

REQUEST FOR COUNCIL ACTION CITY OF SAN DIEGO	CERTIFICATE NUMBER (FOR AUDITOR'S USE ONLY)
--	--

TO: CITY COUNCIL	FROM (ORIGINATING DEPARTMENT): City Attorney	DATE: 3/2/2016
---------------------	---	-------------------

SUBJECT: Public Facilities Financing Authority of the City of San Diego Water Revenue Bonds (Capital Improvement Projects & Advance Refunding)

PRIMARY CONTACT (NAME, PHONE): Brant C. Will, 619-236-6220, MS 59	SECONDARY CONTACT (NAME, PHONE): ,
--	---------------------------------------

COMPLETE FOR ACCOUNTING PURPOSES

FUND						
FUNCTIONAL AREA						
COST CENTER						
GENERAL LEDGER ACCT						
WBS OR INTERNAL ORDER						
CAPITAL PROJECT No.						
AMOUNT	0.00	0.00	0.00	0.00	0.00	0.00



FUND						
FUNCTIONAL AREA						
COST CENTER						
GENERAL LEDGER ACCT						
WBS OR INTERNAL ORDER						
CAPITAL PROJECT No.						
AMOUNT	0.00	0.00	0.00	0.00	0.00	0.00

COST SUMMARY (IF APPLICABLE):

ROUTING AND APPROVALS

CONTRIBUTORS/REVIEWERS:	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
Will, Brant City Attorney's Office	ORIG DEPT.	Nuesca, Mary	03/02/2016
	CFO		
	COO		
	CITY ATTORNEY		
	COUNCIL PRESIDENTS OFFICE	Jurado-Sainz, Diana	03/03/2016

PREPARATION OF: RESOLUTIONS ORDINANCE(S) AGREEMENT(S) DEED(S)

Authorize the issuance by the Public Facilities Financing Authority of the City of San Diego (Authority) of one or more series of its Water Revenue Bonds in an aggregate principal amount not to exceed \$835,000,000 to provide net bond proceeds of \$80,000,000 to finance capital improvements to the Water System, and to refund all or a portion of the Authority's outstanding Water Revenue Refunding Bonds, Series 2009A (2009A Bonds), Water Revenue Bonds, Series 2009B (2009B Bonds), Water Revenue Refunding Bonds, Series 2010A (2010A Bonds), and Water Subordinated Revenue Refunding Bonds, Series 2012A (2012A Bonds), and/or all of a portion of certain Drinking Water State Revolving Fund (SRF) Loans.

Authorize the execution of related financing documents which include forms of the Supplement to the Master Installment Purchase Agreement, Supplement to the Bond Indenture, Assignment Agreement, Bond Purchase Agreement, Escrow Agreement and Continuing Disclosure Certificate.

STAFF RECOMMENDATIONS:

Approve the resolution.

SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)

COUNCIL DISTRICT(S):	All
COMMUNITY AREA(S):	All
ENVIRONMENTAL IMPACT:	NA
CITY CLERK INSTRUCTIONS:	Please docket this PFFA item as a companion to the related City Council action during the regular PFFA meeting of March 15, 2016.

COUNCIL ACTION
EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO

DATE: 3/2/2016

ORIGINATING DEPARTMENT: City Attorney

SUBJECT: Public Facilities Financing Authority of the City of San Diego Water Revenue Bonds (Capital Improvement Projects & Advance Refunding)

COUNCIL DISTRICT(S): All

CONTACT/PHONE NUMBER: Brant C. Will/619-236-6220, MS 59

REQUESTED ACTION:

Approve a resolution authorizing the issuance of Water Revenue Bonds in an aggregate principal amount not to exceed \$835,000,000 and approving the forms of various legal agreements related thereto.

STAFF RECOMMENDATION:

Approve the resolution.

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

This action will authorize the issuance by the Authority of Water Revenue Bonds (Bonds) in an aggregate principal not to exceed \$835,000,000. \$80,000,000 of this amount will make new bond proceeds available to fund Water System capital improvement projects. The remainder of this amount will be available to refund outstanding Water Revenue Bonds and State Drinking Water Revolving Fund loans. Pursuant to the City's Debt Policy, net present value savings of at least 4% in the aggregate are required before the City will refund existing obligations. Depending on market conditions and funding needs, the Authority expects to issue bonds in calendar year 2016.

The Bonds will be issued by the Authority. The security for the Bonds and the source of repayment will be net system revenues of the Water System. The Authority will receive, pursuant to an assignment agreement, payments made to the San Diego Facilities and Equipment Leasing Corporation (Corporation) by the City pursuant to a Master Installment Purchase Agreement, as supplemented, between the Corporation and the City.

For additional information see Report No. 16-018.

FISCAL CONSIDERATIONS:

None to the Authority.

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE):

PREVIOUS COUNCIL and/or COMMITTEE ACTION (describe any changes made to the item from what was presented at committee):

The Authority met on March 1, 2016 to set a regular meeting of the Authority to consider this action on March 15, 2016.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Nuesca, Mary

Originating Department

PUBLIC FACILITIES FINANCING AUTHORITY
OF THE CITY OF SAN DIEGO

RESOLUTION NUMBER FA-2016-4

ADOPTED ON MARCH 15, 2016

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO (I) APPROVING THE FORMS AND AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE (A) SUPPLEMENTAL INDENTURES, (B) ASSIGNMENT AGREEMENTS, (C) BOND PURCHASE AGREEMENTS AND (D) ESCROW AGREEMENTS; (II) APPROVING AND AUTHORIZING THE ISSUANCE AND SALE BY THE PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO OF ONE OR MORE SERIES OF ITS WATER REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$835,000,000 TO (A) PROVIDE NET BOND PROCEEDS UP TO \$80,000,000 TO FINANCE ADDITIONAL CAPITAL IMPROVEMENTS TO THE WATER SYSTEM AND (B) REFUND ALL OR A PORTION OF THE PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO WATER REVENUE BONDS AND/OR ALL OR A PORTION OF THE LOANS PROVIDED TO THE CITY BY THE CALIFORNIA STATE WATER RESOURCES CONTROL BOARD TO ACHIEVE SAVINGS; AND (III) APPROVING CERTAIN OTHER AGREEMENTS AND ACTIONS IN CONNECTION THEREWITH.

WHEREAS, The City of San Diego, California (City), the City solely in its capacity as the designated successor agency Successor Agency to the former Redevelopment Agency of the City of San Diego, and the Housing Authority of the City of San Diego, are parties to a Joint Exercise of Powers Agreement establishing the Public Facilities Financing Authority of the City of San Diego (Authority), a California joint exercise of powers authority duly organized and established to finance, acquire, construct, maintain, repair, operate, and control certain capital facilities improvements for the City; and

WHEREAS, the San Diego Facilities and Equipment Leasing Corporation (Corporation) is a nonprofit public benefit corporation duly organized and existing under and by virtue of the laws of the

State of California (State) that was incorporated to acquire and lease and/or sell to the City real and personal property to be used in the municipal operations of the City; and

WHEREAS, the City has requested the Authority's assistance in effecting the financing of design, acquisition, construction and installation of improvements (New Money Projects) to the Water System of the City (Water System) and/or the refunding for savings, on an advance refunding basis, of all or a portion of the outstanding Parity Water Revenue Bonds and all or a portion of the outstanding Subordinated Water Revenue Bonds, and the current refunding and prepayment of all or a portion of the outstanding Drinking Water State Revolving Fund loans provided to the City by the California State Water Resources Control Board (the SRF Loans and, together with the outstanding Water Revenue Bonds to be refunded, the Refunded Obligations), in each case if economical or otherwise on terms beneficial to the City and its residents; and

WHEREAS, in order to effectuate the design, acquisition, construction, installation, and improvement of the Water System, the City and the Corporation have entered into an Amended and Restated Master Installment Purchase Agreement, dated as of January 1, 2009, a 2009A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of January 1, 2009, a 2009B Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of June 1, 2009, a 2010A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of June 1, 2010, and a 2012A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of April 1, 2012 (collectively, the Installment Purchase Agreement), each by and between the City and the Corporation, pursuant to which the Corporation has agreed to sell certain improvements and additions (comprised of various components, each, a Component) to the Water System and the City has agreed from time to time to purchase certain Components as specified in certain supplements to the Installment Purchase Agreement; and

WHEREAS, the City has determined pursuant to an ordinance introduced at a meeting of the City Council of the City of San Diego on the date hereof (Ordinance), that it is in the best interests of the City, between now and June 30, 2018, to request the Authority to issue one or more series of its Water Revenue

Bonds, payable from senior or subordinated Installment Payments secured by Net System Revenues of the Water Utility Fund as may be specified in one or more Supplements to the Installment Purchase Agreement (Water Revenue Bonds), in an aggregate principal amount not to exceed \$835,000,000 to (a) provide net bond proceeds up to \$80,000,000 to finance additional capital improvements to the Water System, (b) refund all or a portion of the Refunded Obligations to achieve savings, (c) fund, or purchase a reserve policy or surety for, a reserve fund, if any, and (d) pay the costs of issuance incurred in connection with the issuance of the Water Revenue Bonds; and

