State of California.

(p) Further Assurances. The City and the Authority will execute, acknowledge where appropriate, and deliver from time to time promptly at the request of the Bank or the Bank Agent all such instruments and documents as in the opinion of the Bank or the Bank Agent, as applicable, are reasonably necessary or desirable to carry out the intent and purposes of this Agreement.

(q) No Impairment. The City and the Authority will not take any action, or cause or permit the Trustee or the Issuing and Paying Agent to take any action, under the Trust Agreement, the Sublease or any other Related Document inconsistent with the rights and remedies of the Bank under this Agreement.

(r) Lease Payments. The City and the Authority will not issue or authorize the issuance of any obligation payable from the Rental Payments due under the Sublease.

(s) References to the Bank. The City and the Authority will not refer to the Bank in any official statement, offering memorandum, or private placement memorandum or make any changes in reference to the Bank in any revision of the Offering Memorandum without the Bank's prior written consent thereto, which consent shall not be unreasonably withheld or delayed.

(t) Title Insurance. The City and the Authority shall, during the term of the Sublease, cause each of the Components to be covered by a CLTA leasehold policy (1990) of title insurance insuring the Trustee and naming the Bank an additional insured as their interests

may appear, in an amount not less than the Commitment, subject only to such exceptions as shall be acceptable to the Bank, with such endorsements and affirmative coverages as may be reasonably required by the Bank (with timely notice), including endorsements regarding zoning and access to public roads, and otherwise in form and substance satisfactory to the Bank and its counsel and issued by an insurance company acceptable to the Bank and its counsel and authorized to issue such insurance in the State of California.

(u) Maintenance of Insurance. Throughout the term of the Sublease, the City shall maintain or cause to be maintained fire and lightning insurance (with an extended coverage endorsement and with a vandalism and malicious mischief endorsement) on all structures, facilities and improvements constituting the Property in an amount equal to the lesser of (i) one hundred percent (100%) of the replacement cost of such structures, facilities and improvements (less a commercially reasonable deductible amount) or (ii) an amount equal to the then outstanding Notes. Said extended coverage endorsement shall cover loss or damage by explosion, windstorm, hail, riot, civil commotion, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such endorsement, if such coverage is commercially available in reasonable amounts at reasonable cost on the open market from reputable insurance companies. In addition, the City shall maintain or cause to be maintained, throughout the term of the Sublease, general liability and automobile insurance with coverage in the minimum amount of \$5,000,000 combined single limit for bodily and personal injury, death and property damage per occurrence. The City shall maintain or cause to be maintained, throughout the term of the Sublease, rental interruption insurance to cover loss, total or partial, of the use of any Component as a result of any of the hazards covered by the insurance described in the first sentence above, in an amount sufficient at all times to pay the total rent payable under the Sublease with respect to such Component for a period equal to 24 months, assuming an interest rate of 6% on the Notes. Each of such policies shall name the Bank as loss payees and additional insureds and/or additional covered party, as applicable, and shall be maintained with responsible and reputable insurance companies satisfactory to the Bank in such amounts, with such deductibles, and covering such risks and contingencies as the Bank shall request; provided, however, that the City may self-insure to the extent permitted by the Sublease. The City agrees to cause each issuer of an insurance policy to agree in writing to give the Bank Agent 30 days advance notice of any cancellation or lapse in coverage.

(v) Repayment of Bank. If at any time a Default Advance is outstanding hereunder or any amounts are owed by the Authority to the Bank hereunder, and the City and the Authority are unable, or reasonably foresee that they will be unable, to increase Rental Payments in an amount sufficient to reimburse the Bank for any Default Advances which have become due and payable as required by Section 2.6 hereof, the staff of the City and the Authority shall use their respective best efforts to either: (i) provide for the substitution of new real property for one or more of the Components, such new real property to have a fair rental value sufficient to support Rental Payments sufficient to pay all Default Advances pursuant to Section 2.6 hereof, and to reimburse the Bank for all Reimbursement Obligations and pay all other obligations owing to the Bank hereunder, (ii) support the issuance of bonds or other certificates of participation sufficient in value to pay all Default Advances pursuant to Section 2.6 hereof, as applicable, and to reimburse the Bank for all Reimbursement Obligations and pay all other

obligations owing to the Bank hereunder or (iii) request an appropriation, from the City's General Fund of legally available funds in an amount sufficient to pay all Default Advances pursuant to Section 2.6 hereof, as applicable, and to reimburse the Bank for all Reimbursement Obligations and pay all other obligations owing to the Bank hereunder. If the Bank elects not to extend the Stated Termination Date of the Letter of Credit, the City and the Authority shall use their respective best efforts to (i) cause the delivery of an Alternate Credit Facility in substitution for the Letter of Credit and the simultaneous reimbursement of all Reimbursement Obligations and payment of all other obligations owing to the Bank hereunder prior to the Stated Termination Date or (ii) cause the issuance of fixed rate bonds or other certificates of participation prior to the Stated Termination Date sufficient in value to reimburse the Bank for all Reimbursement Obligations and pay all other obligations owing to the Bank hereunder.

(w) Covenants and Legal Duties. Subject to Section 3.1(g) of the Sublease, the City agrees to include all Minimum Required Rental Payments and Additional Rental due under the Sublease in each Fiscal Year in its annual budget and to make the necessary annual appropriations for all such Minimum Required Rental Payments and Additional Rental, and for all Minimum Supplemental Rental Payments, if any, subject to Section 3.5 of the Sublease. The covenants on the part of the City herein contained and in the Sublease shall be deemed to be and shall be construed to be duties imposed by law, and it shall be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform such covenants and agreements.

(x) Maximum Base Rental. Upon the acceleration of the Revolving Note hereunder, the City and the Authority agree to cause the Maximum Base Rental for each Component to be increased so that the annual aggregate rental payments payable with respect to such Component equal the maximum fair market rental for such Component. The City and the Authority shall, at the Bank Agent's request on behalf of the Bank, redetermine or cause to be redetermined the fair rental value for such Component as of the date of any such event.

(y) Substitution or Removal of Property. The City and the Authority will not substitute or remove (other than pursuant to Section 7.02(d) of the Trust Agreement) or cause the substitution or removal (other than pursuant to Section 7.02(d) of the Trust Agreement) of any portion of the Property subject to the leasehold under the Site Lease and the Sublease without the prior written consent of the Bank, and otherwise satisfying the conditions precedent to such substitution or removal set forth in Section 7.02(b) or (c) of the Trust Agreement, as applicable. A removal in connection with Section 7.02(d) of the Trust Agreement need not comply with the conditions precedent set forth in Section 7.02(b) or (c) of the Trust Agreement, as applicable, except as expressly provided in Section 7.02(d) of the Trust Agreement.

(z) Other Agreements. If the Authority directly or indirectly, enters into or otherwise consents to any credit agreement, bond purchase agreement, liquidity agreement or any other agreement or instrument (or any amendment, supplement or modification thereto) under which, directly or indirectly, any creditor or other person undertakes to make loans or extend credit or liquidity to the Authority, which such agreement or instrument (or amendment,

supplement or modification thereto) provides such creditor or other person with higher interest rates, including default rates, with respect to any bank bonds or pledged bonds, held by or on behalf of any such creditor or other person thereunder than are provided to the Bank in this Agreement, the Authority shall provide the Bank with a copy of each such agreement (or amendment thereto) and such higher interest rates shall automatically be deemed incorporated into this Agreement and the Bank shall have the benefit of such higher interest rates as if specifically set forth herein. The Authority shall promptly enter into an amendment of this Agreement to include such higher interest rates; provided, however, that the Bank shall maintain the benefit to such higher interest rates even if the Authority fails to provide such amendment.

