

DRAFT 12/10/2020

2021 INSTALLMENT SALE AGREEMENT

by and between the

**CITY OF COMPTON, CALIFORNIA,
as Purchaser**

and the

**INDEPENDENT CITIES FINANCE AUTHORITY,
as Seller**

for the

**INDEPENDENT CITIES FINANCE AUTHORITY
(CITY OF COMPTON, CALIFORNIA)
SALES TAX REVENUE BONDS, SERIES 2021**

Dated as of [_____ 1], 2021

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2021 INSTALLMENT SALE AGREEMENT

This 2021 INSTALLMENT SALE AGREEMENT (this “2021 Installment Sale Agreement” or this “Agreement”), dated as of [_____ 1], 2021, by and between the CITY OF COMPTON, CALIFORNIA, a municipal corporation organized and existing under the Constitution of the State of California (the “City”), and the INDEPENDENT CITIES FINANCE AUTHORITY, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California (the “Authority”),

WITNESSETH:

WHEREAS, the Authority is a joint exercise of powers authority duly organized and operating pursuant to Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California;

WHEREAS, Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (“Article 4”) authorizes and empowers the Authority to issue bonds to assist its local agency members in financing projects and programs consisting of certain public improvements, working capital, liability, and other insurance needs whenever a local agency member determines that there are significant public benefits from so doing;

WHEREAS, the City is a member of the Authority;

WHEREAS, the City has determined that the transactions contemplated in this Agreement and the Trust Agreement, dated as of [_____ 1], 2021, will result in significant public benefits, and, accordingly, has determined to authorize the Authority to issue sales tax revenue bonds (the “Bonds,” as further defined herein) to assist the City in financing certain capital improvements and costs associated therewith (the “Project,” as further defined herein);

WHEREAS, the City has further determined that the payment for the Project may be made from Tax Revenues (as defined herein), and is for the common benefit of the City as a whole;

WHEREAS, pursuant to Article 4, the Authority has determined to acquire, construct, and complete the Project for, and sell the Project to, the City;

WHEREAS, the City has determined to purchase the Project from the Authority by making 2021 Installment Sale Payments (as defined herein) to the Authority; and

WHEREAS, all acts, conditions, and things required by law to exist, to have happened, and to have been performed precedent to and in connection with the execution and delivery 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 AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I DEFINITIONS

Section I.01 Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any opinion or report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. Initially capitalized terms used herein without definition shall have the meanings set forth in the Trust Agreement.

“**Accountant’s Report**” means a report signed by an Independent Certified Public Accountant.

“**Accreted Value**” means, with respect to any Capital Appreciation Bonds, as of the date of calculation, the initial amount thereof plus the interest accrued thereon to such date of calculation, compounded from the date of initial delivery at the approximate interest rate thereof on each June 1 and December 1, as determined in accordance with the table of accreted values for any Capital Appreciation Bonds prepared at the time of sale thereof, assuming in any year that such Accreted Value increases in equal daily amounts on the basis of a year of 360 days composed of 12 months of 30 days each.

“**Administration Fee**” means an amount equal to the sum of the Trustee Fee, the fees or charges incurred by the City to calculate the Rebate Amounts, and any other similar fee payable in connection with the City’s membership in the Authority, payable by the City, in accordance with this Agreement, on the Business Day immediately preceding each Bond Payment Date, for the administrative costs of the Project. The Administration Fee shall be \$_____ per year or such other amount set forth in a Certificate of an Authorized City Representative delivered to the Trustee.

“**Administration Fund**” means the fund by that name established and maintained pursuant to Section 3.03 of the Trust Agreement.

“**Authority**” means the Independent Cities Finance Authority, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California and a Joint Powers Agreement, dated as of [May 21, 1998], by and among a number of California cities, including the City, as amended.

“**Authorized Authority Representative**” means any member of the Board of Directors of the Authority and any other person as may be designated and authorized to sign on behalf of the Authority pursuant to a resolution adopted thereby.

“**Authorized City Representative**” means the Mayor, City Manager, Assistant City Manager, or any other person at the time designated to act on behalf of the City by written certificate furnished to the Trustee, containing the specimen signature of such person and signed on behalf of the City by an Authorized City Representative.

“**Bond Payment Date**” means a date on which principal on the Bonds is due and payable, being June 1 of each year, commencing June 1, 20[___].

“**Bonds**” means the Independent Cities Finance Authority (City of Compton, California), Sales Tax Revenue Bonds, Series 2021. The term “Serial Bonds” means Bonds for which no sinking fund payments are provided. The term “Term Bonds” means Bonds which are payable on or before their specified payment dates from sinking fund payments established for that purpose and calculated to redeem such Bonds on or before their specified payment dates.

“**Business Day**” means any day on which the Trustee is open for business at its corporate trust office in Los Angeles, California.

“**Capital Appreciation Bonds**” means any bonds in 2021 Installment Sale Payments described as such when issued.

“**City**” means the City of Compton, California.

“**City Council**” means the City Council of the City.

“**Code**” means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

“**Continuing Disclosure Agreement**” means the Continuing Disclosure Agreement, dated [_____] 1], 2021, by and between the City and Willdan Financial Services, as Dissemination Agent, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

“**Contracts**” means all installment sale contracts, capital leases or similar obligations of the City authorized and executed by the City under and pursuant to applicable law, the interest and principal and prepayment premium, if any, payments under and pursuant to which are payable from Tax Revenues on a parity with the payment of the 2021 Installment Sale Payments.

“**Debt Service**” means, for any Fiscal Year, the sum of that portion of the 2021 Installment Sale Payments required to be made pursuant to this Agreement and the payments required pursuant to any Contract or Contracts outstanding at the times provided in this Agreement and the Contract or Contracts that would have accrued during such Fiscal Year if such Installment Sale Payments were deemed to accrue daily in equal amounts from, in each case, the next preceding Installment Sale Payment Date of interest or principal or the date of the pertinent Contract, as the case may be; provided, that (a) if any of the 2021 Installment Sale Payments due hereunder or the payments due under any of such Contracts relate to Capital Appreciation Bonds, then the Accreted Value payment shall be deemed a principal payment and interest that is compounded and paid as Accreted Value shall be deemed due on the scheduled