WHEREAS, the Ordinance includes a finding that financing and refinancing of components of the Water System as set forth therein will provide significant public benefits in accordance with the criteria specified in California Government Code Section 6586; and

WHEREAS, in order to facilitate the refunding of all or a portion of the Refunded Obligations and to finance the design, acquisition, construction and installation of additional improvements to the Water System, the City and the Corporation propose to enter into one or more Supplements to Amended and Restated Master Installment Purchase Agreement (each, a Supplement), supplementing the Installment Purchase Agreement; and

WHEREAS, the Installment Purchase Agreement, as amended, provides that each Supplement shall specify either a senior or subordinate pledge of Net System Revenues (as defined in the Installment Purchase Agreement) as any Authorized Signatory shall determine to be necessary or desirable and approve as being in the best interests of the City; and

WHEREAS, under the Installment Purchase Agreement and each Supplement, the City will be obligated to make Installment Payments (as defined in the Supplement) to the Authority; and

WHEREAS, to further facilitate the proposed financings, the Corporation, as assignor, will execute and deliver one or more forms of an Assignment Agreement (Assignment Agreement), pursuant to which the Corporation will assign all of its right, title, and interest under the each Supplement to the Authority, as assignee; and

WHEREAS, the issuance of the Water Revenue Bonds is authorized under the Ordinance in one or more series over time as opportunities are presented to lower financing costs, if economical or otherwise on terms deemed beneficial by and to the City and its residents; and

WHEREAS, the Authority is informed that the City has conducted a competitive proposal process to select the underwriting firms to serve as underwriters with respect to the sale and delivery of the Water Revenue Bonds; and

WHEREAS, there has been presented to this meeting a proposed form of Bond Purchase Agreement (Bond Purchase Agreement), by and among J.P. Morgan Securities Inc., for itself, and as representative (Representative) of, Morgan Stanley & Co. LLC, Siebert Brandford Shank & Co., LLC, Samuel A. Ramirez & Company, Inc., and The Williams Capital Group, as initial underwriters, and such other or alternative underwriters as may be designated by the City (collectively, with the Representative, the Underwriters), the Authority and the City, a copy of which is on file in the Office of the City Clerk of the City (City Clerk) as Document No. _____, pursuant to which form of Bond Purchase Agreement the Authority will agree to sell the Water Revenue Bonds; and

WHEREAS, to further facilitate the proposed refunding of the Refunded Obligations, it is proposed that the Authority enter into one or more Escrow Agreements (each, an Escrow Agreement) with U.S. Bank National Association, or any successor or substitute trust company or bank having trust powers, as trustee for the Refunded Obligations and as escrow agent; and

WHEREAS, to provide for the authentication and delivery of the Water Revenue Bonds, to establish and declare the terms and conditions upon which the Water Revenue Bonds are to be issued and secured, and to secure the repayment thereof, it is proposed that the Authority enter into one or more Supplemental Indentures (each, a Supplemental Indenture) with U.S. Bank National Association, or any successor or substitute trust company or bank having trust powers, as trustee (Trustee), which Supplemental Indenture shall amend and supplement an Indenture, dated as of January 1, 2009, as amended and supplemented by a First Supplemental Indenture, dated as of June 1, 2009, a Second

Supplemental Indenture, dated as of June 1, 2010, and a Third Supplemental Indenture, dated as of April 1, 2012, each by and between the Authority and the Trustee; and

WHEREAS, the City has further determined to request the Authority to amend certain provisions of the Indenture, including, but not limited to, the provisions related to the reserve fund and permitted investments; and

WHEREAS, the Authority has determined, in accordance with Section 9.01(b) of the Indenture, that the terms of the Supplemental Indenture including, without limitation, to provide for the issuance of subordinate bonds, are not inconsistent with the Indenture as currently exists and will not adversely affect the interests of the Owners of bonds issued under the Indenture; and

WHEREAS, the Authority is authorized to undertake the actions described in this Resolution pursuant to its Joint Exercise of Powers Agreement and the Constitution and applicable laws of the State;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Public Facilities Financing Authority of the City of San Diego (Board of Commissioners), as follows:

Section 1. The Board of Commissioners hereby finds and determines that the statements set forth above in the recitals to this Resolution are true and correct.

Section 2. The issuance of the Water Revenue Bonds in one or more series in an aggregate principal amount not to exceed \$835,000,000 is hereby authorized and approved to provide funds for (a) the financing and refinancing of New Money Projects through the issuance and sale by the Authority of Water Revenue Bonds, in one or more series, through one or more issuances to provide net bond proceeds in amount not to exceed \$80,000,000, provided that, as to each such issuance the financing and refinancing of New Money Projects must achieve a true interest cost with respect to the issuance and sale by the Authority of Water Revenue Bonds not to exceed 6.00% per annum; (b) the advance refunding of all or a portion of the outstanding Parity Water Revenue Bonds and the outstanding Subordinated Water Revenue Bonds through the issuance and sale by the Authority of Water Revenue Bonds, in one or more series, through one or more issuances; (c) the current refunding of all or a portion of the outstanding SRF Loans through the issuance and sale by the Authority of Water Revenue Bonds, in one or more series,

through one or more issuances; (d) the funding of, or purchasing a reserve policy or surety for, a debt service reserve fund, if any, for the Water Revenue Bonds, and (e) the paying costs of issuance incurred in connection with the issuance of the Water Revenue Bonds, in each case by public offering now or in the future. The Water Revenue Bonds are authorized to be executed for and in the name of and on behalf of the Authority by the manual or facsimile signature of the Chair or Vice-Chair of the Board of Commissioners of the Authority (each, an Authorized Officer) and attested to by the manual or facsimile signature of the Secretary of the Authority (Secretary) or his or her specified designee. The Water Revenue Bonds, when so executed and attested, are authorized to be delivered to the Trustee for authentication.

Section 3. The form and content of the form of Supplemental Indenture submitted to this meeting, a copy of which Supplemental Indenture is on file in the office of the Office of the Secretary and submitted to this meeting, is hereby approved. The Authorized Officers, and each of them, acting alone, are hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver one or more Supplements in conjunction with one or more issuances of Water Revenue Bonds, in one or more series and on one or more sale dates between now and June 30, 2018, in substantially the form submitted to this meeting, with such additions and changes therein as any Authorized Signatory shall determine are necessary or desirable and approve as being in the best interests of the Authority, and as approved as to form by the City Attorney of the City of San Diego (City Attorney), as counsel to the Authority, or his specified designee, and with such other changes that may be required or requested by Orrick, Herrington & Sutcliffe LLP, as Bond Counsel (Bond Counsel), such approval to be conclusively evidenced by the execution and delivery thereof. Each such issuance and each Supplemental Indenture shall specify a senior or subordinate pledge of Net System Revenues (as defined in the Installment Purchase Agreement) as any Authorized Signatory shall determine to be necessary or desirable and approve as being in the best interests of the City, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The form, terms, and provisions of the Assignment Agreement, by and between the Authority and the Corporation, a copy of which is on file in the Office of the Secretary and submitted to this meeting, are hereby approved. The Authorized Officers, and each of them, acting alone, are hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute and deliver one or more forms of the Assignment Agreement, in conjunction with one or more issuances of Water Revenue Bonds, in one or more series and on one or more sale dates between now and June 30, 2018, in substantially the form presented to this meeting, with such additions and changes therein, as any Authorized Officers shall determine are necessary or desirable and approve as being in the best interests of the Authority, and as approved as to form by the City Attorney, as counsel to the Authority, or his specified designee, and with such other changes that may be required by Bond Counsel, such approval to be conclusively evidenced by the execution and delivery of the Assignment Agreement.

Section 5. The form, terms, and provisions of the form of the Bond Purchase Agreement submitted to this meeting, a copy of which Bond Purchase Agreement is on file in the office of the Office of the Secretary and submitted to this meeting, is hereby approved. Each Authorized Officer is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name and on behalf of the Authority, to execute and deliver one or more forms of the Bond Purchase Agreement, and the Authority is hereby requested to execute and deliver one or more forms of the Bond Purchase Agreement, in conjunction with one or more issuances of Water Revenue Bonds, in one or more series and on one or more sale dates between now and June 30, 2018, in substantially the form presented to this meeting, with such additional or alternative underwriters and representatives as may be named, together with other additions and changes therein, as any Authorized Officers shall determine are necessary or desirable and approve as being in the best interests of the Authority, and as approved as to form by the City Attorney, as counsel to the Authority, or his specified designee, and with such other changes that may be required by Bond Counsel, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement, and which aggregate principal denomination, final maturity and terms of the

respective series of Water Revenue Bonds will be conclusively evidenced by the execution by the Authority of the Bond Purchase Agreement.

Section 6. The form, terms, and provisions of the Escrow Agreement, by and between the Authority and the Trustee, a copy of which is on file in the Office of the Secretary and submitted to this meeting, are hereby approved. The Authorized Officers, and each of them, acting alone, are hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute and deliver one or more Escrow Agreements in conjunction with one or more issuances of Water Revenue Bonds, in one or more series and on one or more sale dates between now and June 30, 2018, in substantially the form presented to this meeting, with such additions and changes therein, as any Authorized Officers shall determine are necessary or desirable and approve as being in the best interests of the Authority, and as approved as to form by the City Attorney, as counsel to the Authority, or his specified designee, and with such other changes that may be required by Bond Counsel, such approval to be conclusively evidenced by the execution and delivery of the Escrow Agreement.