ARTICLE VI

EVENTS OF DEFAULT

Section 6.1 Events of Default. The occurrence of any of the following events shall be an “Event of Default” hereunder:

(a) The Authority or the City shall fail to pay when due any amount payable hereunder;

(b) The Authority or the City shall default in the performance of any of the covenants set forth in Section 5.1(b), (f), (i), (m), (n), (o), (q), (r), (s), (t), (u), (w) or (y);

(c) The Authority or the City shall default in the performance of any other material term, covenant or agreement set forth herein and such failure shall continue for a period of 30 days after written notice thereof shall have been given to the Authority or the City, as applicable, by the Bank;

(d) Any representation, warranty, certification or material statement made by the Authority or the City (or incorporated by reference) in this Agreement or by the Authority or the City in any Related Document or in any certificate, financial statement or other document delivered pursuant to this Agreement or any Related Document shall prove to have been incorrect in any material respect when made;

(e) The City shall (A) fail to make any payment on any Material City Debt (other than the Notes) or any interest or premium thereon when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the later of (1) five Business Days after notice of such failure or (2) the applicable grace period, if any, specified in the agreement or instrument relating to such Material City Debt; or (B) fail to perform or observe any material term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any Material City Debt when required to be performed or observed, and such failure shall not be waived and shall continue after the later of (1) five Business Days after notice of such failure or (2) the applicable grace period, if any, specified in such agreement or instrument, if the effect of such failure to perform or observe is to accelerate the maturity of such Material City Debt; or (C) any Material

City Debt shall be declared to be due and payable or be required to be prepaid (other than by a regularly scheduled required prepayment or an optional prepayment), prior to the stated maturity thereof; provided, however, that any such failure shall not be considered an Event of Default hereunder if the same is being contested in good faith and by appropriate proceedings and such contest shall operate to stay the acceleration of the maturity of such Material City Debt;

(f) The Authority or the City shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of its or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall declare a moratorium, or shall take any action to authorize any of the foregoing;

(g) A case or other proceeding shall be commenced against the Authority or the City seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Authority or the City under the federal bankruptcy laws as now or hereafter in effect, or any writ, judgment, warrant of attachment, execution or similar process shall be issued or levied against a substantial part of the property, assets or business of the Authority or the City, and such proceedings or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be stayed, released, appealed, vacated or fully bonded, within the time permitted by law after commencement, filing or levy, as the case may be;

(h) Any material provision of this Agreement or any Related Document shall cease for any reason whatsoever to be a valid and binding agreement of the Authority or the City, or the Authority or the City shall contest the validity or enforceability thereof;

(i) Any pledge or security interest created hereunder or under the Trust Agreement to secure any amounts due under this Agreement shall fail to be fully enforceable;

(j) Any Rating Agency shall have downgraded the City's long-term or short-term general obligation debt ratings to a rating category at or below the "Baa2" category by Moody's or the "BBB" category by Fitch or S&P, or suspended or withdrawn its rating on such general obligation debt, other than as a result of the refunding or repayment of such general obligation debt; provided, however, that it shall not be an Event of Default hereunder if a Rating Agency shall have withdrawn its rating on such general obligation debt so long as another Rating Agency shall maintain a rating on such general obligation debt in a rating category above the "Baa2" category by Moody's or the "BBB" category by Fitch or S&P and so long as the Rating Agency that withdrew its rating on such general obligation debt was not requested to withdraw

such rating, or did not withdraw such rating, as a result of any credit concerns with respect to the City; or

(k) An event of default shall occur under any of the Related Documents or the City shall fail to make any payment under the Sublease when and as due.

Section 6.2 Upon an Event of Default. If any Event of Default shall have occurred and be continuing, the Bank Agent, acting on instructions from the Bank, may, subject to Section 8.3, by notice to the Authority and the Issuing and Paying Agent, (i) issue a No-Issuance Notice, (ii) reduce the Unutilized Commitment to zero (0); (iii) declare the Revolving Note, in whole or in part, all or some Advances, as well as any other Reimbursement Obligation, and all interest thereon to be a Default Advance hereunder due and payable in the manner set forth in Section 2.6 hereof; or (iv) take any other action permitted by law. Anything in Article 2 hereof the contrary notwithstanding, from and after the occurrence an Event of Default, all Reimbursement Obligations shall bear interest at the Default Rate. Upon any action by the Bank Agent, acting on instructions from the Bank, as contemplated in the foregoing clauses (i) and (ii), the Stated Amount shall be permanently reduced upon, and by the amount of, each drawing under the Letter of Credit following the occurrence of an Event of Default. Notwithstanding the foregoing, the occurrence of an Event of Default shall not affect the Bank's obligations under the Letter of Credit with respect to Notes that are outstanding at the time of the occurrence of such Event of Default, and the Issuing and Paying Agent shall continue to have the right to draw under the Letter of Credit to pay the principal of and accrued interest on maturing Notes that are outstanding at the time of the occurrence of such Event of Default.

ARTICLE VII

RESERVED

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Amendments and Waivers. No amendment, change, discharge or waiver of any provision of this Agreement, nor consent to any departure by the Authority therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

No notice to or demand on the Authority in any case shall entitle the Authority to any other or further notice or demand in the same, similar or other circumstances.

Section 8.2 Notices. All notices and other communications provided for hereunder shall be in writing (including facsimiles) and mailed or faxed or delivered:

if to the Authority: City of San José Financing Authority

c/o Debt Management/Finance Department
City of San José
200 East Santa Clara Street, 13th Floor
San José, California 95113-1905
Telephone: (408) 535-7010
Fax: (408) 292-6480

if to the City:

City of San José
c/o Debt Management/Finance Department
200 East Santa Clara Street, 13th Floor
San José, California 95113-1905
Telephone: (408) 535-7010
Fax: (408) 292-6480

if to the City Attorney:

City Attorney
Office of the City Attorney City of San José
200 East Santa Clara Street, 16th Floor
San José, California 95113
Attention: Litigation Division

if to State Street:

State Street Bank and Trust Company
c/o State Street Global Markets, LLC
State Street Financial Center SFC/5
Municipal Finance
State Street Financial Center
1 Lincoln Street
Boston, MA 02111-2904
Attention: Mimi Li
Telephone: (617) 664-3196
Fax: (617) 946-0188

if to the Bank Agent:

State Street Bank and Trust Company
Loan Operations Department
Attention: Standby Letter of Credit Unit
Mailstop: CPH0453
100 Huntington Ave.
Tower 2, 4th Floor
Boston, MA 02116
Attention: Peter J. Connolly
Telephone: (617) 662-8588
Fax: (617) 988-6674

wire instructions for Letter
of Credit reimbursement of

State Street Bank and Trust Company
Loan Operations Department

drawings:

Standby Letter of Credit Unit
Mailstop: CPH0453
100 Huntington Avenue, Tower 1
Boston, Massachusetts 02116
Attention: Peter J. Connolly
Telephone: (617) 662-8588
Fax: (617) 988-6674

wire instructions for all
other amounts:

State Street Bank and Trust Company
ABA #011-000-028
Account Name: Municipal Finance Fee Receivable
Account Number: 4867-932-8
Reference: San José Civic Center

if to the Issuing
and Paying Agent:

Wells Fargo Bank, National Association
608 2nd Avenue South
MAC N9303-12155479
Minneapolis, Minnesota 55479
Attention: Corporate Trust Department/CP Unit
Telephone: (617) 667-0945
Fax: (617) 667-4927

if to the Trustee:

Wells Fargo Bank, National Association
707 Wilshire Boulevard, 17th Floor
Los Angeles, California 90017
Attention: Corporate Trust Administration
Telephone: (617) 614-3346
Fax: (617) 614-3355

or, as to each party, at such other address as shall be designated by such party in a written notice to the other party. All such notices and communications shall, when mailed or faxed, be effective when deposited in the mails or faxed, respectively, addressed as aforesaid, except that notice to the Bank pursuant to the provisions of Article II shall not be effective until received by the Bank.