redemption or payment date of such Capital Appreciation Bond; (b) if any of the 2021 Installment Sale Payments due hereunder or the payments due under any such Contracts bear interest payable pursuant to a variable interest rate formula, the interest rate on this Agreement or such Contracts for periods when the actual interest rate cannot yet be determined, shall be assumed to be equal to the greater of (i) the actual rate on the date of calculation, or if such Contracts are not yet outstanding, the initial rate (if then established and binding), (ii) if this Agreement or such Contracts have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, and (iii)(1) if interest on such Contracts is excludable from gross income under the applicable provisions of the Code, the most recently published “Bond Buyer 25 Bond Revenue Index” (or comparable index if no longer published), or (2) if interest is not so excludable, the interest rate on direct U.S. Treasury obligations with comparable maturities; (c) if any of the Contracts is secured by an irrevocable letter of credit issued by a bank having a combined capital and surplus of at least \$75,000,000, the principal payments or deposits with respect to such Contracts nominally due in the last Fiscal Year in which such Contracts mature may, at the option of the City, be treated as if they were due as specified in any loan agreement or reimbursement agreement issued in connection with such letter of credit or pursuant to the repayment provisions of such letter of credit and interest on such Contracts after such Fiscal Year shall be assumed to be payable pursuant to the terms of such loan agreement or reimbursement agreement or repayment provisions and (d) if any of such Contracts is not secured by a letter of credit as described in clause (c) of this definition and 20% or more of the original principal of the Installment Sale Payments due under such Contracts is not due until the final stated maturity of the Installment Sale Payments due under such Contracts, such principal may, at the option of the City, be treated as if it were due based upon a level amortization of such principal over the term of such Installment Sale Payments or 30 years, whichever is greater.

“**Depository Bank**” means Bank of the West, in its capacity as Depository Bank pursuant to the Lockbox Agreements, and any successor thereto.

“**Diversion Period**” means the period from and including the date on which any Triggering Event occurs, to and including the date that is six months after the date of the most recent Triggering Event.

“**Event of Default**” means an event described in Section 6.01.

“**Federal Securities**” means United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are pledged for the payment of interest and principal and interest strips of the Resolution Funding Corporation for which separation of principal and interest is maintained in book-entry form.

“**Fiscal Year**” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other annual accounting period hereafter selected and designated by the City Council as the Fiscal Year of the City.

“**Independent Certified Public Accountant**” means any firm of certified public accountants appointed by the City which is independent of the City and the Authority pursuant to

the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“**Installment Sale Payment Date**” means any date on which Installment Sale Payments are scheduled to be paid by the City under and pursuant to any Contract.

“**Installment Sale Payments**” means the periodic payments scheduled to be paid by the City under and pursuant to the Contracts.

“**Insurer**” means [____], or any successor thereto or assignee thereof.

“**Interest Payment Date**” means a date on which interest on the Bonds is due and payable, being June 1 and December 1 of each year, commencing [____] 1, 2021.

“**Lockbox Agreements**” means, collectively, one or more Deposit Account Control Agreements, each dated as of [____], 2021, entered into by and among the City, the Trustee, and Bank of the West, as Depository Bank, with respect to each of the Measure M Receipts Account, the Measure R Receipts Account, and the Proposition C Receipts Account.

“**Maximum Annual Debt Service**” means the greatest total Debt Service payable in any Fiscal Year during the period commencing with the then current Fiscal Year and terminating with the last Fiscal Year in which payments are due under this Agreement.

“**Measure M Ordinance**” means Ordinance No. 16-01, the Los Angeles County Traffic Improvement Plan, adopted by the Los Angeles County Metropolitan Transportation Authority on June 23, 2016, and approved by at least two-thirds of electors voting on such proposition in the November 8, 2016 election, as supplemented and amended.

“**Measure M Project**” means a capital project constituting a Project for which Measure M Receipts may be expended, including the related Administration Fee.

“**Measure M Receipts**” means Measure M Revenues allocated by the Los Angeles County Metropolitan Transportation Authority to the City pursuant to the Measure M Ordinance from the Local Return Subfund established under the Measure M Ordinance.

“**Measure M Receipts Account**” means the account by that name established pursuant to Section 3.02 hereof.

“**Measure M Revenues**” means revenues of the Los Angeles County Metropolitan Transportation Authority pursuant to the Measure M Ordinance derived from a retail transactions and use tax imposed in the County of Los Angeles pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented, Division 12 (Section 130350 et seq.) of the Public Utilities Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented, and the Measure M Ordinance. Collection of the Measure M Revenues commenced on July 1, 2017 and does not terminate under the terms of the Measure M Ordinance.

“Measure R Ordinance” means Ordinance No. 08-01, the Traffic Relief and Rail Expansion Ordinance, adopted by the Los Angeles County Metropolitan Transportation Authority on July 24, 2008, and approved by at least two-thirds of electors voting on such proposition in the November 4, 2008 election, as supplemented and amended.

“Measure R Project” means a capital project constituting a Project for which Measure R Receipts may be expended, including the related Administration Fee.

“Measure R Receipts” means Measure R Revenues allocated by the Los Angeles County Metropolitan Transportation Authority to the City pursuant to the Measure R Ordinance from the Local Return Subfund established under the Measure R Ordinance.

“Measure R Receipts Account” means the account by that name established pursuant to Section 3.02 hereof.

“Measure R Revenues” means revenues of the Los Angeles County Metropolitan Transportation Authority pursuant to the Measure R Ordinance derived from a retail transactions and use tax imposed in the County of Los Angeles pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented, Division 12 (Section 130350 et seq.) of the Public Utilities Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented, and the Measure R Ordinance. Collection of the Measure R Revenues commenced on July 1, 2009 and terminates on June 30, 2039.

“Opinion of Counsel” means a written opinion of counsel of national reputation generally recognized to be well qualified in the field of law relating to municipal obligations such as the Bonds, retained by the City and satisfactory to the Trustee (who shall be under no liability by reason of such approval).

“Other Available Revenues” means revenues, other than Tax Revenues as herein defined, legally available to the City to make 2021 Installment Sale Payments, if any.

“Project” means the design, rehabilitation, construction, enlargement, improvement, and/or equipping of certain City streets, sidewalks, gutters, curbs and ramps, streetlights, and street signs, as described with greater particularity in Exhibit B to this Agreement and such additional projects as may be added, deleted or substituted from time to time as provided in Section 2.02 hereof. If the context suggests, “Project” shall also include the design, rehabilitation, construction, enlargement, improvement, and/or equipping of City streets, sidewalks, gutters, curbs and ramps, streetlights and street signs described under and pursuant to any Contract.

“Project Fund” means the fund by that name established and maintained pursuant to Section 2.11 of the Trust Agreement.

“Proposition C Ordinance” means Ordinance No. 49 adopted by the Los Angeles County Transportation Commission, predecessor to the Los Angeles County Metropolitan

Transportation Authority, on August 8, 1990, and approved by at least two-thirds of electors voting on such proposition in the November 6, 1990 election, as supplemented and amended.