Section 7. The Authorized Officers, and each of them, acting alone, are hereby authorized and directed to take all actions and execute any and all documents necessary or advisable to determine and document the lien structure for the installment payments, the terms for debt service reserve funds, if any, including, without limitation, providing for a reserve surety bond or reserve fund policy to secure any debt service reserve fund, if any, the release of funds then on deposit in a debt service reserve fund, the insuring of all or a portion of the Water Revenue Bonds, the provision of any other form of credit enhancement for the Water Revenue Bonds, in each case if, upon the advice of the City's municipal advisor and based upon then current market conditions, it is determined by an Authorized Officer that such determination is expected to result in a lower true interest cost of the Water Revenue Bonds or otherwise deemed beneficial by and to the City and its residents, and to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate, carry out, give effect to and comply with the terms and intent of this Resolution and the

consummation of the transactions contemplated hereby. Any actions heretofore taken by such officers in furtherance of any of the transactions authorized herein are hereby ratified, confirmed, and approved.

Section 8. The Authorized Officers, and each of them, acting alone, are hereby authorized and directed, for and in the name of and on behalf of the Authority, to do any and all things and take any and all actions, from time to time, consistent with this Resolution and the documents approved herein and other documents authorized by this Resolution, including, without limitation, payment of necessary and appropriate fees and expenses of bond counsel, disclosure counsel, municipal advisor and other professionals retained by the Authority, and execute and deliver any and all certificates, agreements and other documents (including, but not limited to, the tax compliance certificate and any amendments or supplements to the financing documents executed in connection with the original issuance of the outstanding Parity Water Revenue Bonds and the outstanding Subordinated Water Revenue Bonds) which they, or any of them, may deem necessary or advisable to consummate the transactions evidenced by the documents referenced herein in accordance with this Resolution.

Section 9. This Resolution shall take effect immediately upon its adoption.

ADOPTED, SIGNED AND APPROVED this __ day of March, 2016, by the following vote:

AYES: _____

NAYS: _____

ABSENT: _____

VACANT: _____

ABSTAIN: _____

PUBLIC FACILITIES FINANCING AUTHORITY
OF THE CITY OF SAN DIEGO

Sherri Lightner, Chair, Board of Commissioners

Attest:

Secretary to Board of Commissioners

ASSIGNMENT AGREEMENT

by and between

**SAN DIEGO FACILITIES AND EQUIPMENT
LEASING CORPORATION**

and

**PUBLIC FACILITIES FINANCING AUTHORITY
OF THE CITY OF SAN DIEGO**

Dated as of _____ 1, 20__

**relating to
Public Facilities Financing Authority of the City of San Diego
[Subordinated] Water Revenue Bonds, [Refunding] Series 20__
(Payable Solely From [Subordinated] Installment Payments
Secured by Net System Revenues of the Water Utility Fund)**

ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT (this “**Assignment Agreement**”), dated as of ____ 1, 20__, is by and between the SAN DIEGO FACILITIES AND EQUIPMENT LEASING CORPORATION, a nonprofit public benefit corporation organized and existing under and by virtue of the laws of the State of California (the “**Corporation**”), and the PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO, a joint exercise of powers entity existing under and virtue of the laws of the State of California (the “**Authority**”).

WITNESSETH:

WHEREAS, The City of San Diego, California (the “**City**”), desires to finance the 20__ New Money Components and refinance existing Components of its Water System (the “**20__ Refunded Components**”) each as more fully described in Exhibit A to the 20__ Supplement (as defined below) and as modified in accordance with the provisions thereof (the “**Project**”); and

WHEREAS, in order to effect such acquisition, construction, installation, and improvement, the Corporation will sell components of the Project to the City pursuant to an Amended and Restated Master Installment Purchase Agreement, dated as of January 1, 2009 (as amended and supplemented from time to time, the “**Installment Purchase Agreement**”), by and between the City and the Corporation; and

WHEREAS, the Authority’s [Subordinated] Water Revenue Bonds, [Refunding] Series 20__ (Payable Solely From [Subordinated] Installment Payments Secured by Net System Revenues of the Water Utility Fund) (the “**20__ Bonds**”) will be secured by the 20__ Installment Payments (as defined in the 20__ Supplement (defined below)) to be made by the City pursuant to the Installment Purchase Agreement including as supplemented by the 20__ Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of ____ 1, 20__ (the “**20__ Supplement**”), will be [Subordinated] Obligations as defined in the Installment Purchase Agreement, and will be issued under and secured by an Indenture, dated as of January 1, 2009 (the “**Original Indenture**”), as amended and supplemented by a First Supplemental Indenture, dated as of June 1, 2009 (the “**First Supplement**”), a Second Supplemental Indenture, dated as of June 1, 2010 (the “**Second Supplement**”), a Third Supplemental Indenture, dated as of April 1, 2012 (the “**Third Supplement**”) and a _____ Supplemental Indenture, dated as of ____ 1, 20__ (the “_____ **Supplement**” and, together with the Original Indenture, the First Supplement, the Second Supplement and the Third Supplement, the “**Indenture**”), each by and between the Authority and Wells Fargo Bank, National Association, as trustee (the “**Trustee**”); and

WHEREAS, the Corporation desires to assign to the Authority without recourse all of its rights under the 20__ Supplement, including, without limitation, its rights to receive 20__ [Subordinated] Installment Payments payable by the City to the Corporation under and pursuant to the provisions of the 20__ Supplement; and

WHEREAS, in consideration of such assignment and the execution and delivery of the _____ Supplement, the Trustee has agreed to authenticate and deliver the 20__ Bonds; 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 entering into of this Assignment 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 Assignment 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:

Section 1. Definition of Capitalized Terms. Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture.

Section 2. Assignment. The Corporation, for good and valuable consideration, the receipt of which is hereby acknowledged, does hereby unconditionally grant, sell, assign, and transfer to the Authority, irrevocably and absolutely, without recourse, for the benefit of the Owners of the 20__ Bonds, all of its right, title, and interest in and to the 20__ Supplement, including, without limitation, its right to receive the 20__ [Subordinated] Installment Payments to be paid by the City under and pursuant to the 20__ Supplement. Upon executing this Assignment Agreement, the Corporation shall have no right, title, or interest in and to the 20__ Supplement, including, without limitation, the 20__ [Subordinated] Installment Payments.

Section 3. Acceptance. The Authority hereby accepts the foregoing assignment for the benefit of the Owners of the 20__ Bonds, subject to the terms and provisions of the Indenture, and all 20__ [Subordinated] Installment Payments shall be applied and the rights so assigned shall be exercised by the Authority as provided in the 20__ Supplement and the Indenture.

Section 4. Conditions. Excepting only the grant, sale, assignment, and transfer to the Authority of the Corporation's right, title, and interest in and to the 20__ Supplement pursuant to Section 2 hereof, this Assignment Agreement shall impose no obligations upon the Authority beyond those expressly provided in the 20__ Supplement and the Indenture.

Section 5. Further Assurances. The Corporation shall make, execute, and deliver any and all such further resolutions, instruments, and assurances as may be reasonably desirable or proper to carry out the intention or to facilitate the performance of this Assignment Agreement, and for the better assuring and confirming to the Authority, for the benefit of the Owners of the 20__ Bonds, the right, title, and interest intended to be granted, sold, assigned, and transferred pursuant hereto.

Section 6. Governing Law. This Assignment Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 7. Execution in Counterparts. This Assignment Agreement may be simultaneously executed in several counterparts, each of which shall be deemed to be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, this Assignment Agreement has been executed by the Corporation and the Authority as of the day and year first written above.

**SAN DIEGO FACILITIES AND
EQUIPMENT LEASING CORPORATION**

By: _____
President

**PUBLIC FACILITIES FINANCING
AUTHORITY OF THE CITY OF SAN DIEGO**

By: _____
[Sherri Lightner, Council President
Chair, Board of Commissioners]

ATTEST:

By: _____
Secretary

APPROVED AS TO FORM:

GENERAL COUNSEL TO THE AUTHORITY

By: _____
Deputy General Counsel

\$ _____
**PUBLIC FACILITIES FINANCING AUTHORITY
OF THE CITY OF SAN DIEGO
[SUBORDINATED] WATER REVENUE BONDS, [REFUNDING] SERIES 20__
(PAYABLE SOLELY FROM [SUBORDINATED] INSTALLMENT PAYMENTS
SECURED BY NET SYSTEM REVENUES OF THE WATER UTILITY FUND)**

and

\$ _____
**PUBLIC FACILITIES FINANCING AUTHORITY
OF THE CITY OF SAN DIEGO
[SUBORDINATED] WATER REVENUE BONDS, [REFUNDING] SERIES 20__
(PAYABLE SOLELY FROM [SUBORDINATED] INSTALLMENT PAYMENTS
SECURED BY NET SYSTEM REVENUES OF THE WATER UTILITY FUND)**

BOND PURCHASE AGREEMENT

_____, 20__

Public Facilities Financing Authority of the City of San Diego
202 C Street
San Diego, California 92101
Attention: Chair

City of San Diego
202 C Street
San Diego, California 92101
Attention: Chief Financial Officer

Ladies and Gentlemen:

J.P. Morgan Securities LLC, on behalf of itself and as representative (the “Representative”) of Morgan Stanley & Co. LLC, Siebert Brandford Shank & Co., LLC, Samuel A. Ramirez & Company, Inc., and The Williams Capital Group (collectively, with the Representative, the “Underwriters”), hereby offers to enter into this Bond Purchase Agreement (this “Bond Purchase Agreement”) with the Public Facilities Financing Authority of the City of San Diego (the “Authority”), a joint exercise of powers authority duly organized and validly existing under and pursuant to the laws of the State of California (the “State”), and the City of San Diego (the “City”), a municipal corporation organized and existing under its Charter and the Constitution and laws of the State, which upon written acceptance of this offer will be binding upon the Authority, the City and the Underwriters. This offer is made subject to the Authority’s and the City’s written acceptance hereof on or before 11:59 p.m., Pacific time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice delivered to the Authority and the City at any time prior to the acceptance hereof by the Authority and the City.