Section 8.3 No Waiver; Remedies. No failure on the part of the Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. No notice to or demand on the Authority or the City in any case shall entitle the Authority or the City to any other or further notice or demand in similar or other circumstances or constitute a waiver of the right of the Bank to any other or further action in any circumstances without notice or demand. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 8.4 Indemnification.

(a) The Authority, to the extent permitted by law, hereby indemnify and hold the Bank and the Bank Agent, and their respective directors, officers, employees- and agents (the “Indemnified Parties”) harmless from and against any and all claims, damages, losses, liabilities, costs or expenses which such Indemnified Parties may incur or which may be claimed against such Indemnified Parties by any person by reason of or in connection with (i) the offering, sale, remarketing or resale of the Notes (including, without limitation, by reason of any untrue statement or alleged untrue statement of any material fact contained or incorporated by reference in the Related Documents or in any supplement or amendment to the Offering Memorandum or any similar disclosure document (other than in connection with a description of the Bank), or the omission or alleged omission to state therein a material fact necessary to make such statements, in the light of the circumstances in which they are or were made, not misleading (other than in connection with a description of the Bank)); (ii) the validity, sufficiency, enforceability or genuineness of any Related Document; or (iii) the execution and delivery of this Agreement, or the making or the failure to honor a properly presented and conforming drawing under the Letter of Credit; provided, however, that the Authority, or the City on behalf of the Authority, shall not be required to indemnify an Indemnified Party pursuant to this Section 8.4 for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (i) the willful misconduct or gross negligence of the Bank or the Bank Agent in determining whether a request for a drawing presented under the Letter of Credit complied with the terms thereof, or (ii) the Bank’s willful failure to honor a properly presented and conforming drawing under the Letter of Credit.

(b) To the extent not prohibited by applicable law, the Authority and the City agree to indemnify and hold the Bank and the Bank Agent harmless (on a net after-tax basis) from any present or future claim or liability for stamp, transfer, documentary, excise or other similar tax and any penalties or interest with respect thereto, which may be assessed, levied or collected by any jurisdiction in connection with the execution, delivery and performance of, or any payment made under, this Agreement, the Notes and the other Related Documents, or any amendment thereto.

Section 8.5 Liability of the Bank. Neither the Bank nor any of its officers, directors, employees or agents shall be liable or responsible for (i) the use which may be made of the proceeds of any Notes or any drawings under the Letter of Credit, (ii) the validity, sufficiency or genuineness of documents, or of any endorsement(s) thereon (other than the validity as against the Bank of any agreement to which the Bank is a party), even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged, (iii) the lack of validity or enforceability of this Agreement, the Notes, any other Related Document or any other agreement or instrument relating thereto (other than the validity or enforceability as against the Bank of any agreement to which the Bank is a party), or (iv) any other circumstances whatsoever in making or failing to make payment under the Letter of Credit; provided, that the Authority and the City shall have claims against the Bank, and the Bank shall be liable to the Authority and the City to the extent of any direct, as opposed to consequential, damages suffered by the Authority or the City which the Authority and the City prove were caused by (i) the Bank’s willful

misconduct or gross negligence in determining whether any drawing presented under the Letter of Credit complied with the terms thereof, or (ii) the Bank's willful failure to honor a properly presented and conforming drawing required to be honored by it under the Letter of Credit. In furtherance and not in limitation of the foregoing, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information (other than actual knowledge to the contrary) to the contrary.

Section 8.6 Expenses; Documentary Taxes. The Authority shall pay (a) fees and document production costs and disbursements of Nixon Peabody LLP, counsel for the Bank, in connection with the preparation of this Agreement and the Letter of Credit [in amount not to exceed \$_____], (b) all out-of-pocket travel and other expenses incurred by the Bank and the Bank Agent in connection with this Agreement and the Letter of Credit, (c) all reasonable out-of-pocket expenses of the Bank and the Bank Agent, including fees and disbursements of counsel, in connection with any waiver or consent hereunder or any amendment hereof or any Default or alleged Default hereunder, and (d) all out-of-pocket expenses incurred by the Bank and the Bank Agent, including fees and disbursements of counsel, in connection with any Event of Default or any investigation or enforcement proceedings with respect to this Agreement or any Related Document. The Authority shall reimburse the Bank and the Bank Agent for any transfer taxes, documentary taxes, assessments or charges made by any governmental authority by reason of the execution a delivery of this Agreement or any Related Document or the acquisition or disposition by the Bank of the Revolving Note pursuant to this Agreement.

Section 8.7 Binding Effect.

(a) This Agreement shall become effective when it shall have been executed by the Authority, the City, the Bank and the Bank Agent and thereafter shall be binding upon and inure to the benefit of the, Authority, the City, the Bank and the Bank Agent and their respective successors and assigns, except that the Authority and the City shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Bank.

(b) The Bank may at any time grant to one or more Participant Banks participating interests in its participation in the Bank's obligations under the Letter of Credit or any or all of the Revolving Note.

(i) The Bank may assign to one or more banks or other institutions all, or a proportionate part of all (but not less than a part representing a participation in the amount of \$5,000,000) of it rights and obligations under this Agreement, the Letter of Credit and the Revolving Note, with (and subject to) the prior written consent of the Authority, provided that the Bank provides written evidence from the Rating Agencies which then have a rating in effect for the Notes that such assignment will not by itself result in a reduction, suspension or withdrawal of its rating of the Notes; provided, however, that the consent of the Authority shall not be unreasonably withheld; provided, further, that such assignment will not be permitted if it would result in (i) a higher borrowing cost to the Authority as certified by the Dealer, and (ii) an increase in the costs, fees or expenses to be paid by the Authority or the City. This

subsection (b) does not apply to the sale of the Revolving Note other than in conjunction with an assignment of the Bank's obligations under the Letter of Credit.

(ii) Upon execution and delivery of an instrument of assignment and assumption hereunder, payment by the assignee Bank under subsection (i) or (ii) above (an "Assignee") to such transferor Bank of an amount equal to the purchase price agreed between such transferor Bank and such Assignee and amendment or substitution for the Letter of Credit to reflect such assignment, such Assignee shall be the Bank party to this Agreement and shall have all the rights and obligations of the Bank as set forth in such instrument of assignment and assumption, and the transferor Bank shall be released from its obligations under the Letter of Credit to a corresponding extent, and no further consent or action by any party shall be required.

(iii) No Participant Banks or other transferee of the Bank's rights and obligations hereunder shall be entitled to receive any greater payment under Section 2.8 hereof than the Bank would have been entitled to receive with respect to the rights and obligations hereunder transferred, unless such assignment or other transfer is made with the Authority's prior written consent.

Section 8.8 Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 8.9 Approvals. The Bank hereby approve with respect to the Notes, Wells Fargo Bank, National Association, as Trustee, and Wells Fargo Bank, National Association, as Issuing and Paying Agent, and Barclays Capital Inc., as Dealer.

Section 8.10 Governing Law and Jurisdiction.

(a) This Agreement shall be deemed to be a contract made under the laws of the State and for all purposes shall be construed in accordance with the laws of said State, without regard to the principles of conflicts of laws. Any action or proceeding against the Authority or the City arising out of or relating to this Agreement, the Letter of Credit, the Revolving Note or the other Related Documents shall be brought by the Bank in an appropriate state or federal court in the State.

(b) The Authority and the City irrevocably consent to the service of any and all process in any such suit, action or proceeding by mailing or delivering copies of such process to the City Attorney of the City at the City's address provided in Section 8.2 hereof. The Authority and the City agree that a final judgment (after all appeals have been exhausted) in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. All mailings under this Section shall be by certified mail, return receipt requested. Nothing in this Section shall affect the right of the Bank to serve legal process in any other manner permitted by law.

Section 8.11 Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 8.12 Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 8.13 Integration. This Agreement is intended to be the final agreement between the parties hereto relating to the subject matter hereof and this Agreement and any agreement, document or instrument attached hereto or referred to herein shall supersede all oral negotiations and prior writings with respect to the subject matter hereof.