“**Proposition C Project**” means a capital project constituting a Project for which Proposition C Receipts may be expended.

“**Proposition C Receipts**” means Proposition C Revenues allocated by the Los Angeles County Metropolitan Transportation Authority to the City pursuant to the Proposition C Ordinance.

“**Proposition C Receipts Account**” means the account by that name established pursuant to Section 3.02 hereof.

“**Proposition C Revenues**” means revenues of the Los Angeles County Metropolitan Transportation Authority pursuant to the Proposition C Ordinance derived from a retail transactions and use tax imposed in the County of Los Angeles pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented, Division 12 (Section 130350 et seq.) of the Public Utilities Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented, and the Proposition C Ordinance. Collection of the Proposition C Revenues commenced on April 1, 1991 and does not terminate under the terms of the Proposition C Ordinance.

“**Purchase Price**” means the total of all 2021 Installment Sale Payments owed by the City to the Authority under the conditions and terms hereof, constituting the purchase price for the City’s acquisition of the Project from the Authority.

“**Rebate Amount**” means, for any given period, the amount determined by the Rebate Analyst as required to be rebated or paid as a yield reduction payment to the United States of America with respect to the Bonds.

“**Rebate Analyst**” means any consultant retained by the City to calculate the Rebate Amounts as required by this Agreement.

“**Rebate Fund**” means the fund by that name established in Section 4.04 of the Trust Agreement.

“**Reserve Fund**” means the fund by that name established pursuant to Section 3.03 of the Trust Agreement.

“**Reserve Fund Requirement**” means, as of any date of calculation, an amount equal to the least of (i) 10% of the initial stated principal amount (within the meaning of Section 148 of the Code) of the 2021 Installment Sale Payments; (ii) 125% of the average annual 2021 Installment Sale Payments, or (iii) the Maximum Annual Debt Service calculated only with respect to the 2021 Installment Sale Payments due hereunder.

“**Tax Certificate**” means the Tax Certificate dated the date of issuance of the Bonds and executed and delivered by the Authority and the City.

“**Tax Revenues**” means all Measure R Receipts, Measure M Receipts, and Proposition C Receipts; provided that:

(a) Revenues which are not, by the terms of the relevant Measure R Ordinance, Measure M Ordinance, or Proposition C Ordinance, as applicable, or the related implementation plan or expenditure plan, eligible for expenditure equally on each subset of eligible costs listed as a component of the Project shall be proven, by certification provided by the City, to be sufficient to produce a sum equal to at least 100% of the Maximum Annual Debt Service allocable to the components of the Project for which such Revenues are eligible to be paid (assuming that each such component of the Project amortizes over the life of the related Installment Sale Payments);

(b) If Measure R Receipts, Measure M Receipts, and/or Proposition C Receipts are pledged and payable as Revenues in connection with any additional Contract on a parity with the payment by the City of the 2021 Installment Sale Payments, as provided in Section 4.01 hereof, then such Measure R Receipts, Measure M Receipts, and/or Proposition C Receipts (as applicable) will constitute Revenues and will be pledged to the payment of the 2021 Installment Sale Payments.

“**Triggering Event**” means (a) a transfer from the Reserve Fund to the Interest Fund or the Principal Fund is made pursuant to Section 3.03(a)(3) of the Trust Agreement to cure a deficiency in the Interest Fund or the Principal Fund, or (b) an Event of Default occurs of which the Trustee receives notice.

“**Trust Agreement**” means the Trust Agreement, dated as of [_____] 1], 2021, by and among the Authority, the Trustee, and the City, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions of the Trust Agreement.

“**Trustee**” means U.S. Bank National Association, or any successor thereto appointed pursuant to the Trust Agreement.

“**Trustee’s Fee**” means the annual administration fee of the Trustee, in the amount of \$[_____] payable in advance on [_____] 1], 2021 and thereafter on each Bond Payment Date.

“**2021 Installment Sale Agreement**” or “**Agreement**” means this 2021 Installment Sale Agreement, dated as of [_____] 1], 2021, by and between the Authority and the City, as originally executed and as it may from time to time be amended or supplemented pursuant to the terms hereof and of the Trust Agreement.

“**2021 Installment Sale Payment Date**” means the fifteenth day of the calendar month immediately preceding each Interest Payment Date, or if said day is not a Business day, then the next preceding Business Day.

“**2021 Installment Sale Payments**” means the 2021 Installment Sale Payments scheduled to be paid by the City under and pursuant to this 2021 Installment Sale Agreement, as set forth in Exhibit A hereto.

Section I.02 Terms defined in the Trust Agreement. Capitalized terms not otherwise defined herein have the meanings set forth in the Trust Agreement.

ARTICLE II THE PROJECT

Section II.01 Completion and Sale of the Project. The Authority hereby agrees to cause the Project and any additions or modifications thereto to be constructed, acquired and installed by the City as its agent, and hereby appoints the City to act on its behalf as its agent hereunder. The City agrees to transfer whatever real or personal property interest it may possess which may be required in order for the Authority to effect the Project. The City hereby agrees to enter into such engineering, design, construction, and other professional contracts and purchase orders as may be necessary, as agent for the Authority, to provide for the construction and completion of the Project in accordance with all applicable laws. The City hereby agrees that as such agent it will cause the Project to be diligently completed after the deposit of funds in the Project Fund for such purpose pursuant to Section 2.11 of the Trust Agreement, and that it will use its best efforts to complete the Project by [_____], except for unforeseeable delays beyond the reasonable control of the City. The Authority hereby agrees to sell, and hereby sells, the Project to the City. The City hereby agrees to purchase, and hereby purchases, the Project from the Authority. Notwithstanding the foregoing, it is hereby expressly understood and agreed that the Authority shall be under no liability of any kind or character whatsoever for the payment of any costs or expenses incurred by the City (whether as agent for the Authority or otherwise) for the completion of the Project and that all such costs and expenses shall be paid by the City, regardless of whether the funds deposited in the Project Fund are sufficient to cover all such costs.

Section II.02 Additions, Deletions and Substitutions to the Project. The City may add, delete or substitute other improvements for the facilities listed in Exhibit B hereto, by filing with the Authority and Trustee a statement of the City Manager or other City Authorized Representative;

- (a) identifying the improvements to be added, deleted, or substituted; and
- (b) stating that the estimated costs of construction, acquisition and installation of the added, deleted or substituted improvements are not less than such costs for the previously planned improvements and/or the Authority has sufficient funds advanced by the City or Bond proceeds to construct and/or acquire the substituted or added improvements; and
- (c) stating that such added, deleted or substituted improvements will not reduce the 2021 Installment Sale Payments payable hereunder or adversely affect the payment of principal of and interest on the Bonds; and
- (d) the City has received approval from the Los Angeles County Metropolitan Transportation Authority of such added, deleted or substituted improvements as a Measure M Project, a Measure R Project, and/or a Proposition C Project in accordance with the applicable Borrowing Guidelines established by the Los Angeles County Metropolitan Transportation Authority.