Capitalized terms used and not defined herein shall have the same meanings as set forth in the Installment Purchase Agreement, the Indenture and the Official Statement (each as defined below).

1. Purchase and Sale of the Series 20__ Bonds

Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby jointly and severally agree to purchase from the Authority, and the Authority hereby agrees to sell and deliver to the Underwriters, all (but not less than all) of the \$_____ aggregate principal amount of Public Facilities Financing Authority of the City of San Diego [Subordinated] Water Revenue Bonds, [Refunding] Series 20__ (Payable Solely From [Subordinated] Installment Payments Secured by Net System Revenues of the Water Utility Fund) (the “20__ Bonds”) and the \$_____ Public Facilities Financing Authority of the City of San Diego [Subordinated] Water Revenue Bonds, Refunding Series 20__ (Payable Solely From [Subordinated] Installment Payments Secured by Net System Revenues of the Water Utility Fund) (the “20__ Bonds” and, together with the 20__ Bonds, the “Series 20__ Bonds”). The Series 20__ Bonds will be issued on the Closing Date (as hereinafter defined), in the principal amount of \$_____. The Series 20__ Bonds will bear interest from the Closing Date at the respective rates and will mature in the principal amounts on the respective dates set forth on Schedule I attached hereto. The purchase price for the 20__ Bonds shall be \$_____, being the principal amount of the 20__ Bonds plus original issue premium of \$_____ and less an Underwriters’ discount of \$_____. The purchase price for the 20__ Bonds shall be \$_____, being the principal amount of the 20__ Bonds plus original issue premium of \$_____ and less an Underwriters’ discount of \$_____.

The Representative represents and warrants that: (i) it has been duly authorized by and on behalf of the Underwriters to execute this Bond Purchase Agreement; and (ii) it has been duly authorized by the Underwriters to act hereunder and, as the representative of the Underwriters, to take all actions, and waive any condition or requirement, required or permitted to be taken or waived hereunder by the Underwriters. The Underwriters shall not designate any other representative except upon the approval of the City (which approval shall not be unreasonably withheld). The Underwriters agree to comply with all applicable Securities and Exchange Commission rules and rules of the Municipal Securities Rulemaking Board (the “MSRB”) governing the offering, sale and delivery of the Series 20__ Bonds to ultimate purchasers.

The Authority and the City acknowledge and agree that: (i) the primary role of the Underwriters, as underwriters, is to purchase securities, for resale to investors, in an arm’s length commercial transaction among the Authority, the City and the Underwriters and the Underwriters have financial and other interests that differ from those of the Authority and/or the City; (ii) the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries to the Authority or the City and have not assumed any advisory or fiduciary responsibility to the Authority or the City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Authority or the City on other matters); (iii) other than as imposed by law, the only obligations the Underwriters have to the Authority and/or the City with respect to the transaction contemplated hereby expressly are set forth in this Bond Purchase Agreement; and (iv) the Authority and the City have each consulted their own financial and/or municipal, legal, accounting and other advisors, as applicable, to the extent it has deemed appropriate.

2. Description and Purpose of the Series 20__ Bonds

The Series 20__ Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable as provided in the Indenture, dated as of January 1, 2009 (the “Original Indenture”), between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”), as amended and supplemented by the First Supplemental Indenture, dated as of June 1, 2009, between the Authority and the Trustee, the Second Supplemental Indenture, dated as of June 1, 2010, the Third Supplemental Indenture, dated as of April 1, 2012 and the _____ Supplemental Indenture (the “_____ Supplement”), dated as of _____ 1, 20__ (the Original Indenture, as so amended and supplemented, is referred to herein as the “Indenture”). The Series 20__ Bonds are subject to redemption as provided in the Indenture and as described in Schedule I attached hereto.

The Series 20__ Bonds are limited obligations of the Authority payable from and secured by a pledge of the [Subordinated] Revenues (as defined in the Indenture) comprised primarily of [Subordinated] Installment Payments to be made by the City pursuant to the Amended and Restated Master Installment Purchase Agreement, dated as of January 1, 2009, as amended and supplemented (as applicable) by the a 2009A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of January 1, 2009, a 2009B Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of June 1, 2009, a 2010A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of June 1, 2010, a 2012A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of April 1, 2012 and a [20__ Supplement to Amended and Restated Master Installment Purchase Agreement] (the “20__ Supplement”), dated as of _____ 1, 20__ (the Master Installment Purchase Agreement, together with all supplements thereto, including the 20__ Supplement, are collectively referred to as the “Installment Purchase Agreement”).

The pledge and right of payment from [Subordinated] Revenues securing the 20__ [Subordinated] Installment Payments [(which, in turn, constitute the primary source of the [Subordinated] Revenues that are pledged to secure the repayment of the Series 20__ Bonds)] is [on parity with] the pledge and right of payment from [Subordinated] Revenues securing the [Subordinated] Installment Payments represented by the Authority’s [Subordinated] Obligations (as defined in the Installment Purchase Agreement) outstanding and any other [Subordinated] Obligations that may be issued from time to time in accordance with the Installment Purchase Agreement. All [Subordinated] Obligations, including subordinated Installment Payment Obligations represented by the [Subordinated] Obligations, are secured by a first priority lien on and pledge of [Subordinated] Revenues under and in accordance with the provisions of the Installment Purchase Agreement. All [Subordinated] Obligations are of equal rank with each other without preference, priority or distinction of any [Subordinated] Obligations over any other [Subordinated] Obligations.

The proceeds of the sale of the Series 20__ Bonds will be used for the purpose of enabling the Authority to provide funds to [finance additional improvements to the Water System and to] refund the serial bonds or sinking fund installments with respect to certain bonds listed in Exhibit A hereto (the “Refunded Bonds”) previously issued for the benefit of the Water System and pay costs of issuance with respect to the Series 20__ Bonds.

3. Public Offering

(a) The Underwriters agree to make a bona fide public offering of all the Series 20__ Bonds initially at prices not in excess of the public offering prices (or less than the yields) set forth on Schedule I attached hereto and incorporated herein by this reference. Subsequent to the initial public offering, the Underwriters reserve the right to change the public offering prices (or yields) as they deem necessary in connection with the marketing of the Series 20__ Bonds, provided that the Underwriters shall not change the interest rates set forth on Schedule I. The Series 20__ Bonds may be offered and sold to certain dealers, unit investment trusts and money market funds, certain of which may be sponsored or managed by one or more of the Underwriters, at prices lower than such initial public offering prices. In connection with the sale and delivery of the Bonds, the Representative will deliver an Issue Price Certificate substantially in the form attached hereto as Exhibit B.

(b) The Authority and the City hereby authorize the use by the Underwriters of the Indenture, the Installment Purchase Agreement and the Continuing Disclosure Certificate and the Escrow Agreements (as such terms are defined below) in connection with the public offering and sale of the 20__ Bonds.

4. Delivery of Official Statement; Continuing Disclosure

(a) Preliminary Official Statement. The Authority and the City have delivered or caused to be delivered to the Underwriters prior to the execution of this Bond Purchase Agreement, copies, including electronic copies, of the Preliminary Official Statement dated _____, 20__ relating to the Series 20__ Bonds (the “Preliminary Official Statement”). Such Preliminary Official Statement is the official statement deemed final by the Authority and the City for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”) and approved for distribution by the Underwriters by resolution of the Board of Commissioners of the Authority and by the City Council of the City. The Authority and the City hereby ratify and confirm their authorization of the use by the Underwriters prior to the date hereof of the Preliminary Official Statement.

(b) Final Official Statement. Within seven (7) business days from the date hereof, and in any event not later than two business days prior to the Closing Date, the Authority and the City shall deliver to the Underwriters a final Official Statement, which may be in electronic form, executed on behalf of the Authority and the City by authorized representatives of such entities, which shall include information permitted to be omitted from the Preliminary Official Statement by paragraph (b)(1) of the Rule and with such other amendments or supplements as shall have been approved by the Authority, the City and the Representative (the “Final Official Statement”) and such additional conformed copies thereof, which may be electronic copies, as the Underwriters may reasonably request in sufficient quantities to comply with the Rule and rules of the MSRB and to meet potential customer requests for copies of the Final Official Statement. The Authority and the City hereby agree to deliver to the Underwriters an electronic copy of the Official Statement in a form that permits the Underwriters to satisfy their obligations under the rules and regulations of the MSRB and the SEC. Electronic copies of the Official Statement shall be filed and posted by the Representative on the MSRB’s Electronic Municipal Market Access System (“EMMA”) in connection with the offer and sale of the Bonds as provided herein, which may be in lieu of hard copies of the Official Statement (an “EMMA Filing”). The City and the Authority hereby authorize the Underwriters to use the Final Official Statement and the information contained therein in connection with the offering and sale of the Series 20__ Bonds.