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

CITY OF SAN JOSE FINANCING AUTHORITY

By: _____
Treasurer

CITY OF SAN JOSE

By: _____
Director of Finance

Approved as to Form:

City Attorney

By: _____
Senior Deputy City Attorney

[Signature Pages to Letter of Credit and Reimbursement Agreement Continued]

STATE STREET BANK AND TRUST
COMPANY, as the Bank

By: _____
Name:
Title:

STATE STREET BANK AND TRUST
COMPANY, as Bank Agent

By: _____
Name:
Title:

EXHIBIT A

[FORM OF LETTER OF CREDIT]

**IRREVOCABLE DIRECT-PAY LETTER OF CREDIT
(SSBTC No. ILC-_____)**

January 14, 2013

Wells Fargo Bank, National Association,
as Issuing and Paying Agent
608 2ND Avenue South
MAC N9303-12155479
Minneapolis, Minnesota 55479
Attention: Corporate Trust Department/CP Unit

Ladies and Gentlemen:

We (the “Bank”) hereby establish, at the request and for the account of the CITY OF SAN JOSE FINANCING AUTHORITY (the “Authority”), and CITY OF SAN JOSE (the “City”), in your favor, as Issuing and Paying Agent (the “Issuing and Paying Agent”) with respect to the Authority’s Commercial Paper Notes issued pursuant to the Trust Agreement dated as of January 1, 2004 (the “ Original Trust Agreement”), as amended and restated by the Amended and Restated Trust Agreement, dated as of June 1, 2005 (the “Amended and Restated Trust Agreement”), as further amended by the First Supplement to Amended and Restated Trust Agreement, dated as of November 1, 2005, the Second Supplement to Amended and Restated Trust Agreement, dated as of October 1, 2008, and the Third Supplement to Amended and Restated Trust Agreement, dated as of April 1, 2010 (such amendments together with the Original Trust Agreement and the Amended and Restated Trust Agreement, the “Trust Agreement”), each by and between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”) pursuant to which up to \$87,000,000 in aggregate principal amount of the Authority’s Commercial Paper Notes (the “Notes”) are being issued, our Irrevocable Direct-Pay Letter of Credit (SSBTC No. ILC-_____) (this “Letter of Credit”) in the maximum available amount of \$93,435,750 (as more fully described below) (the “Stated Amount”), which may be drawn upon from time to time in respect of the principal and actual interest accrued on the Notes, effective immediately and expiring on the close of business at the office of State Street Bank and Trust Company (the “Bank Agent”) in Boston, Massachusetts set forth below on March 15, 2013 (the “Stated Termination Date”) or earlier as hereafter provided; provided, however, that if such date is not a Business Day, the Stated Termination Date shall be the next succeeding Business Day. The Stated Amount is subject to reductions and reinstatements as provided herein. All drawings under this Letter of Credit will be paid with our own funds and will not be paid directly or indirectly from funds or collateral on deposit with or for the account

Exhibit A-1

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

of, or pledged with or for the account of, the Bank by the Authority. The Bank will seek reimbursement for payments made pursuant to drawings under this Letter of Credit only after such payments have been made.

In respect of each drawing made under and in compliance with the terms of this Letter of Credit, the Bank shall be liable for honoring of such drawing.

The Bank shall be solely liable for its failure to perform its obligations under this Letter of Credit. The Bank Agent shall not be liable for the failure of the Bank to perform its obligations under this Letter of Credit.

The Bank hereby irrevocably authorizes you to draw on it in an aggregate amount not to exceed the Stated Amount of this Letter of Credit set forth above and in accordance with the terms and conditions and subject to the reductions and reinstatements in the amount as hereinafter set forth, (a) in one or more drawings (subject to the provisions contained in the second following paragraph) by one or more of your drafts, payable at sight on any day other than (i) a Saturday or Sunday or a day on which banking institutions are authorized or required by law or executive order to be closed in the State of California or in New York for commercial banking purposes; (ii) a day on which the New York Stock Exchange is authorized or required by law or executive order to be closed; and (iii) a day upon which commercial banks are authorized or required by law or executive order to be closed in the cities and states in which demands for payment may be presented under this Letter of Credit (a "Business Day"), and accompanied by your written and completed certificate signed by you in the form of Annex A attached hereto (any such draft accompanied by such certificate being a "Payment Draft"), an aggregate amount not exceeding the Stated Amount of this Letter of Credit.

Upon our honoring any Payment Draft, the Stated Amount and the amount available to be drawn hereunder by you by any subsequent Payment Draft shall be automatically decreased by an amount equal to the amount of such Payment Draft. In connection therewith, the Stated Amount and the amounts from time to time available to be drawn by you hereunder by any Payment Draft shall be increased when and to the extent, but only when and to the extent (i) of transfer by you to the Bank on the date such drawing is honored of proceeds of new Notes issued on such date or other funds furnished by or on behalf of the Authority to the Bank for such purpose, in either case in an aggregate amount equal to the amount of such Payment Draft, or upon written notice from the Bank to you that the Bank has been reimbursed by or on behalf of the Authority for any amount drawn hereunder by any Payment Draft and (ii) you have not received a No-Issuance Notice.

The Stated Amount of this Letter of Credit shall also be increased from time to time on each Increase Date and in the amounts set forth in a notice from the Bank to you substantially in the form attached hereto as Annex E.

The Stated Amount of this Letter of Credit shall also be reduced from time to time on each Decrease Date and in the amounts set forth in a notice from the Bank to you substantially in the form attached hereto as Annex F. As of the Decrease Date and upon such reduction, the

Exhibit A-2

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Stated Amount shall not be less than the principal amount of all outstanding Notes plus an amount (the "Interest Coverage Amount") equal to the sum of the products of the principal amount of each Note supported by this Letter of Credit times the interest rate per annum borne by such Note, divided by 365, times the number of days from the date of issuance of such Note to and including the maturity date of such Note.

Funds under this Letter of Credit are available to you against your Payment Draft referring thereon to the number of this Letter of Credit and accompanied by your written and completed certificate signed by you in the form of Annex A attached hereto. Each such draft and certificate shall be dated the date of its presentation, and each such draft and certificate shall be presented at the office of the Bank located at State Street Bank and Trust Company, Loan Operations Department, Attention: Standby Letter of Credit Unit, Mailstop: CPH0453, 100 Huntington Ave., Tower 1, 4th Floor, Boston, Massachusetts 02116, Facsimile Transmission No. (617) 988-6674 (with transmission confirmed by call to Telephone No. (617) 662-8588), Reference: Letter of Credit (SSBTC No. ILC-_____) or at such other address as shall be designated by the Bank in a written notice to you. Each such draft and certificate shall be immediately confirmed by telephone, notifying the Bank of such draw or certificate; provided, that, the failure to confirm such draft or certificate by telephone shall not affect the validity or effectiveness of the drawing. Any such draft and certificate may be presented to the Bank either by overnight courier, or by facsimile confirmed (in writing) within one Business Day thereafter by a physically presented draft and certificate, dated the date of the facsimile, stamped as or otherwise prominently indicated that such draft and certificate is a confirmation; provided, however, that the failure to so provide confirmation shall not affect the validity or effectiveness of the drawing. If we receive any of your drafts and certificates at such office, all in strict conformity with the terms and conditions of this Letter of Credit, not later than 11:00 A.M. (New York City time), respectively, on a Business Day prior to the termination hereof, we will honor the same by 3:00 P.M. (New York City time), respectively, on the same day in accordance with your payment instructions. If we receive any of your drafts and certificates at such office, all in strict conformity with the terms and conditions of the Letter of Credit, after 11:00 A.M. (New York City time) on a Business Day prior to the termination hereof, we will honor the same by 3:00 P.M. (New York City time) on the next succeeding Business Day in accordance with your payment instructions.

Payment under this Letter of Credit may be made by wire transfer of Federal Reserve Bank of New York funds to your account in a bank on the Federal Reserve wire system.