Section II.03 Title. All right, title and interest in the Project shall vest in the City immediately upon the acquisition or construction thereof. Such vesting shall occur without further action by the Authority or the City and the Authority shall, if requested by the City or if necessary to assure such automatic vesting deliver any and all documents required to assure such vesting.

ARTICLE III
2021 INSTALLMENT SALE PAYMENTS; ADMINISTRATION FEE

Section III.01 Purchase Price and Administration Fee.

(a) The Purchase Price to be paid by the City to the Authority hereunder is the sum of the principal amount of the City's obligation hereunder plus the interest to accrue on the unpaid balance of such principal amount from the date hereof over the term hereof, subject to prepayment as provided in Section 3.05.

(b) The principal amount of the Purchase Price to be paid by the City to the Authority hereunder is \$[_____].

(c) The interest to accrue on the unpaid balance of the principal amount of the Purchase Price shall be equal to the interest payable on the Bonds as provided in Section 2.02 of the Trust Agreement, and shall be paid by the City as and constitute interest paid on the principal amount of the City's obligations hereunder.

(d) In addition, the City shall pay the Administration Fee for the administrative cost of the Project.

Section III.02 Payment of 2021 Installment Sale Payments and Administration Fee.

The City shall, subject to prepayment as provided in Section 3.05, pay the Authority or the Trustee, as appropriate, the Purchase Price, without offset or deduction of any kind, by paying (i) the principal installments of the 2021 Installment Sale Payments, which principal installments shall be due annually on each Bond Payment Date, (ii) the interest installments of the 2021 Installment Sale Payments, which interest installments shall be due semiannually on each Interest Payment Date and (iii) the Administration Fee which shall be due annually on each Bond Payment Date. The 2021 Installment Sale Payments Schedule is set forth in Exhibit A attached hereto. Each 2021 Installment Sale Payment and the Administration Fee shall be payable on and shall be required to be deposited with the Trustee on or before the fifteenth day of the calendar month immediately preceding its due date. In order to implement the foregoing, the City shall make the transfers to the Trustee required by Section 3.04 hereof.

The obligation of the City to pay the Purchase Price by paying the 2021 Installment Sale Payments, including the Administration Fee, is, subject to Section 8.01, absolute and unconditional, and until such time as the 2021 Installment Sale Payments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Section 7.01), the City will not discontinue or suspend any 2021 Installment Sale Payments or Administration Fee required to be paid by it under this Section when due, whether or not the Project or any part thereof is complete, or its use is suspended, interfered with, reduced, curtailed, or terminated in

whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party to any agreement for any cause whatsoever.

Section III.03 Pledged Tax Fund. In order to carry out and effectuate the obligation of the City contained herein to pay the 2021 Installment Sale Payments and the Administration Fee, the City established the “City of Compton Pledged Tax Fund” as Fund No. [_____] (the “Pledged Tax Fund”) and within the Pledged Tax Fund, the “Measure R Receipts Account,” the “Measure M Receipts Account,” and the “Proposition C Receipts Account,” as account numbers _____, _____, and _____, respectively, which fund and accounts therein the City agrees and covenants to maintain so long as any Installment Sale Payments remain unpaid. The Measure R Receipts Account, the Measure M Receipts Account, and the Proposition C Receipts Account shall at all times be subject to the Lockbox Agreements. All money on deposit in the Pledged Tax Fund and the accounts therein shall be applied and used only as provided herein. The City agrees and covenants that (i) all Measure R Receipts received by it shall be deposited when and as received in the Measure R Receipts Account, (ii) all Measure M Receipts received by it shall be deposited when and as received in the Measure M Receipts Account, and (iii) all Proposition C Receipts received by it shall be deposited when and as received in the Proposition C Receipts Account.

The City covenants and agrees to use and apply all Measure R Receipts, Measure M Receipts, and Proposition C Receipts as received on an annual basis to the payment of Installment Sale Payments prior to any other expenditure of such Tax Revenues, subject to the release for expenditure as provided in this section below and only in an amount not exceeding the Measure R Receipts, the Measure M Receipts, and the Proposition C Receipts.

[The City covenants and agrees to include all amounts reimbursable to the Insurer (as more fully described in the Trust Agreement) and Policy Costs (as more fully described in the Trust Agreement) in its calculation of Installment Sale Payments and shall pay all such payments from the Tax Revenues.]

All of the Tax Revenues and all money in the Pledged Tax Fund and in the funds or accounts so specified and provided for in this Agreement are hereby irrevocably pledged to the punctual payment of the 2021 Installment Sale Payments and the Administration Fee, and the Tax Revenues and moneys in the Pledged Tax Fund shall not be used for any other purpose while any of the 2021 Installment Sale Payments remain outstanding, subject to the provisions of this Agreement permitting application thereof for the purposes and on the terms and conditions set forth herein. This pledge shall constitute a first lien on the Tax Revenues and moneys in the Pledged Tax Fund for the payment of the 2021 Installment Sale Payments and the Administration Fee in accordance with the terms thereof. Notwithstanding anything to the contrary set forth in this Agreement, (a) the Measure M Receipts shall only be available to pay 2021 Installment Sale Payments to the extent such 2021 Installment Sale Payments are attributable to a Measure M Project, (b) the Measure R Receipts shall only be available to pay 2021 Installment Sale Payments to the extent such 2021 Installment Sale Payments are attributable to a Measure R Project, and (c) the Proposition C Receipts shall only be available to pay 2021 Installment Sale Payments to the extent such 2021 Installment Sale Payments are attributable to a Proposition C

Project, as reflected in a Certificate of an Authorized City Representative delivered to the Trustee.

Notwithstanding the foregoing, the City may at any time transfer to the Trustee for deposit in the Revenue Fund Other Available Revenues, and if and when so deposited, all such Other Available Revenues deposited in the Revenue Fund shall be irrevocably pledged to the payment of Installment Sale Payments and shall serve to offset Tax Revenues needed to pay 2021 Installment Sale Payments and the Administration Fee.

Section III.04 Transfers to Trustee for Deposits under the Trust Agreement.