(c) Continuing Disclosure Certificate. In order to enable the Underwriters to comply with the Rule, the City will execute a Continuing Disclosure Certificate concurrently with issuance of the Series 20__ Bonds substantially in the form attached as Appendix D to the Final Official Statement (the “Continuing Disclosure Certificate”).

5. Closing

At 8:30 a.m. Pacific time on _____, 20__, or such other time as shall be agreed upon by the Representative, the City and the Authority (the “Closing Date”), the Authority will deliver or cause to be delivered to the Underwriters at the offices of Orrick, Herrington and Sutcliffe LLP (“Bond Counsel”) in Los Angeles, California (or such other location as may be designated by the Representative and approved by the Authority) the closing documents hereinafter mentioned and, through the F.A.S.T. facilities of The Depository Trust Company (“DTC”), the Series 20__ Bonds in the form of registered book-entry bonds evidenced by one certificate for each maturity of the Series 20__ Bonds (which may be typewritten) in denominations of \$5,000 or any multiple thereof, duly executed by the Authority and authenticated by the Trustee, and subject to the terms and conditions hereof the Underwriters will accept delivery of the Series 20__ Bonds in book-entry form, and the Underwriters will pay the purchase price of the Series 20__ Bonds set forth in Section 1 by Federal Funds wire (such delivery and payment being herein referred to as “Closing”).

6. Representations, Warranties and Agreements of the Authority. For purposes of this Section 6, “to the best of the Authority’s knowledge” means to the best knowledge of the officers thereof.

The Authority represents, warrants and covenants with the City and the Underwriters that:

(a) the Authority is a joint exercise of powers authority duly organized and validly existing under and pursuant to the laws of the State, with full legal right, power and authority to issue, sell and deliver the Series 20__ Bonds to the Underwriters pursuant to the Indenture, and execute, deliver and perform its obligations, as the case may be, under this Bond Purchase Agreement, the Series 20__ Bonds, the Installment Purchase Agreement, the Escrow Agreement and the Indenture (collectively, the “Legal Documents”) and to carry out and consummate all transactions on its part contemplated by each of the aforesaid documents and the Final Official Statement, and compliance by the Authority with the provisions of the Legal Documents will not materially conflict with or constitute a breach of or default under any applicable constitutional provision, law, administrative regulation, court order or consent decree or any applicable judgment or decree or any loan agreement, note, resolution, indenture, agreement or other instrument to which the Authority is a party or may be otherwise subject;

(b) the resolution adopted by the Board of Commissioners of the Authority on _____, 20__ approving and authorizing the execution and delivery by the Authority of the _____ Supplement, the 20__ Supplement, the Escrow Agreement, this Bond Purchase Agreement and the Series 20__ Bonds, and the resolution adopted by the Board of Commissioners of the Authority on _____, 20__ approving and authorizing the execution and delivery of the Preliminary Official Statement and the Final Official Statement (collectively, the “Authority Resolutions”) were duly adopted at meetings of the Authority called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and are in full force and effect and have not been amended or repealed;

(c) when delivered by the Authority and paid for by the Underwriters in accordance with the provisions of this Bond Purchase Agreement, the Series 20__ Bonds will have been duly authorized, executed and delivered by, and will constitute the valid and binding limited obligations of, the Authority in conformity with, and entitled to the benefit and security of, the Indenture;

(d) the Authority has duly authorized and approved the execution and delivery of the Legal Documents and when fully executed and delivered, the Legal Documents, assuming due authorization, execution and delivery by the other respective parties thereto, will constitute the legally valid and binding obligations of the Authority enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally;

(e) at the date hereof and as of the Closing Date, except as otherwise disclosed in the Final Official Statement, the Authority will be in compliance with the covenants and agreements contained in the Legal Documents, and no event has occurred and is continuing which, with the passage of time or giving of notice, or both, would, to the knowledge of the Authority, constitute an event of default thereunder;

(f) all approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the due performance by the Authority of its obligations under the Legal Documents have been duly obtained or made, and are, and will be as of the Closing Date, in full force and effect;

(g) the Authority will comply with the requirements of the Tax Certificate and Agreement executed by the Authority and the City in connection with the delivery of the Series 20__ Bonds;

(h) any certificate signed by any duly authorized officer of the Authority and delivered to the Underwriters pursuant to the Legal Documents or any document contemplated hereby or thereby shall be deemed a representation and warranty by the Authority to the Underwriters as to the statements made therein;

(i) to the best knowledge of the Authority as of the date hereof, there is no public vote or referendum pending or proposed, the results of which could materially adversely affect the transactions contemplated by the Legal Documents or the Final Official Statement or the validity or enforceability of the Series 20__ Bonds;

(j) the Indenture creates a valid pledge of and grant of a first priority security interest in the [Subordinated] Revenues purported to be pledged thereby, subject to no prior pledges or security interests other than as described in the Final Official Statement;

(k) the information under the headings ["THE AUTHORITY," "LITIGATION" and "CHALLENGES TO OTHER AUTHORITY BONDS"] (as it relates to the Authority) in the Preliminary Official Statement, as of the date of the Preliminary Official Statement and as of the date hereof, was and is true and correct in all material respects, and did not and does not contain a misstatement of any material fact or omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading;

(l) the information under the headings [“THE AUTHORITY,” “LITIGATION” and “CHALLENGES TO OTHER AUTHORITY BONDS”] (as it relates to the Authority) in the Final Official Statement is, and at all times subsequent to the date of the Official Statement up to and including the Closing will be, true and correct in all material respects, and such information in the Final Official Statement contains, and up to and including the Closing will contain, no misstatement of any material fact and does not, and up to and including the Closing will not, omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading;

(m) the Authority will advise the Representative and the City promptly of any proposal to amend or supplement the Final Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Representative and the City, which consents will not be unreasonably delayed or withheld, and the Authority will advise the Representative and the City promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Final Official Statement in connection with the offering, sale or distribution of the Series 20__ Bonds;

(n) as of the time of acceptance hereof and as of the time of the Closing, except as otherwise disclosed in the Preliminary Official Statement and the Final Official Statement, the Authority is not and will not be in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Authority is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which breach or default would materially adversely affect the security for the Series 20__ Bonds or the Authority’s performance under the Legal Documents; and, as of such times, except as disclosed in the Final Official Statement, the authorization, execution and delivery by the Authority of the Legal Documents and the Series 20__ Bonds and compliance by the Authority with the provisions of each of such agreements or instruments do not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance agreement or other instrument to which the Authority (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound; nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Series 20__ Bonds and the Legal Documents;

(o) as of the time of acceptance hereof and the Closing, except as disclosed in the Preliminary Official Statement and the Final Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, notice of which has been given to the Authority, before or by any court, government agency, public board or body, is pending or to the best of the Authority’s knowledge after reasonable investigation, threatened (i) in any way questioning the corporate existence of the Authority or the titles of the Commissioners, Chair, Vice Chair or Secretary and Treasurer of the Authority to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the Series 20__ Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Series 20__ Bonds, or in any way contesting or affecting the validity of the Series 20__ Bonds, the Legal

Documents or the consummation of the transactions contemplated thereby or hereby, or contesting the exclusion of the interest on the Series 20__ Bonds from gross income for Federal income tax purposes or contesting the powers of the Authority or its authority to issue the Series 20__ Bonds; (iii) which may result in any material adverse change relating to the Authority; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Final Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Final Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, nor, to the knowledge of the Authority, is there any basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this paragraph;

(p) for purposes of the Rule, the Authority has heretofore deemed final the Preliminary Official Statement prior to its use and distribution by the Underwriters, except for the information specifically permitted to be omitted by paragraph (b)(1) of the Rule;

(q) the Authority has not entered into any contract or agreement that would limit or restrict the Authority's ability to redeem the Refunded Bonds or enter into this Bond Purchase Agreement for the sale of the Series 20__ Bonds to the Underwriters; and

(r) except as otherwise disclosed in the Preliminary Official Statement and the Final Official Statement, the Authority has not within the last five years failed to comply with any continuing disclosure obligation undertaken pursuant to the Rule.

All representations, warranties and agreements of the Authority shall remain operative and in full force and effect, regardless of any investigations made by or on the Underwriters' behalf, and shall survive the delivery of the Series 20__ Bonds.

7. Representations, Warranties, and Agreements of the City. For purposes of this Section 7, "to the best knowledge of the City" and "to the best of the City's knowledge" means to the best knowledge of the Mayor, the Chief Financial Officer, the City Attorney and the City's Department heads.