This Letter of Credit shall terminate upon the date (the "Letter of Credit Expiration Date") which is the earliest of (i) the later of the date on which the Bank receives written notice from you substantially in the form of Annex C attached hereto that an Alternate Credit Facility has been substituted for this Letter of Credit in accordance with the Trust Agreement or the effective date of any such Alternate Credit Facility, (ii) the date on which the Bank receives written notice from you substantially in the form of Annex D attached hereto that there are no longer any Notes Outstanding within the meaning of the Trust Agreement and that you elect to terminate the Letter of Credit, or (iii) 5:00 P.M. (New York City time) on the Stated Termination Date.

Exhibit A-3

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Prior to the Stated Termination Date, we may extend the Letter of Credit Expiration Date from time to time at the request of the Applicant by delivering to you an amendment to this Letter of Credit in the form of Annex G hereto designating the date to which the Stated Expiration Date is being extended. All references in this Letter of Credit to the Stated Expiration Date shall be deemed to be references to the date designated as such in the most recent of such notices. Any date to which the Stated Expiration Date has been extended as herein provided may be extended in a like manner.

This Letter of Credit is transferable in its entirety to any transferee who has succeeded you as Issuing and Paying Agent under the Trust Agreement, and may be successively transferred. Transfer of the available balance under this Letter of Credit to such transferee shall be effected by the presentation to us of this Letter of Credit accompanied by a certificate in the form of Annex B attached hereto. Upon such presentation, the Bank shall forthwith transfer the same to your transferee or, in the Bank's discretion, issue an irrevocable direct-pay letter of credit to your transferee with provisions therein consistent with this Letter of Credit.

This Letter of Credit sets forth in full the Bank's undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Notes), except only the certificates and the drafts referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such certificates and such drafts.

If a demand for payment does not conform to the terms and conditions of the Letter of Credit, the Bank will notify by telephone to the Issuing and Paying Agent thereof within a reasonable time after such delivery of such demand for payment, such notice to be confirmed in writing to the Issuing and Paying Agent within one Business Day, and we shall hold all documents at your disposal or, at your option, return the same to you.

Communications with respect to this Letter of Credit shall be made to the Bank at the address set forth herein, unless the Bank shall provide you with written notice of any change in such address.

[Remainder of page intentionally left blank.]

Exhibit A-4

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

To the extent not inconsistent with the express terms hereof, this Letter of Credit shall be governed by, and construed in accordance with, the terms of the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500 (the "Uniform Customs"), except for Article 41 and Article 48(g) thereof. As to matters not governed by the Uniform Customs, this Letter of Credit shall be governed by and construed in accordance with the laws of the State of New York, including without limitation the Uniform Commercial Code as in effect in the State of New York. Communications with respect to this Letter of Credit (other than drawings) shall be in writing to the Bank Agent at State Street Bank and Trust Company, Loan Operations Department, Attention: Standby Letter of Credit Unit, Mailstop: CPH0453, 100 Huntington Ave., Tower 1, 4th Floor, Boston, Massachusetts 02116, Facsimile Transmission No. (617) 988-6674 (with transmission confirmed by call to Telephone No. (617) 662-8588), Reference: Letter of Credit (SSBTC No. ILC-_____) or at such other address as shall be designated by the Bank Agent in a written notice to you.

Very truly yours,

STATE STREET BANK AND
TRUST COMPANY

By: _____

Name:

Title:

By: _____

Name:

Title:

Exhibit A-5

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

**CITY OF SAN JOSE FINANCING AUTHORITY
COMMERCIAL PAPER PROGRAM**

ANNEX A

[FORM OF CERTIFICATE FOR PAYMENT DRAFT]

**CERTIFICATE FOR DRAWING IN CONNECTION
WITH THE PAYMENT OF PRINCIPAL AND INTEREST**

**IRREVOCABLE DIRECT-PAY LETTER OF CREDIT
(SSBTC No. ILC-_____)**

[Date]

State Street Bank and Trust Company
Loan Operations Department
Attention: Standby Letter of Credit Unit
Mailstop: CPH0453
100 Huntington Ave., Tower 1, 4th Floor
Boston, Massachusetts 02116

Ladies and Gentlemen:

The undersigned, a duly authorized officer of the undersigned Issuing and Paying Agent (the "Issuing and Paying Agent"), hereby certifies to State Street Bank and Trust Company (the "Bank"), with reference to Irrevocable Direct-Pay Letter of Credit (SSBTC No. ILC-_____) (the "Letter of Credit," the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

1. The undersigned is the Issuing and Paying Agent under the Issuing and Paying Agent Agreement and the Trust Agreement for the holders of the Notes.

2. The undersigned is making a drawing under the Letter of Credit with respect to a payment of the principal of and accrued interest on maturing Notes, which payment is due on _____.

3. The amount of the Payment Draft accompanying this Certificate presented to the Bank is equal to \$_____, with \$_____, being drawn in respect of the payment of the Bank's principal of maturing Notes and \$_____ representing _____ days' interest thereon. Such amounts were computed in compliance with the terms and conditions of the Notes and the Trust Agreement. The amount of the Payment Draft being drawn

Annex A-1

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

in respect of the payment of principal of and accrued interest on maturing Notes does not exceed the Stated Amount of the Letter of Credit. The amount payable by the Bank with respect to this drawing is \$_____.

4. Each such Note was authenticated and delivered by us (or a predecessor Issuing and Paying Agent) pursuant to authority under the Trust Agreement.

5. Upon receipt by the undersigned of the amount demanded hereby, (a) the undersigned will deposit the same directly into the Payment Account maintained by the Issuing and Paying Agent pursuant to the Trust Agreement and the Issuing and Paying Agent Agreement and apply the same directly to the payment when due of the principal amount of the Notes and the interest amount owing on account of the Notes pursuant to the Trust Agreement, (b) no portion of said amount shall be applied by the undersigned for any other purpose, (c) no portion of said amount shall be commingled with other funds held by the undersigned, except for other funds drawn under the Letter of Credit, and (d) when such Notes have been presented for payment and paid by us, we will cancel such matured Notes.

6. Payment by the Bank pursuant to this drawing shall be made to [_____, ABA Number _____, Account Number _____, Attention _____.]

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

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Issuing and Paying Agent

By: _____
Name:
Title:

Annex A-2

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

**CITY OF SAN JOSE FINANCING AUTHORITY
COMMERCIAL PAPER PROGRAM**

ANNEX B

[FORM OF NOTICE OF TRANSFER CERTIFICATE]

NOTICE OF TRANSFER

**IRREVOCABLE DIRECT-PAY LETTER OF CREDIT
(SSBTC No. ILC-_____)**

[Date]

State Street Bank and Trust Company
Loan Operations Department
Attention: Standby Letter of Credit Unit
Mailstop: CPH0453
100 Huntington Ave., Tower 1, 4th Floor
Boston, Massachusetts 02116

Ladies and Gentlemen:

Attention: Irrevocable Direct-Pay Letter of Credit (SSBTC No. ILC-_____)

Ladies and Gentlemen:

For value received, the undersigned beneficiary hereby requests the transfer of the irrevocable direct-pay letter of credit (the "Letter of Credit") to:

[Insert Name and Address of Transferee]

all rights of the undersigned beneficiary to draw under the above-referenced Letter of Credit in its entirety.

By this transfer, all rights of the undersigned beneficiary in such Letter of Credit are transferred to the transferee, and the transferee, shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments, whether increases or extensions or other amendments and whether now existing or hereafter made. The Letter of Credit may hereafter be amended, extended or increased without necessity of any consent of or notice to the undersigned beneficiary and you will give notice thereof directly to the transferee. The undersigned hereby certifies that the Transferee has become successor Issuing and Paying Agent under the Trust Agreement, and accepted such appointment in writing.

Annex B-1

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

Enclosed is a transfer fee of \$1,000.