(a) During any period that is not a Diversion Period, the City shall transfer, or cause to be transferred, on the [fifth (5th)] day of every month (or the next Business Day if such day is not a Business Day), from amounts on deposit in the Pledged Tax Fund to the Trustee for deposit in the Revenue Fund an amount sufficient for the Trustee to make the deposits, if any, required to be made pursuant to paragraphs (1), (2), (3), and (4) of Section 3.03(b) of the Trust Agreement. The City shall only be required to make transfers pursuant to this Section 3.04(a) to the extent of amounts on deposit in the Pledged Tax Fund.

(b) During any period that is not a Diversion Period, on or after the [sixteenth] day of each month and after the transfers described in subsection (b) of this Section 3.04 have been made, and provided that sufficient amounts have been transferred by the City to the Trustee to enable the Trustee to make the deposits, if any, required by paragraphs (1), (2), (3), and (4) of Section 3.03(b) of the Trust Agreement, then all moneys remaining in the Pledged Tax Fund shall be released from the pledge and lien in favor of the 2021 Installment Sale Payments and the Installment Sale Payments and the City may withdraw any such amounts on deposit in the Pledged Tax Fund and use such moneys for any purpose permitted by applicable law, including without limitation uses permitted by the Measure M Ordinance, the Measure R Ordinance, and the Proposition C Ordinance, as applicable.

(c) During any Diversion Period, the City shall transfer, or cause to be transferred, on a daily basis, all amounts on deposit in the Pledged Tax Fund to the Trustee for deposit in the Revenue Fund.

Section III.05 Prepayment of 2021 Installment Sale Payments. The City may optionally prepay the 2021 Installment Sale Payments in accordance with Section 2.03(a) of the Trust Agreement. Notwithstanding any such prepayment, the City shall not be relieved of its obligations hereunder, including without limitation its obligations under Sections 3.01, 3.02, 3.03 and 3.04 hereof, until the Purchase Price and all Administration Fees shall have been fully paid (or provision for payment thereof shall have been provided in accordance with Article VII hereof).

**ARTICLE IV
ADDITIONAL CONTRACTS**

Section IV.01 Additional Contracts.

(a) So long as the City is not in default hereunder, the City may at any time execute any Contract creating obligations that are payable from the Tax Revenues on a parity with the 2021 Installment Sale Payments, provided that the Tax Revenues (to the extent pledged to the payment of such obligations), for the Fiscal Year next preceding the date of the adoption by the City Council of the resolution authorizing the execution of such Contract, or for any more recent period of twelve (12) consecutive months, as evidenced by both a calculation prepared by the City and a special report prepared by an Independent Certified Public Accountant on such calculation on file with the City shall have produced a sum equal to at least 150% of the Maximum Annual Debt Service on this Agreement and any other Contract outstanding after the execution of such amendment or proposed Contract. [Policy Costs due and owing to the Insurer shall be included in the Maximum Annual Debt Service requirement for purposes of the foregoing calculation and the calculation of Maintenance of Tax Revenues in Section 5.04 of this Agreement.].

(b) Notwithstanding the foregoing subsection (a) of this Section 4.01, the City may incur Contracts to refund outstanding 2021 Installment Sale Payments or outstanding Contracts if, after giving effect to the application of the proceeds thereof, total Debt Service will not be increased in any Fiscal Year in which this Agreement or Contracts (outstanding on the date of incurrence of such refunding Contracts, but excluding such refunding Contracts) not being refunded are outstanding.

(c) Nothing herein shall preclude the City from issuing any bonds or notes or executing contracts under which the payments from Tax Revenues are subordinate to any of the 2021 Installment Sale Payments or any Contracts of the City.

**ARTICLE V
REPRESENTATIONS AND COVENANTS OF THE CITY AND THE AUTHORITY**

Section V.01 Authority; Compliance with 2021 Installment Sale Agreement and Trust Agreement. The City is a municipal corporation organized and existing under the Constitution of the State of California, with full legal right, power and authority to execute, deliver and perform its obligations under this Agreement, and compliance with the provision hereof will not materially conflict with or constitute a material breach of or default under any applicable provision of law, or any applicable regulation or agreement to which the City is a party or may be subject.

The City will punctually pay the 2021 Installment Sale Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants, and terms contained herein and required to be observed and performed by it. The City will faithfully observe and perform all obligations and covenants set forth in the Lockbox Agreements for the benefit of the owners of the Bonds. The City will not terminate this Agreement or the Lockbox Agreements for any cause including, without limiting the generality

of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Authority to observe or perform any agreement, condition, covenant, or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability, or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Authority or any force majeure, including Acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lockouts, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

The Authority will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Trust Agreement required to be observed and performed by it, and it is expressly understood and agreed by and among the parties to this Agreement and the Trust Agreement that each of the agreements, conditions, covenants and terms contained in each such agreement is an essential and material term of the obligation of the City to repay the costs of the Project, including the costs and expenses incidental thereto, paid by the Authority pursuant to, and in accordance with, and as authorized under law and this Agreement.

Section V.02 Use of Proceeds of the Bonds. The Authority and the City agree that the proceeds of the Bonds deposited in the Project Fund will be used by the City, as agent for the Authority, to pay the costs of the Project, including the incidental costs and expenses related thereto, as provided herein and in the Trust Agreement. The City shall comply in all material respects with the requirements and restrictions set forth in the Measure M Ordinance, the Measure R Ordinance, and the Proposition C Ordinance, as applicable, and all other rules and requirements established from time to time by the Los Angeles County Metropolitan Transportation Authority, or any successor entity, with respect to the use of the Tax Revenues to pay costs of the Project.

Section V.03 Against Encumbrances. The City will pay or cause to be paid when due all sums of money that may become due or purporting to be due for any labor, services, materials, supplies, or equipment furnished, or alleged to have been furnished, to or for the City payable from the Tax Revenues or which may impair the security for the 2021 Installment Sale Payments and will keep the Tax Revenues free of any and all liens against any portion of the Tax Revenues. In the event any such lien attaches to or is filed against any portion of the Tax Revenues, the City will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the City desires to contest any such lien it may do so. If any such lien shall be reduced to final judgment and such judgment or any process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and such stay thereafter expires, the City will forthwith pay or cause to be paid and discharged such judgment. The City will, to the maximum extent permitted by law, indemnify and hold the Authority and the Trustee harmless from, and defend each of them against, any claim, demand, loss, damage, liability, or expense (including attorneys' fees) as a result of any such lien or claim of lien against any portion of the Tax Revenues.

Notwithstanding the foregoing, the City may pledge, encumber, or otherwise secure its obligations with the Tax Revenues, provided that, except as permitted by Section 4.01 hereof, in

all instances any such pledge, lien, or security is wholly subordinate and junior to the obligations of the City contained herein.