The City represents, warrants and covenants with the Underwriters that:

(a) the City is a municipal corporation organized and existing under a charter duly adopted pursuant to the provisions of the Constitution of the State, with full legal right, power, and authority to execute, deliver and perform its obligations, as the case may be, under this Bond Purchase Agreement, the Continuing Disclosure Certificate, the Escrow Agreement and the Installment Purchase Agreement (collectively, the "City's Legal Documents") and to carry out and consummate all transactions on its part contemplated by each of the City's Legal Documents, and compliance by the City with the provisions of the City's Legal Documents will not materially conflict with or constitute a breach of or default under any applicable constitutional provision, law, charter provision, administrative regulation, court order or consent decree or any applicable judgment or decree or any loan agreement, note, resolution, indenture, agreement or other instrument to which the City is a party or may be otherwise subject;

(b) Ordinance No. _____ of the City adopted on _____, 20__ and effective as of _____, 20__ approving and authorizing, among other things, the issuance by the Authority of the

Series 20__ Bonds and the entry into the _____ Supplement by the Authority and the execution and delivery by the City of the 20__ Supplement, the Escrow Agreement and the Continuing Disclosure Certificate and the resolutions of the City approving the preparation and distribution of the Preliminary Official Statement and the Final Official Statement and the execution and delivery by the City of this Bond Purchase Agreement (collectively, the “City Action”) were duly adopted at meetings of the City Council called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and are in full force and effect and have not been amended or repealed;

(c) as of the time of acceptance hereof and the Closing, except as otherwise disclosed in the Preliminary Official Statement and the Final Official Statement, there is no action, suit, proceeding, inquiry or investigation at law or in equity, notice of which has been given to the City, or by or before any court, governmental agency, public board or body pending or, to the best knowledge of the City, after reasonable investigation, threatened against or affecting the City (i) which in any way contests the existence, organization or powers of the City or the title of the officers of the City to their respective offices, or (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Series 20__ Bonds, or the payment or collection of Net System Revenues or [Subordinated] Revenues pledged or to be pledged to pay the obligations of the City under the Installment Purchase Agreement, or the pledge thereof, or (iii) in any way contesting or affecting the validity or enforceability of the City’s Legal Documents, or (iv) contesting the power of the City or its authority with respect to the Series 20__ Bonds or the City’s Legal Documents, (v) contesting the exclusion of interest on the Series 20__ Bonds from gross income for Federal income tax purposes or contesting the completeness or accuracy of the Preliminary Official Statement or the Final Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Final Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; nor, to the best knowledge of the City, is there any basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (v) of this paragraph;

(d) the execution and delivery of the City’s Legal Documents, the adoption of the City Action and compliance by the City with the provisions of the foregoing, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the City a breach or default under any agreement or other instrument to which the City is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the City is subject;

(e) the City has duly authorized the preparation and distribution of the Preliminary Official Statement and the Final Official Statement and the execution and delivery of the City’s Legal Documents and when executed and delivered, the City’s Legal Documents, assuming due authorization, execution and delivery by the other respective parties thereto, will constitute the legally valid and binding obligations of the City enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors’ rights generally;

(f) except as otherwise disclosed in the Preliminary Official Statement and the Final Official Statement, the City is not in violation or breach of or default under any applicable law or administrative regulation of the State or the United States of America, or any agency or instrumentality of either of them, or any applicable judgment or decree, or any loan agreement,

indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute a violation or a breach of or a default under any such instrument; which violation, breach or default would materially adversely affect the security of the Series 20__ Bonds or the City's performance under the City's Legal Documents; and, except as disclosed in the Preliminary Official Statement and the Final Official Statement, the authorization, execution and delivery by the City of the City's Legal Documents and compliance by the City with the provisions of each of such agreements or instruments do not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the City (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, which conflict, breach or default would materially adversely affect the security of the Series 20__ Bonds or the City's performance under the City's Legal Documents; nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the City's Legal Documents;

(g) as of the date hereof, the City is, and as of the Closing Date will be, except as otherwise disclosed in the Preliminary Official Statement and the Final Official Statement, in compliance with the covenants and agreements contained in the City's Legal Documents, and no event has occurred and is continuing which, with the passage of time or giving of notice, or both, would, to the knowledge of the City, constitute an event of default thereunder shall have occurred and be continuing;

(h) all approvals, consents and orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to the preparation and distribution of the Preliminary Official Statement and the Final Official Statement or the due performance by the City of its obligations under the City's Legal Documents have been duly obtained or made and are in full force and effect;

(i) the City will comply with the requirements of the Tax Certificate and Agreement executed by the Authority and the City in connection with the delivery of the Series 20__ Bonds;

(j) any certificate signed by any duly authorized officer of the City and delivered to the Underwriters pursuant to the City's Legal Documents or any document contemplated thereby shall be deemed a representation and warranty by the City to the Underwriters as to the statements made therein;

(k) to the best knowledge of the City as of the date hereof, there is no public vote or referendum pending or proposed, the results of which could adversely affect the transactions contemplated by the Final Official Statement, the City's Legal Documents or the Series 20__ Bonds, or the System Revenues or [Subordinated] Revenues securing the Series 20__ Bonds, or the validity or enforceability of the Series 20__ Bonds;

(l) the City has full legal right, power and authority to pledge the 20__ [Subordinated] Installment Payments, and the pledge of the 20__ [Subordinated] Installment Payments pursuant to the Installment Purchase Agreement and the pledge of [Subordinated] Revenues pursuant to the

Indenture each constitutes a valid first priority lien and pledge on the 20__ [Subordinated] Installment Payments and the [Subordinated] Revenues, respectively, purported to be pledged thereby, subject to no prior pledges or security interests other than as described in the Final Official Statement;

(m) the information in the Preliminary Official Statement, as of its date and as of the date hereof, was and is true and correct in all material respects, and contained and contains no untrue statement of any material fact, and did not and does not omit to state any material fact necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading, provided, however, the City makes no representation or warranty with respect to the information concerning DTC and its book-entry system, or with respect to any statements or omissions made in reliance upon and in conformity with information furnished to the City in writing by the Underwriters expressly for use in the Preliminary Official Statement which the parties agree consists only of the information under the heading “UNDERWRITING” in the Preliminary Official Statement;

(n) the information in the Final Official Statement is, and at all times subsequent to the date of the Final Official Statement up to and including the Closing Date will be, true and correct in all material respects, and the Final Official Statement contains, and up to and including the Closing Date will contain, no untrue statement of any material fact and does not, and up to and including the Closing Date will not, omit to state any material fact necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading, provided, however, (i) the City makes no representation or warranty with respect to any information concerning DTC and its book-entry system or with respect to any statements or omissions made in reliance upon and in conformity with any information furnished to the City in writing by the Underwriters expressly for use in the Final Official Statement and any amendment or supplement thereto, and (ii) the City acknowledges that the only information relating to the Underwriters furnished to the City in writing by the Underwriters expressly for use in the Final Official Statement and any amendment or supplement thereto is the identity of the Underwriters on the bottom of the cover page of the Final Official Statement and the information under the heading “UNDERWRITING” in the Final Official Statement and the pricing information appearing on the inside front cover of the Final Official Statement;

(o) the City will advise the Representative and the Authority promptly of any proposal to amend or supplement the Final Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Representative and the Authority which consents will not be unreasonably delayed or withheld, and the City will advise the Representative and the Authority promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Final Official Statement in connection with the offering, sale or distribution of the Series 20__ Bonds;

(p) for purposes of the Rule, the City has heretofore deemed final the Preliminary Official Statement prior to its use and distribution by the Underwriters, except for the information specifically permitted to be omitted by paragraph (b)(1) of the Rule;

(q) the financial statements of the City contained in Appendix A to the Preliminary Official Statement and the Final Official Statement fairly present the financial position of the Water Utility Fund and results of operations thereof as of the dates and for the periods therein set forth, and

the City believes that such financial statements have been prepared in accordance with generally accepted accounting principles consistently applied;

(r) the City did not request the consent of [Macias Gini & O'Connell LLP] (the Independent Auditors) to append the City's financial statements to the Preliminary Official Statement and Official Statement and no such consent is required ; and

(s) except as otherwise disclosed in the Preliminary Official Statement and the Official Statement, within the last five years the City has not failed to comply in any material respect with any continuing disclosure obligation undertaken pursuant to the Rule.

All representations, warranties and agreements of the City shall remain operative and in full force and effect, regardless of any investigations made by or on the Underwriters' behalf, and shall survive the delivery of the Series 20__ Bonds.