Annex B-2

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

The original of such Letter of Credit is returned herewith, and in accordance therewith we ask you to either reissue the Letter of Credit in the maximum amount available thereunder or otherwise endorse the Letter of Credit to reflect this transfer, and forward it directly to the Transferee with your customary notice of transfer.

Yours very truly,

WELLS FARGO BANK, NATIONAL
ASSOCIATION,
as predecessor Issuing and Paying Agent

By: _____

Name:

Title:

SIGNATURE OF THE ABOVE PERSON DULY
AUTHORIZED TO ACT ON BEHALF OF

AUTHENTICATED BY:

[Name and Title]

Acknowledged as of _____, _____ by
[INSERT NAME OF TRANSFEREE],
as successor Issuing and Paying Agent

By: _____

Title: _____

SIGNATURE OF THE ABOVE PERSON
DULY AUTHORIZED TO ACT ON
BEHALF OF

AUTHENTICATED BY:

Annex B-3

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

[Name and Title]

Annex B-4

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

**CITY OF SAN JOSE FINANCING AUTHORITY
COMMERCIAL PAPER PROGRAM**

ANNEX C

[FORM OF CERTIFICATE RE: ALTERNATE CREDIT FACILITY]

CERTIFICATE RE: ALTERNATE CREDIT FACILITY

**IRREVOCABLE DIRECT-PAY LETTER OF CREDIT
(SSBTC No. ILC _____)**

[Date]

State Street Bank and Trust Company
Loan Operations Department
Attention: Standby Letter of Credit Unit
Mailstop: CPH0453
100 Huntington Ave., Tower 1, 4th Floor
Boston, Massachusetts 02116

Ladies and Gentlemen:

The undersigned, a duly authorized signatory of the undersigned Issuing and Paying Agent (the "Issuing and Paying Agent"), hereby certifies to State Street Bank and Trust Company (the "Bank"), with reference to Irrevocable Direct-Pay Letter of Credit (SSBTC No. ILC-_____) (the "Letter of Credit," the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

1. The undersigned is the Issuing and Paying Agent under the Issuing and Paying Agent Agreement and the Trust Agreement for the holders of the Notes.
2. The conditions precedent to the acceptance of an Alternate Credit Facility set forth in the Trust Agreement have been satisfied.
3. An Alternate Credit Facility in full and complete substitution for the Letter of Credit has been accepted by the Issuing and Paying Agent and is in effect.
4. There will be no further drawings requested from the Bank under the Letter of Credit.
5. Upon receipt by the Bank of this Certificate the Letter of Credit shall terminate with respect to all outstanding Notes, and the Letter of Credit is returned to you herewith for cancellation.

Annex C-1

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

6. No payment is demanded of you in connection with this notice.

Annex C-2

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate as of the _____ day of _____.

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Issuing and Paying Agent

By: _____

Name:

Title:

Annex C-3

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

**CITY OF SAN JOSE FINANCING AUTHORITY
COMMERCIAL PAPER PROGRAM**

ANNEX D

[FORM OF CERTIFICATE RE: NO OUTSTANDING NOTES]

CERTIFICATE RE: NO OUTSTANDING NOTES

**IRREVOCABLE DIRECT-PAY LETTER OF CREDIT
(SSBTC No. ILC-_____)**

[Date]

State Street Bank and Trust Company
Loan Operations Department
Attention: Standby Letter of Credit Unit
Mailstop: CPH0453
100 Huntington Ave., Tower 1, 4th Floor
Boston, Massachusetts 02116

Ladies and Gentlemen:

The undersigned, a duly authorized signatory of the undersigned Issuing and Paying Agent (the "Issuing and Paying Agent"), hereby certifies to State Street Bank and Trust Company (the "Bank"), with reference to Irrevocable Direct-Pay Letter of Credit (SSBTC No. ILC-_____) (the "Letter of Credit," the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

1. The undersigned is the Issuing and Paying Agent under the Issuing and Paying Agent Agreement and the Trust Agreement for the holders of the Notes.
2. No Notes (other than Notes with respect to which an Alternate Credit Facility is in effect) remain outstanding under the Trust Agreement nor does the Authority intend to issue any additional Notes under the Trust Agreement.
3. There will be no further drawings requested from the Bank under the Letter of Credit, and we hereby elect to terminate the Letter of Credit and return such Letter of Credit to you herewith for cancellation.
4. No payment is demanded of you in connection with this notice.

Annex D-1

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

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

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Issuing and Paying Agent

By: _____
Name:
Title:

Annex D-2

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

**CITY OF SAN JOSE FINANCING AUTHORITY
COMMERCIAL PAPER PROGRAM**

ANNEX E

[FORM OF CERTIFICATE RE: INCREASE IN STATED AMOUNT]

CERTIFICATE RE: INCREASE IN STATED AMOUNT

**IRREVOCABLE DIRECT-PAY LETTER OF CREDIT
(SSBTC No. ILC-_____)**

[Date]

Wells Fargo Bank, National Association,
as Issuing and Paying Agent
608 2ND Avenue South
MAC N9303-12155479
Minneapolis, Minnesota 55479
Attention: Corporate Trust Department/CP Unit

The undersigned, duly authorized signatories of State Street Bank and Trust Company (the "Bank"), hereby certify to Wells Fargo Bank, National Association (the "Issuing and Paying Agent"), with reference to Irrevocable Direct-Pay Letter of Credit (SSBTC No. ILC-_____) (the "Letter of Credit," the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

1. Pursuant to Section 2.10(b) of the Amended and Restated Letter of Credit and Reimbursement Agreement dated as of January 1, 2013 (the "Reimbursement Agreement", to which reference is made for the definition of capitalized terms not otherwise defined herein), by and among the City of San José Financing Authority (the "Authority"), the City of San José (the "City"), the Bank and State Street Bank and Trust Company, as agent for the Bank, the Bank has approved an increase in the Stated Amount of Letter of Credit (SSBTC No. ILC-_____) (the "Letter of Credit"), dated January 14, 2013, in the amount of \$_____, effective as of _____ (the "Increase Date"). The new Stated Amount of the Letter of Credit is \$_____. The aggregate principal amount of Notes Outstanding under the Trust Agreement plus the Interest Coverage Amount with respect to such Notes, will not exceed the new Stated Amount of the Letter of Credit. As amended, in no event shall the liability of the Bank under the Letter of Credit exceed \$_____. You are hereby authorized to attach this Notice of Increase in Stated Amount to the Letter of Credit and to treat this Notice of Increase in Stated Amount as an amendment to the Letter of Credit.

Annex E-1

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

2. The Authority's and the City's acknowledgment hereof shall be deemed to be the Authority's and the City's representation and warranty that all its representations and warranties contained in Article IV of the Reimbursement Agreement are true and correct and will be true and correct as of the Increase Date as if made on and as of the Increase Date and that no Event of Default has occurred and is continuing and no event has occurred and is continuing which is or with the passage of time or giving of notice or both would be an Event of Default on and as of the Increase Date or will occur as a result of the increase in the Stated Amount of the Letter of Credit.

Annex E-2

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Certificate as of the _____ day of _____.