Section V.04 Maintenance of Tax Revenues. The City will use its best efforts to comply with all provisions of law and any regulations issued thereunder relating to the Tax Revenues, including, but not limited to, the Measure R Ordinance, the Measure M Ordinance, and the Proposition C Ordinance, and will take any and all reasonable actions required in order to maintain the City's ability to receive the Tax Revenues and apply the same as provided herein.

The City covenants and agrees to take all actions and make all submittals and filings required to obtain all required approvals from the Los Angeles County Metropolitan Transportation Authority necessary to ensure timely distribution of the Tax Revenues to the City or relating to the use of the Tax Revenues to pay 2021 Installment Sale Payments, Administration Fees, and otherwise as described under this Agreement.

Section V.05 Tax Covenants. The City will not directly or indirectly use or permit the use of the proceeds of the obligation provided herein or any other funds of the City or take or omit to take any action which would cause such obligation to be an "arbitrage bond" within the meaning of Section 148 of the Code, or a "federally-guaranteed obligation" under Section 149(b) of the Code, or a "private activity bond" as described in Section 141 of the Code. To that end, so long as any 2021 Installment Sale Payments are unpaid, the City will comply with all requirements of such sections of the Code to the extent applicable to the obligation provided herein and with the provisions of the Tax Certificate. Upon calculation by the Rebate Analyst of a Rebate Amount, the City shall, from any source of available funds, immediately transfer an amount of money equal to the Rebate Amount to the Trustee for deposit in the Rebate Fund established pursuant to Section 4.04 of the Trust Agreement.

The Authority and the City will at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that the interest on the Bonds will not be included in the gross income of the owners of such bonds for federal income tax purposes under the Code and will take no action that would result in such interest being so included.

Section V.06 Prompt Completion of the Project. The City will take all necessary and appropriate steps to complete the Project, as agent of the Authority, with all practicable dispatch and in an expeditious manner and in conformity with law so as to complete the same as soon as possible.

Section V.07 Accounting Records and Financial Statements.

(a) The City will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Tax Revenues and the Project, which records shall be available for inspection by the Authority and the Trustee at reasonable hours and under reasonable conditions.

(b) The City will prepare and file with the Trustee annually within six months after the close of each Fiscal Year or, if not then available, as soon thereafter as possible, audited financial statements of the City for the preceding Fiscal Year.

Section V.08 Protection of Security and Rights of the Authority and the Trustee.

The City will preserve and protect the security hereof and the rights of the Authority and the Trustee to the 2021 Installment Sale Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section V.09 Further Assurances. The City will adopt, deliver, execute, and make any and all further assurances, instruments, and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Authority of the rights and benefits provided to it herein.

Section V.10 Continuing Disclosure. The City hereby covenants and agrees that it will enter into and comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this 2021 Installment Sale Agreement, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder; however, the Trustee shall, at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Owner of at least 25% aggregate principal amount in Outstanding Bonds, or any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Section. For purposes of this Section, "Beneficial Owner" means any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

**ARTICLE VI
EVENTS OF DEFAULT AND REMEDIES**

Section VI.01 Events of Default and Acceleration of Principal. If one or more of the following "Events of Default" shall happen, that is to say --

- (1) if default shall be made in the due and punctual payment of any 2021 Installment Sale Payment when and as the same shall become due and payable;
- (2) if default shall be made by the City in the performance of any of the agreements or covenants contained herein required to be performed by it, and such default shall have continued for a period of 30 days after the City shall have been given notice in writing of such default by the Authority or the Trustee;
- (3) if the City shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the City seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of its property; or
- (4) acceleration of Installment Sale Payments under any Contracts;

then and in each and every such case during the continuance of such Event of Default specified in clause (1) above, the Trustee shall, and for any other such Event of Default the Trustee may, by notice in writing to the City, declare the entire principal amount of the unpaid 2021 Installment Sale Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding. This subsection is subject to the condition, however, that if at any time after the entire principal amount of the unpaid 2021 Installment Sale Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the money due shall have been obtained or entered the City shall deposit with the Trustee a sum sufficient to pay the unpaid principal amount of the 2021 Installment Sale Payments due and payable prior to such declaration and the accrued interest thereon, with interest on such overdue installments at the rate or rates applicable to such unpaid principal amounts of the 2021 Installment Sale Payments if paid in accordance with their terms, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of the entire principal amount of the unpaid 2021 Installment Sale Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then and in every such case the Trustee, by written notice to the City, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any sub-sequent default or shall impair or exhaust any right or power consequent thereon.

Section VI.02 Application of Tax Revenues Upon Acceleration. All Tax Revenues upon the date of the declaration of acceleration by the Trustee as provided in Section 6.01 and all Tax Revenues thereafter received shall be applied in the following order --

First, to the payment of the costs and expenses of the Trustee and the Authority, if any, in carrying out the provisions of this article, including reasonable compensation to its agents, accountants, and counsel and including any indemnification expenses;

Second, to the payment of the interest then due and payable on the entire principal amount of the unpaid 2021 Installment Sale Payments, and, if the amount available shall not be sufficient to pay in full all such interest then due and payable, then to the payment thereof ratably, according to the amounts due thereon without any discrimination or preference;

Third, to the payment of the unpaid principal amount of the 2021 Installment Sale Payments which has become due and payable, whether on the original due date or upon acceleration, with interest on the overdue principal and interest amounts of the unpaid 2021 Installment Sale Payments at the rate or rates of interest then applicable to such 2021 Installment Sale Payments if paid in accordance with their terms, and, if the amount available shall not be sufficient to pay in full all the amounts due with respect to the 2021 Installment Sale Payments on any date, together with such interest, then to the payment thereof ratably, according to the principal amount due on such date, without any discrimination or preference; and

[Fourth, to the payment of amounts due to the Insurer not paid pursuant to Second and Third above.]

Section VI.03 Other Remedies.

The Trustee shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the City or any City Council member, officer, or employee thereof, and to compel the City or any such City Council member, officer, or employee to perform and carry out its or his duties under law and the agreements and covenants required to be performed by it or him contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Authority or the Trustee; or

(c) by suit in equity upon the happening of an Event of Default to require the City and City Council members, officers and employees to account as the trustee of an express trust.

Section VI.04 Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the City, which is absolute and unconditional, to pay the 2021 Installment Sale Payments from the Tax Revenues to the Trustee at the respective due dates or upon prepayment, or shall affect or impair the right of the Trustee, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Trustee shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee by law or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If any action, proceeding, or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Trustee, the Authority, the City, and the Trustee shall be restored to their former positions, rights, and remedies as if such action, proceeding, or suit had not been brought or taken.