8. Conditions to the Obligations of the Underwriters

The Underwriters hereby enter into this Bond Purchase Agreement in reliance upon the representations and warranties of the Authority and the City contained herein and the representations and warranties to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the Authority, the City and the Trustee of their respective obligations both on and as of the date hereof and on and as of the Closing Date. Accordingly, the Underwriters' obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Series 20__ Bonds on the Closing Date shall be subject, at the option of the Underwriters, to the accuracy in all material respects of the representations and warranties of the Authority and the City contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the Authority, the City and the Trustee made in any certificate or document furnished pursuant to the provisions hereof, to the performance by the Authority, the City and the Trustee of their respective obligations to be performed hereunder and under the Legal Documents and the City's Legal Documents at or prior to the date hereof and at or prior to the Closing Date, and also shall be subject to the following additional conditions:

(a) On the Closing Date, the Legal Documents and the City's Legal Documents shall have been duly authorized, executed and delivered by the Authority and by the City where each is a party, all in substantially the forms heretofore submitted to the Representative, with only such changes as shall have been agreed to in writing by the Representative, and shall be in full force and effect; and there shall be in full force and effect such resolutions and ordinances of the Board of Commissioners of the Authority and the City Council as, in the opinion of Bond Counsel, shall be necessary or appropriate in connection with the transactions contemplated hereby;

(b) On the Closing Date, all necessary action of the Authority and the City relating to the issuance and sale of the Series 20__ Bonds will have been taken and will be in full force and effect and will not have been amended, modified or supplemented;

(c) On or prior to the Closing Date, the Underwriters shall have received the following documents, in each case satisfactory in form and substance to the Underwriters:

(i) one copy of the Legal Documents and the City's Legal Documents, each duly executed and delivered by the respective parties thereto;

(ii) the approving opinion, dated the date of the Closing and addressed to the Authority, of Bond Counsel in substantially the form of Appendix __ to the Final Official Statement, and a letter of such counsel, dated the Closing Date, and addressed to the Underwriters to the effect that such opinion may be relied upon by the Underwriters to the same extent as if such opinion were addressed to them;

(iii) a supplemental opinion or opinions of Bond Counsel addressed to the Underwriters, in form and substance acceptable to the Representative, and dated the date of the Closing substantially to the following effect:

(A) the City and the Authority have duly and validly executed the Bond Purchase Agreement, and, assuming the due authorization, execution and delivery by and validity against the Underwriters, the Bond Purchase Agreement constitutes the legal, valid and binding agreement of the City and the Authority, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion in appropriate cases;

(B) the statements contained in the Final Official Statement on the cover page and under the headings "INTRODUCTION," "DESCRIPTION OF THE SERIES 20__ BONDS (other than information relating to DTC and its book-entry only system, as to which no opinion need be expressed)," "[PLAN OF FINANCE]," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 20__ BONDS," "TAX MATTERS," and in Appendices [B and C] thereto, are accurate insofar as such statements expressly summarize certain provisions of the Series 20__ Bonds, the Indenture, the Installment Purchase Agreement, the Escrow Agreement and Bond Counsel's final approving opinion relating to the Series 20__ Bonds;

(C) the Series 20__ Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; and

(D) the Refunded Bonds have been legally defeased and are no longer outstanding under the Indenture or secured by a pledge of [Subordinated] Revenues under the Indenture;

(iv) a letter from Orrick, Herrington and Sutcliffe LLP ("Disclosure Counsel"), dated the Closing Date and addressed to the Representative, substantially to the effect that on the basis of the information developed in the course of such firm's performance of services as Disclosure Counsel in connection with the issuance of the Series 20__ Bonds, such firm is of the view, subject to certain limitations to be set forth in such letter, that as of the Closing Date such firm has no reason to believe that the Final Official Statement (excluding therefrom any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data; forecasts, charts, numbers, tables, graphs, projections, estimates, assumptions and expressions of opinions, information relating to The Depository Trust Company and the book-entry only system included or referred to therein, and Appendices A and E to the Official Statement, as to all of which such firm expresses no opinion) contained or contains any untrue statement of a material fact, or omitted or omits, to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(v) an opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, counsel to the Underwriters, dated the Closing Date, and addressed to the Underwriters, substantially to the effect that:

(A) during the course of serving as counsel to the Underwriters in connection with the issuance of the Series 20__ Bonds and without having undertaken to determine or verify independently, or assuming any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Final Official Statement, no facts have come to the attention of the attorneys in such firm rendering legal services in connection with the issuance of the Series 20__ Bonds that would cause such firm to believe that the Final Official Statement (excluding therefrom the financial engineering and statistical data, forecasts, charts, numbers, estimates, projections, assumptions and expressions of opinion included in the Final Official Statement, information regarding DTC and its book-entry system, and the appendices to the Final Official Statement as to all of which no opinion need be expressed), as of the date thereof or the Closing Date, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(B) the Series 20__ Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; and

(C) the Continuing Disclosure Certificate contains the elements required for the written agreement set forth in paragraphs (b)(5)(i), (b)(5)(ii) and (b)(5)(iv) of the Rule;

(vi) the opinion of the General Counsel to the Authority dated the Closing Date and addressed to the Underwriters, substantially to the effect that: (A) the Authority is a joint exercise of powers authority duly organized and validly existing under the laws of the State of California; (B) the Authority Resolutions were duly adopted at regular meetings of the Authority that were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and are in full force and effect and have not been amended or repealed; (C) other than as otherwise disclosed in the Final Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best knowledge of such counsel after reasonable investigation, threatened against or affecting the Authority, to restrain or enjoin the execution, delivery or sale of the Series 20__ Bonds or the collection or payment of [Subordinated] Revenues that are the source of security for the Series 20__ Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Series 20__ Bonds or the Legal Documents, or in any way contesting or affecting the existence of the Authority or the title of any official of the Authority to such person's office, or contesting the power of the Authority or its authority with respect to the Series 20__ Bonds or the Legal Documents or contesting the exclusion of interest on the Series 20__ Bonds from gross income for Federal income tax purposes or contesting the completeness or accuracy of the Preliminary Official Statement or the Final Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Final Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the

statements therein, in the light of the circumstances under which they were made, not misleading; (D) the execution and delivery of the Legal Documents, the adoption of the Authority Resolutions, and compliance by the Authority with the provisions of the foregoing, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Authority a breach or default under any agreement or other instrument to which the Authority is a party (and of which such counsel is aware after reasonable investigation) or by which it is bound or by any existing law, regulation, court order or consent decree to which the Authority is subject; (E) the Legal Documents to which the Authority is a party have been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding agreements of the Authority enforceable in accordance with their respective terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the limitations on legal remedies against public agencies in the State and the application of equitable principles if equitable remedies are sought; and (F) no authorization, approval, consent, or other order of the United States of America, the State, or any other governmental authority or agency within the State having jurisdiction over the Authority is required for the valid authorization, execution, delivery and performance by the Authority of the Legal Documents or for the adoption of the Authority Resolutions which has not been obtained;

(vii) the opinion of the City Attorney, dated the Closing Date and addressed to the Authority and the Underwriters, substantially to the effect that: (A) the City is duly organized and existing under its charter and the laws of the State of California; (B) the City Action was duly adopted at meetings of the City Council that were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and is in full force and effect and has not been amended or repealed; (C) except as set forth in the Final Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best knowledge of such counsel after reasonable investigation, threatened against or affecting the City, to restrain or enjoin the execution, delivery or sale of the Series 20__ Bonds or the collection or payment of Ney System Revenues or [Subordinated] Revenues pledged or to be pledged to pay the obligations of the City under the Installment Purchase Agreement, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Series 20__ Bonds or the City's Legal Documents, or in any way contesting or affecting the existence of the City or the title of any official of the City to such person's office, or contesting the power of the City or its authority with respect to the City's Legal Documents, or contesting the exclusion of interest on the Series 20__ Bonds from gross income for Federal income tax purposes or contesting the completeness or accuracy of the Preliminary Official Statement or the Final Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Final Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (D) the execution and delivery of the City's Legal Documents, the adoption of the City Action and compliance by the City with the provisions of the foregoing, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the City a breach or default under any agreement or other instrument to which the City is a party (and of which such counsel is aware after reasonable investigation) or by which it is bound (and of which such counsel is aware after reasonable investigation) or any existing law, regulation,

court order or consent decree to which the City is subject; (E) the City's Legal Documents have been duly authorized, executed and delivered by the City, and assuming due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding agreements of the City enforceable in accordance with their respective terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the limitations on legal remedies against public agencies in the State of California and the application of equitable principles if equitable remedies are sought; (F) no authorization, approval, consent or other order of the United States of America, the State or any other governmental authority or agency within the State having jurisdiction over the City is required for the valid authorization, execution, delivery and performance by the City of the City's Legal Documents or for the adoption of the City Action which has not been obtained; and (G) the time period to file a lawsuit challenging the validity of the Series 20__ Bonds and the 20__ Supplement has expired and if such a lawsuit were to be filed at a future date, the City would prevail in such action,

(viii) a certificate of a duly authorized official of the Authority, dated the Closing Date, in form and substance reasonably satisfactory to the Representative, to the effect that (A) the Authority's representations and warranties contained in the Legal Documents are true and correct on and as of the Closing Date with the same effect as if made on the Closing Date; and (B) there is no misstatement of any material fact under the headings "AUTHORITY," "LITIGATION" and "CHALLENGES TO OTHER AUTHORITY BONDS" (as it relates to the Authority) in the Final Official Statement, and such statements or information in the Final Official Statement do not omit to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading;

(ix) a certificate of a duly authorized official of the City, dated the Closing Date, in form and substance reasonably satisfactory to the Representative, to the effect that (A) the City's representations and warranties contained in the City's Legal Documents are true and correct on and as of the Closing Date with the same effect as if made on the Closing Date; and (B) no event has occurred since the date of the Final Official Statement which either makes untrue or incorrect in any material respect as of the Closing Date any statement or information contained in the Final Official Statement, as then supplemented or amended or is not reflected in the Final Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect, provided, however, the City makes no representation or warranty with respect to (i) any information furnished to the City or the Authority in writing by the Underwriters expressly for use in the Final Official Statement and any amendment or supplement thereto, including, but not limited to, the pricing information appearing on the inside front cover of the Final Official Statement; or (ii) information contained in the Final Official Statement with respect to DTC or the book-entry system;