STATE STREET BANK AND TRUST
COMPANY, as a Bank

By: _____
Name:
Title:

By: _____
Name:
Title:

Acknowledged as of _____, _____ by
STATE STREET BANK AND TRUST
COMPANY, as Bank Agent

By: _____
Title: _____

Acknowledged as of _____, _____ by
CITY OF SAN JOSE FINANCING
AUTHORITY

By: _____
Title: _____

Annex E-3

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

Acknowledged as of _____, _____ by
CITY OF SAN JOSE

By: _____
Title: _____

Acknowledged as of _____, _____ by
WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Issuing and Paying Agent

By: _____
Title: _____

Annex E-4

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

**CITY OF SAN JOSE FINANCING AUTHORITY
COMMERCIAL PAPER PROGRAM**

ANNEX F

[FORM OF CERTIFICATE RE: REDUCTION IN STATED AMOUNT]

CERTIFICATE RE: REDUCTION IN STATED AMOUNT

**IRREVOCABLE DIRECT-PAY LETTER OF CREDIT
(SSBTC No. ILC-_____)**

[Date]

Wells Fargo Bank, National Association,
as Issuing and Paying Agent
608 2ND Avenue South
MAC N9303-12155479
Minneapolis, Minnesota 55479
Attention: Corporate Trust Department/CP Unit

The undersigned, duly authorized signatories of State Street Bank and Trust Company (the "Bank"), hereby certify to Wells Fargo Bank, National Association (the "Issuing and Paying Agent"), with reference to Irrevocable Direct-Pay Letter of Credit (SSBTC No. ILC-_____) (the "Letter of Credit," the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

1. The Stated Amount of the Letter of Credit shall be decreased in the amount of \$_____, effective as of _____ (the "Decrease Date"). The new Stated Amount of the Letter of Credit is \$_____. The aggregate principal amount of Notes Outstanding under the Trust Agreement plus the Interest Coverage Amount with respect to such Notes, will not exceed the new Stated Amount of the Letter of Credit. As amended, in no event shall the liability of the Bank under the Letter of Credit exceed \$_____. You are hereby authorized to attach this Notice of Decrease in Stated Amount to the Letter of Credit and to treat this Notice of Decrease in Stated Amount as an amendment to the Letter of Credit.

2. The Authority's, the City's and the Issuing and Paying Agent's acknowledgment hereof shall be deemed to be the Authority's, the City's and the Issuing and Paying Agent's representation and warranty that as of the Decrease Date and upon such reduction, the Stated Amount will not be less than the aggregate principal amount of all outstanding Notes plus the Interest Coverage Amount with respect to such Notes.

Annex F-1

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Certificate as of the ____ day of _____.

STATE STREET BANK AND TRUST
COMPANY, as a Bank

By: _____
Name:
Title:

By: _____
Name:
Title:

Acknowledged as of _____, _____ by
STATE STREET BANK AND TRUST
COMPANY, as Bank Agent

By: _____
Title: _____

Acknowledged as of _____, _____ by
CITY OF SAN JOSE FINANCING
AUTHORITY

By: _____
Title: _____

Annex F-2

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

Acknowledged as of _____, _____ by
CITY OF SAN JOSE

By: _____
Title: _____

Acknowledged as of _____, _____ by
WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Issuing and Paying Agent

By: _____
Title: _____

Annex F-3

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

**CITY OF SAN JOSE FINANCING AUTHORITY
COMMERCIAL PAPER PROGRAM**

ANNEX G

[FORM OF NOTICE OF EXTENSION OF STATED TERMINATION DATE]

NOTICE OF EXTENSION OF STATED TERMINATION DATE

**IRREVOCABLE DIRECT-PAY LETTER OF CREDIT
(SSBTC No. ILC-_____)**

[Date]

Wells Fargo Bank, National Association,
as Issuing and Paying Agent
608 2ND Avenue South
MAC N9303-12155479
Minneapolis, Minnesota 55479
Attention: Corporate Trust Department/CP Unit

The undersigned, duly authorized signatories of State Street Bank and Trust Company (the "Bank"), hereby certify to Wells Fargo Bank, National Association (the "Issuing and Paying Agent"), with reference to Irrevocable Direct-Pay Letter of Credit (SSBTC No. ILC-_____) (the "Letter of Credit," the terms defined therein and not otherwise defined herein being used herein as therein defined) issued the Bank in favor of the Issuing and Paying Agent, as follows:

1. The Bank hereby notifies you that, in accordance with the terms of the Amended and Restated Letter of Credit and Reimbursement Agreement dated as of January 1, 2013 (the "Reimbursement Agreement"), as the same may at any time be amended or modified and in effect, by and among the City of San José Financing Authority, the City of San José, the Bank and State Street Bank and Trust Company, as agent for the Bank, the Stated Termination Date of the Letter of Credit has been extended to _____.

2. This letter should be attached to the Letter of Credit and made a part thereof.

Annex G-1

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

STATE STREET BANK AND TRUST
COMPANY, as the Bank

By: _____

Name:

Title:

By: _____

Name:

Title:

cc: State Street and Trust Company, as Bank Agent
City of San José Financing Authority
City of San José

Annex G-1

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

EXHIBIT B

[FORM OF REVOLVING NOTE]

REVOLVING NOTE

\$93,435,750

CITY OF SAN JOSE FINANCING AUTHORITY (the “Authority”), for value received, hereby promises to pay to STATE STREET BANK AND TRUST COMPANY (the “Bank”), or registered assigns, under the Reimbursement Agreement hereinafter referred to, at the principal office of State Street Bank and Trust Company, as agent for the Bank (the “Bank Agent”) in Boston, Massachusetts, the sum of NINETY-THREE MILLION FOUR HUNDRED THIRTY-FIVE THOUSAND SEVEN HUNDRED FIFTY DOLLARS or, if less, the aggregate principal amount of all drawings paid by the Bank under the Letter of Credit and all Advances made by the Bank pursuant to the Reimbursement Agreement (as defined below).

The unpaid principal amount hereof from time to time outstanding shall bear interest at the rate or rates and be payable as provided in and calculated in the manner set forth in the Reimbursement Agreement.

Payments of both principal and interest are to be made in lawful money of the United States of America.

Annexed hereto and made a part hereof is a grid (the “Grid”) on which shall be shown all drawings paid by the Bank and all Advances outstanding from time to time under the Reimbursement Agreement and the amounts of principal and interest payable and paid from time to time under the Reimbursement Agreement. The Authority hereby appoints the Bank Agent as its agent to endorse the principal amounts owing to the Bank and the maturity schedule therefor pursuant to Section 2.5 and 2.6 of the Reimbursement Agreement respecting outstanding Advances with interest until payment in full pursuant to the terms of this Amended and Restated Revolving Note (this “Note”), and the date and the amount of each such drawing, Advance or principal or interest repayment made hereunder. In any legal action or proceeding in respect of this Note, the entries made in such accounts shall be prima facie evidence of the existence and the amounts of the obligations of the Authority recorded therein.

This Note evidences indebtedness incurred under, and is subject to the terms and provisions of, the Amended and Restated Letter of Credit and Reimbursement Agreement, dated as of January 1, 2013 (the “Reimbursement Agreement”), as the same may at any time be amended or modified and in effect, among the Authority, the City of San José, the Bank and the Bank Agent, to which reference is hereby made for a statement of said terms and provisions, including those under which this Note may be paid prior to its due date or its due date accelerated.

Exhibit B-1

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

The Authority hereby agrees to pay all expenses, including reasonable attorneys' fees and legal expenses, incurred by the holder of this Note in endeavoring to collect any amounts payable hereunder which are not paid when due, whether by acceleration or otherwise.

This Note is made under the laws of the State of California, and for all purposes shall be governed by and construed in accordance with the laws of said State, without regard to principles of conflicts of law. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Reimbursement Agreement.

It is hereby certified that all conditions, acts and things required to exist, happen and be performed under the Reimbursement Agreement precedent to and in the issuance of this Note, exist, have happened and have been performed, and that the issuance, authentication and delivery of this Note have been duly authorized by resolution of the Authority duly adopted.

The Authority hereby waives presentment for payment, demand, protest, notice of protest, notice of dishonor and all other notices and demands whatsoever.

Exhibit B-2

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

IN WITNESS WHEREOF, the CITY OF SAN JOSE FINANCING AUTHORITY has caused this Note to be duly executed in its name and on its behalf by a duly authorized officer as of January 14, 2013.