Section VI.05 Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by law. The exercise of remedies hereunder shall be subject to the provisions of the Trust Agreement, including Articles VII and IX thereof.

**ARTICLE VII
DISCHARGE OF OBLIGATIONS**

Section VII.01 Discharge of Obligations.

(a) If the City shall pay or cause to be paid all the 2021 Installment Sale Payments at the times and in the manner provided herein,[and all amounts owed the Insurer shall have been paid in full,] the right, title, and interest of the Authority herein and the obligations of the City hereunder shall thereupon cease, terminate, become void, and be completely discharged and satisfied.

(b) Any unpaid principal installment of the 2021 Installment Sale Payments shall, on its payment date or date of prepayment, be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if the City makes payment of such 2021 Installment Sale Payments and the prepayment premium, if applicable, in the manner provided herein.

(c) All or any portion of unpaid principal installments of the 2021 Installment Sale Payments shall, prior to their payment dates or dates of prepayment, be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if (i) notice is provided by the City to the Trustee as required by the Trust Agreement, (ii) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or Defeasance Obligations (as that term is defined in the Trust Agreement) which, together with money, if any, deposited with the Trustee, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due with respect to the principal installments of such 2021 Installment Sale Payments and the principal installments of such 2021 Installment Sale Payments or such portions thereof on and prior to their payment dates or their dates of prepayment, as the case may be, and the prepayment premiums, if any, applicable thereto and (iii) an opinion of nationally recognized bond counsel is filed with the Trustee to the effect that the action taken pursuant to this subsection will not cause the interest on the Bonds to be includable in gross income under the Code for federal income tax purposes.

(d) After the payment of all 2021 Installment Sale Payments and prepayment premiums, if any, as provided in this section, and payment of all fees and expenses of the Trustee, the Trustee, upon request of the City, shall cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the City and the Authority and shall execute and deliver to the City and the Authority all such instruments as may be necessary or desirable to evidence such total discharge and satisfaction of this 2021 Installment Sale Agreement, and the Trustee shall pay over and deliver to the City, as an overpayment of 2021 Installment Sale Payments, all such money or investments held by it pursuant to the Trust Agreement other than such money and such investments as are required for the payment or prepayment of the 2021 Installment Sale Payments, which money and investments shall continue to be held by the Trustee in trust for the payment of the 2021 Installment Sale Payments and shall be applied by the Trustee pursuant to the Trust Agreement.

**ARTICLE VIII
MISCELLANEOUS**

Section VIII.01 **Liability of the City Limited to Tax Revenues.** Notwithstanding anything contained herein, the City shall not be required to advance any moneys derived from any source of income other than the Tax Revenues for the payment of the 2021 Installment Sale Payments or for the performance of any agreements or covenants required to be performed by it contained herein.

The obligation of the City to make the 2021 Installment Sale Payments is a special obligation of the City payable solely from the Tax Revenues as provided herein, and does not constitute a debt of the City or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Section VIII.02 **Benefits of this 2021 Installment Sale Agreement.** Nothing contained herein, expressed or implied, is intended to give to any person other than the Authority, the City, [the Insurer] or the Trustee any right, remedy, or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the Authority, the City, or the Trustee shall be for the sole and exclusive benefit of the other parties. [The Insurer is a third party beneficiary of this 2021 Installment Sale Agreement.]

Section VIII.03 **Successor Is Deemed Included in all References to Predecessor.** Whenever either the Authority or the City or the Trustee is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties, and functions that are presently vested in the Authority, the City, or the Trustee, and all agreements and covenants required hereby to be performed by or on behalf of the Authority, the City, or the Trustee shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section VIII.04 **Waiver of Personal Liability.** No City Council member or City officer or employee shall be individually or personally liable for the payment of the 2021 Installment Sale Payment, but nothing contained herein shall relieve any City Council member or City officer or employee from the performance of any official duty provided by any applicable provisions of law or hereby.

Section VIII.05 **Article and Section Headings, Gender and References.** The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections,” “Exhibits” and other subdivisions or clauses are to the corresponding articles, sections, exhibits, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and other words of similar import refer to this Agreement as a whole and not to any particular article, section, exhibit, subdivision, or clause hereof.

Section VIII.06 **Partial Invalidity.** If any one or more of the agreements, covenants, or portions thereof required hereby to be performed by or on the part of the Authority or the City shall be contrary to law, then such agreement or agreements, such covenant or

covenants, or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The Authority and the City hereby declare that they would have executed this 2021 Installment Sale Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause, and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses, or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section VIII.07 **Assignment.** This Agreement and any rights hereunder shall be assigned by the Authority to the Trustee as provided in the Trust Agreement; to which assignment the City hereby expressly acknowledges and consents. Any other assignment without the consent of the Trustee [and the Insurer] shall be void.

Section VIII.08 **Net Contract.** This Agreement shall be deemed and construed to be a net contract, and the City shall pay absolutely net during the term hereof the 2021 Installment Sale Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

Section VIII.09 **California Law.** This Agreement shall be construed and governed in accordance with the laws of the State of California.

Section VIII.10 **Indemnification.** The City shall, to the full extent then permitted by law, indemnify, protect, hold harmless, save and keep harmless the Authority and its directors, officers, and employees and the Trustee and its directors, officers, and employees from and against any and all liability, obligations, losses, claims, and damages whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, without limitation, reasonable counsel fees and expenses, penalties and interest arising out of or as the result of the completion of the Project, the financing of the Project, and any portion thereof, or any accident in connection with the operation, use, condition, or possession of the Project, or any portion thereof, resulting in damage to property or injury to or death to any person including, without limitation, any claim alleging latent and other defects, whether or not discoverable by the City or the Authority; any claim for patent, trademark, or copyright infringement; and any claim arising out of strict liability in tort. The indemnification arising under this Section shall continue in full force and effect notwithstanding the full payment of all obligations hereunder or the termination hereof for any reason. The City agrees not to withhold or abate any portion of the payments required pursuant hereto by reason of any defects, malfunctions, breakdowns, or infirmities of the Project. The City and the Authority mutually agree to promptly give notice to each other of any claim or liability hereby indemnified against following either's learning thereof.

Section VIII.11 **Funds.** Any fund required to be established and maintained herein by the City may be established and maintained in the accounting records of the City either as an account or a fund, and may, for the purpose of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to any such fund shall at all times be maintained in accordance with sound accounting practice and with due regard for the protection of the security of the Bonds and the rights of the owners of such Bonds.

Section VIII.12 **Notices; Authorized City Representative.** All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the Authority: Independent Cities Finance Authority
P.O. Box 6740
Lancaster, California 93539
Attention: Executive Director

If to the City: City of Compton
205 South Willowbrook Avenue
Compton, California 90220
Attention: City Manager and City Attorney

Section VIII.13 **Notices to Insurer; Miscellaneous Insurer Provisions.** [TO COME.]

Section VIII.14 **Agreement Represents Complete Agreement; Amendments.**
This Agreement (together with the Trust Agreement) represents the entire contract between the City and the Authority relating to the 2021 Installment Sale Payments, the Project, and the Bonds. This Agreement may not be effectively amended, changed, modified, altered, or terminated except by the written agreement of the City and the Authority, given in accordance with the provisions of the Trust Agreement. [Any amendment, supplement, modification to, or waiver of this Agreement that requires the consent of holders of the Bonds or adversely affects the rights and interests of the Insurer shall be subject to the prior written consent of the Insurer.]

Section VIII.15 **Effective Date.** This Agreement shall become effective upon its execution and delivery, and shall terminate when the Purchase Price shall have been fully paid (or provision for the payment thereof shall have been made pursuant to Article VII).

Section VIII.16 **Execution in Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed and attested this 2021 Installment Sale Agreement by their officers thereunto duly authorized as of the day and year first written above.

CITY OF COMPTON, CALIFORNIA

By:

Mayor

**INDEPENDENT CITIES FINANCE
AUTHORITY**

By:

Authorized Signatory

EXHIBIT A

2021 INSTALLMENT SALE PAYMENTS SCHEDULE

Payment Date*	Interest Installment	Principal Installment	Total
06/01/2021			
12/01/2021			
06/01/2022			
12/01/2022			
06/01/2023			
12/01/2023			
06/01/2024			
12/01/2024			
06/01/2025			
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06/01/2048
12/01/2048
06/01/2049
12/01/2049
06/01/2050
12/01/2050
06/01/2051

- * Each 2021 Installment Sale Payment shall be payable on and shall be required to be deposited with the Trustee on or before the fifteenth day of the calendar month immediately preceding the respective June 1 and December 1 payment dates as provided in Section 3.02.

EXHIBIT B

DESCRIPTION OF THE PROJECT

The rehabilitation, construction, enlargement, improvement, and/or equipment of streets, sidewalks, gutters, curbs and ramps, streetlights, and street signs in the City of Compton, including the payment of certain necessary expenses incidental thereto, which improvements are eligible costs payable from the Tax Revenues pursuant to the (i) Measure R Receipts, (ii) Measure M Receipts, and/or (iv) Proposition C Receipts and have been approved by the Los Angeles County Metropolitan Transportation Authority. The particular streets to be improved shall include the streets listed below and such other streets as shall be designated by written certificate of an Authorized City Representative pursuant to Section 2.02 of the 2021 Installment Sale Agreement dated as of [_____] 1], 2021, by and between the City and the Authority, which statement shall be appended to this Exhibit B.

RESIDENTIAL STREET REHABILITATION PROJECT CIP# 18-01, Phase 1

<i>Street</i>	<i>From</i>	<i>To</i>	<i>Cost</i>	<i>Potential Funding Source</i>
1 Tajauta Avenue	Rosecrans Avenue	Compton Boulevard	\$ 818,125.00	Measure R & M
2 Myrrh Street	Santa Fe	East City Limit	1,251,404.00	Measure R & M
3 Bradfield Avenue	Pixley Street	Compton Boulevard	208,384.00	Measure R & M
4 Elva Avenue	Parmelee Avenue	138th Street	600,919.00	Measure R & M
5 Grandee Avenue	El Segundo Boulevard	138th Street	1,005,345.00	Measure R & M
6 Caldwell Street	Oleander	West City Limits	1,905,211.00	Prop C, Measure R & M
7 Alondra Boulevard	Lime Avenue	East City Limit	105,644.00	Measure R & M
			<u>\$</u> 5,895,032.00	

RESIDENTIAL STREET REHABILITATION PROJECT CIP# 18-01, Phase 2

<i>Street</i>	<i>From</i>	<i>To</i>	<i>Cost</i>	<i>Potential Funding Source</i>
1 135th Street/Stockwell Street	Parmelee Avenue	Elva	\$ 188,805.00	Measure R & M
2 Alameda Street East	City Limit North	City Limit South	1,660,131.00	Prop C, Measure R & M
3 Alameda Street West	City Limit North	City Limit South	2,541,259.00	Prop C, Measure R & M
4 Alondra Boulevard	City Limit West	Lime Avenue	3,911,479.00	Prop C, Measure R & M
5 Bradfield Avenue	Compton Boulevard	Alondra Boulevard	539,932.00	Measure R & M
6 Bullis Road	City Limit North	City Limit South	1,903,312.00	Prop C, Measure R & M
7 Compton Avenue	130th Street	134th Place	897,154.00	Measure R & M
8 Compton Boulevard	City Limit East	City Limit West	6,537,172.00	Prop C, Measure R & M
9 Greenleaf Boulevard	City Limit East	Alameda Street	1,186,838.00	Prop C, Measure R & M
10 Oris Street	Willowbrook Avenue	City Limit East	247,789.00	Measure R & M
11 Palmer Street	Alameda Street	Bowen	627,066.00	Measure R & M
12 Parmelee Avenue	City Limit North	138th Street	1,145,888.00	Measure R & M
13 Rosecrans Avenue	City Limit East	Alameda Street	1,053,657.00	Prop C, Measure R & M
14 Sante Fe Avenue	City Limit North	City Limit South	2,265,230.00	Prop C, Measure R & M
15 Slater Street	133rd Street	Wilmington Avenue	937,189.00	Measure R & M
16 Tucker Street	Van Ness Avenue	Long Beach Boulevard	321,403.00	Measure R & M
17 Greenleaf Boulevard	Central Avenue	Whitemarsh Avenue	1,081,268.00	Prop C, Measure R & M

18 Walnut Street,	Walnut Park Drive	Walnut Park Way	2,975,880.00	Prop C, Measure R & M
19 Wilmington Avenue	Rosecrans Avenue	City Limit South	<u>4,500,000.00</u>	Prop C, Measure R & M
20. Willowbrook Avenue East	Rosecrans Avenue	Greenleaf Boulevard	2,000,000.00	Prop C, Measure R & M
21. Willowbrook Avenue West	Rosecrans Avenue	Greenleaf Boulevard	<u>2,000,000.00</u>	Prop C, Measure R & M
			\$	
			38,521,452.00	