CITY OF SAN JOSE FINANCING AUTHORITY

By: _____
Title:

Exhibit B-3

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

REVOLVING NOTE GRID

**DRAWINGS AND ADVANCES
AND PAYMENTS OF PRINCIPAL AND INTEREST**

Date	Drawing or Advance	Amount of Drawing or Advance	Principal Amount of Advances Repaid	Amount of Interest on Advances Repaid	Aggregate Advance Balance	Notation Made by

Note: Additional pages of this Revolving Note and Revolving Note Grid may be attached to the Revolving Note as may be necessary to record certain information regarding each drawing or Advance.

Exhibit B-4

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

EXHIBIT C

[FORM OF REQUEST FOR INCREASE IN STATED AMOUNT]

REQUEST FOR INCREASE IN STATED AMOUNT

The undersigned, duly authorized signatories of the undersigned City of San José Financing Authority (the “Authority”) and the City of San José (the “City”), hereby certify to State Street Bank and Trust Company (the “Bank”), with reference to Irrevocable Direct-Pay Letter of Credit (SSBTC No. ILC-_____) (the “Letter of Credit,” the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

1. Pursuant to Section 2.10(b) of the Amended and Restated Letter of Credit and Reimbursement Agreement, dated as of January 1, 2013 (the “Reimbursement Agreement,” to which reference is made for the definition of capitalized terms not otherwise defined herein), by and among the Authority, the City, the Bank and State Street Bank and Trust Company, as agent for the Bank, the Authority and the City hereby request an increase in the Stated Amount of the Letter of Credit, in the amount of \$_____.

2. The amount of the increase in the Stated Amount set forth in Paragraph 1 above does not exceed the Unutilized Commitment.

3. Once so increased, the Stated Amount of the Letter of Credit shall equal \$_____. The aggregate principal amount of Notes Outstanding under the Trust Agreement plus the Interest Coverage Amount with respect to such Notes, will not exceed the new Stated Amount of the Letter of Credit.

4. The Commitment Expiration Date has not occurred.

5. The Increase Date for which such increase is requested is _____, which is not more than five (5) days after the date the Bank Agent receives this Request for Increase in Stated Amount.

6. All representations and warranties contained in Article IV of the Reimbursement Agreement are true and correct and will be true and correct as of the Increase Date as if made on and as of the Increase Date and no Event of Default has occurred and is continuing and no event has occurred and is continuing which is or with the passage of time or giving of notice or both would be an Event of Default on and as of the Increase Date or will occur as a result of the increase in the Stated Amount of the Letter of Credit.

Exhibit C-1

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Certificate as of the ____ day of _____.

CITY OF SAN JOSE FINANCING AUTHORITY

By: _____
Title:

CITY OF SAN JOSE

By: _____
Title:

Exhibit C-2

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

EXHIBIT D

[FORM OF REQUEST FOR DECREASE IN STATED AMOUNT]

REQUEST FOR DECREASE IN STATED AMOUNT

The undersigned, duly authorized signatories of the undersigned City of San José Financing Authority (the “Authority”) and the City of San José (the “City”), hereby certify to State Street Bank and Trust Company (the “Bank”), with reference to Irrevocable Direct-Pay Letter of Credit (SSBTC No. ILC-_____) (the “Letter of Credit,” the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

1. Pursuant to Section 2.10(d) of the Amended and Restated Letter of Credit and Reimbursement Agreement, dated as of January 1, 2013 (the “Reimbursement Agreement,” to which reference is made for the definition of capitalized terms not otherwise defined herein), by and among the Authority, the City, the Bank and State Street Bank and Trust Company, as agent for the Bank, the Authority and the City hereby elect to reduce the Stated Amount of the Letter of Credit in the amount of \$ _____, effective as of _____ (the “Decrease Date”).

2. The Decrease Date for which such decrease is requested is _____, which is not more than five (5) days after the date the Bank Agent receives this Request for Decrease in Stated Amount.

3. The new Stated Amount of the Letter of Credit will be \$ _____. The aggregate principal amount of Notes Outstanding under the Trust Agreement plus the Interest Coverage Amount with respect to such Notes, will not exceed the new Stated Amount of the Letter of Credit. As of the Decrease Date and upon such reduction, the Stated Amount will not be less than the aggregate principal amount of all outstanding Notes plus the Interest Coverage Amount with respect to such Notes.

Exhibit D-1

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Certificate as of the ____ day of _____.

CITY OF SAN JOSE FINANCING AUTHORITY

By: _____
Title:

CITY OF SAN JOSE

By: _____
Title:

Exhibit D-2

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

EXHIBIT E

[FORM OF NOTICE OF DECREASE IN UNUTILIZED COMMITMENT]

NOTICE OF DECREASE IN UNUTILIZED COMMITMENT

The undersigned, duly authorized signatory of State Street Bank and Trust Company (the “Bank”), hereby certifies to Wells Fargo Bank, National Association (the “Issuing and Paying Agent”), with reference to Irrevocable Direct-Pay Letter of Credit (SSBTC No. ILC-_____) (the “Letter of Credit,” the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

1. Pursuant to Section 2.10(c) of the Amended and Restated Letter of Credit and Reimbursement Agreement, dated as of January 1, 2013 (the “Reimbursement Agreement,” to which reference is made for the definition of capitalized terms not otherwise defined herein), by and among the Authority, the City, the Bank and State Street Bank and Trust Company, as agent for the Bank, the Unutilized Commitment shall be decreased in the amount of \$_____, effective as of _____. Upon such reduction, the new Unutilized Commitment is \$_____. You are hereby authorized to attach this Notice of Decrease in Unutilized Commitment to the Reimbursement Agreement and to treat this Notice of Decrease in Unutilized Commitment as an amendment to the Reimbursement Agreement.

2. The Authority’s and the City’s acknowledgment hereof shall be deemed to be the Authority’s and the City’s representation and warranty that notwithstanding any such reduction, so long as any obligations owing under the Reimbursement Agreement remain unpaid, the Reimbursement Agreement shall remain in full force and effect.

Exhibit E-1

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Certificate as of the ____ day of _____.

STATE STREET BANK AND TRUST COMPANY, as the Bank

By: _____
Name:
Title:

Acknowledged as of _____, ____ by
STATE STREET BANK AND TRUST COMPANY, as Bank Agent

By: _____
Title: _____

Acknowledged as of _____, ____ by
CITY OF SAN JOSE FINANCING AUTHORITY

By: _____
Title: _____

Acknowledged as of _____, ____ by
CITY OF SAN JOSE

By: _____
Title: _____

Exhibit E-2

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

EXHIBIT F

[FORM OF REQUEST FOR EXTENSION OF STATED TERMINATION DATE]

REQUEST FOR EXTENSION OF STATED TERMINATION DATE

The undersigned, duly authorized signatories of the undersigned City of San José Financing Authority (the “Authority”) and the City of San José (the “City”), hereby certify to State Street Bank and Trust Company (the “Bank”), with reference to Irrevocable Direct-Pay Letter of Credit (SSBTC No. ILC-_____) (the “Letter of Credit,” the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Issuing and Paying Agent, as follows:

1. Pursuant to Section 2.10(a) of the Amended and Restated Letter of Credit and Reimbursement Agreement, dated as of January 1, 2013 (the “Reimbursement Agreement,” to which reference is made for the definition of capitalized terms not otherwise defined herein), by and among the Authority, the City, the Bank and State Street Bank and Trust Company, as agent for the Bank, the Authority and the City hereby request an extension of the Stated Termination Date to _____.

2. All representations and warranties contained in Article IV of the Reimbursement Agreement are true and correct and will be true and correct as of the Increase Date as if made on and as of the date hereof and no Event of Default has occurred and is continuing and no event has occurred and is continuing which is or with the passage of time or giving of notice or both would be an Event of Default on and as of the date hereof or will occur as a result of the extension of the Stated Termination Date of the Letter of Credit.

Exhibit F-1

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Certificate as of the _____ day of _____.

CITY OF SAN JOSE FINANCING AUTHORITY

By: _____
Title:

CITY OF SAN JOSE

By: _____
Title:

Exhibit F-2

DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.