(x) a certificate of a duly authorized official of the Trustee, dated the Closing Date, to the effect that: (A) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States, having the full power and being qualified to enter into and perform its duties under the Indenture and to authenticate and deliver the Series 20__ Bonds to the Underwriters; (B) the Trustee is duly authorized to enter into the Indenture and to authenticate and deliver the Series 20__ Bonds to the Underwriters pursuant to the Indenture; (C) when delivered to and paid for by the Underwriters at the

Closing, the Series 20__ Bonds will have been duly authenticated and delivered by the Trustee; (D) the execution and delivery of the Indenture and compliance with the provisions on the Trustee's part contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or blue sky laws or regulations), which conflict, breach or default would materially impair the ability of the Trustee to perform its obligations under the Indenture, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture; and (E) to the best of the knowledge of the Trustee, it has not been served with any action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against the Trustee, affecting the existence of the Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoining the execution and delivery of the Series 20__ Bonds or the collection of [Subordinated] Revenues to be applied to pay the principal, premium, if any, and interest with respect to the Series 20__ Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Series 20__ Bonds or the Indenture, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or funding would materially adversely affect the validity or enforceability of the Series 20__ Bonds or the Indenture or the power and authority of the Trustee to enter into and perform its duties under the Indenture and to authenticate and deliver the Series 20__ Bonds to or upon the order of the Underwriters;

(xi) a certificate of a duly authorized official of the Escrow Agent, dated the Closing Date, to the effect that: (A) the Escrow Agent is a national banking association organized and existing under and by virtue of the laws of the United States, having the full power and being qualified to enter into and perform its duties under the Escrow Agreement; (B) the Escrow Agent is duly authorized to enter into the Escrow Agreement and to perform its duties thereunder; (C) the execution and delivery of the Escrow Agreement and compliance with the provisions on the Escrow Agent's part contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, note, resolution, agreement or other instrument to which the Escrow Agent is a party or is otherwise subject which conflict, breach or default would materially impair the ability of the Trustee to perform its obligations under the Escrow Agreement, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Escrow Agent pursuant to the lien created by the Escrow Agreement under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Escrow Agreement; and (D) to the best of the knowledge of the Escrow Agent, it has not been served with any action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against the

Escrow Agent, affecting the existence of the Escrow Agent, or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoining the execution and delivery of the Escrow Agreement or in any way contesting or affecting the validity or enforceability of the Escrow Agreement, or contesting the powers of the Escrow Agent or its authority to enter into, adopt or perform its obligations under the Escrow Agreement, wherein an unfavorable decision, ruling or funding would materially adversely affect the validity or enforceability of the Escrow Agreement or the power and authority of the Escrow Agent to enter into and perform its duties under the Escrow Agreement;

(xii) the opinion, dated the Closing Date and addressed to the Underwriters, the Authority and the City, of Counsel to the Trustee and the Escrow Agent (together, the “Bank”), to the effect that: (A) the Bank has been duly incorporated as a national banking association under the laws of the United States and is in good standing under the laws of the United States, and is qualified to exercise trust powers therein, having full power and authority to enter into and to perform its duties under the Indenture and the Escrow Agreement; (B) the Bank has duly authorized, executed and delivered the Indenture and the Escrow Agreement, and by all proper corporate action has authorized the acceptance of the trusts of the Indenture and its duties under the Escrow Agreement; (C) the Indenture and the Escrow Agreement constitute the legally valid and binding agreements of the Bank, enforceable against the Bank in accordance with their terms, and (D) the Series 20__ Bonds have been validly authenticated and delivered by the Bank;

(xiii) one certified copy of the general resolution of the Trustee authorizing the execution and delivery of the Indenture;

(xiv) one certified copy of each of the Authority Resolutions;

(xv) one certified copy of the City Action;

(xvi) [the certification required under Section 5.03 of the Installment Purchase Agreement in connection with the 20__ Supplement];

(xvii) a Tax Certificate and Agreement of the Authority and the City in form and substance reasonably acceptable to Bond Counsel;

(xviii) evidence that the federal tax information form 8038-G has been prepared for filing;

(xix) a copy of the Notice of Proposed Sale and Report of Final Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855(g) of the California Government Code;

(xx) evidence that the Series 20__ Bonds have been rated “__” by _____ and “__” by _____;

(xxi) a copy of the statement of the Authority and the opinion of Bond Counsel required under Section 3.05 of the Indenture in connection with the issuance of the Series 20__ Bonds;

(xxii) a certified copy of the joint exercise of powers agreement pursuant to which the Authority was created;

(xxiii) a copy of the Notice of Joint Exercise of Powers Agreement from the Secretary of State certifying that the joint exercise of powers agreement pursuant to which the Authority was created was duly filed;

(xxiv) a verification report from _____, dated the Closing Date, in form and substance satisfactory to the Representative;

(xxv) a copy of the Blanket Letter of Representations to DTC, properly executed by all parties thereto; and

(xxvi) such additional legal opinions, certificates, instruments or evidences thereof and other documents as the Counsel to the Underwriters or Bond Counsel may reasonably request to evidence the due authorization, execution and delivery of the Series 20__ Bonds and the conformity of the Series 20__ Bonds and the Legal Documents with the terms of the Series 20__ Bonds and the descriptions thereof in the Final Official Statement.

(d) the Underwriters shall have the right to terminate this Bond Purchase Agreement, without liability therefor, by written notification to the Authority and the City if at any time at or prior to the Closing:

(i) any event shall occur or facts are discovered which causes any statement contained in the Final Official Statement to be materially misleading or results in a failure of the Final Official Statement to state a material fact necessary to make the statements in the Final Official Statement, in the light of the circumstances under which they were made, not misleading, provided, however, the Underwriters shall not terminate this Bond Purchase Agreement if prior to the Closing and prior to the distribution of the Final Official Statement to any public investor the City, the Authority and the Representative agree to and shall have amended or supplemented the Final Official Statement so that the Final Official Statement as so amended or supplemented will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made in light of the circumstances in which they were made, not misleading, and, in the sole judgment of the Representative, such amendment or supplement shall not have an adverse effect on the market price of the Bonds or the ability of the Underwriters to enforce contracts with investors for the sale of the Bonds; or

(ii) the marketability of the Series 20__ Bonds or the market price thereof, in the reasonable opinion of the Representative, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Bond Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United

States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any Federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority materially adversely affecting the federal or State tax status of the City or the Authority, or the interest on bonds or notes or obligations of the general character of the Series 20__ Bonds; or

(iii) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Representative, materially adversely affects the market price of the Series 20__ Bonds; or

(iv) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Series 20__ Bonds, or the issuance, offering or sale of the Series 20__ Bonds, including all underlying obligations, as contemplated hereby or by the Final Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Series 20__ Bonds, or the Series 20__ Bonds, are not exempt from registration under any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(v) there shall have occurred any outbreak or escalation of hostilities or terrorist activities or other local, national or international calamity or crisis, or a default with respect to the debt obligations of, or the institution of proceedings under the federal bankruptcy laws by or against, any state of the United States or agency thereof, or any city in the United States having a population of over one million, the effect of which on the financial markets of the United States will be such as in the Representative's reasonable judgment, makes it impracticable for the Underwriters to market the Series 20__ Bonds or enforce contracts for the sale of the Series 20__ Bonds; or

(vi) _____ or _____ shall downgrade, suspend or withdraw any underlying rating of any obligation secured by a pledge of Net System Revenues or of [Subordinated] Revenues, which in the Representative's reasonable opinion, materially adversely affects the marketability or market price of the Series 20__ Bonds; or

(vii) the declaration of a general banking moratorium by federal, New York or California authorities, the general suspension of trading on any national securities exchange or a material disruption in securities settlement, payment or clearance services, which event, in the reasonable judgment of the Representative, would materially adversely affect the market price of the Series 20__ Bonds; or

(viii) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to obligations of the general character of the Series 20__ Bonds or securities

generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to net capital requirements of, the Underwriters, which, in the reasonable judgment of the Representative, would materially adversely affect the market price of the Series 20__ Bonds; or

(ix) there shall have been any material adverse change in the affairs of the Authority or the City which in the Representative's reasonable judgment materially adversely affects the ability of the Underwriters to market the Series 20__ Bonds.

If the City or the Authority shall be unable to satisfy the conditions contained in this Bond Purchase Agreement, or if the obligations of the Underwriters shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriters, the City nor the Authority shall be under further obligation hereunder, except as further set forth in Section 9 hereof.

9. Expenses

The Underwriters shall be under no obligation to pay, and the Authority and the City shall pay or cause to be paid, the expenses incident to the performance of the obligations of the Authority and the City hereunder including but not limited to (a) the costs of the preparation and printing, or other reproduction (for distribution on or prior to the date hereof) of the Legal Documents and the City's Legal Documents and the cost of preparing, printing, issuing and delivering the definitive Series 20__ Bonds, (b) the fees and disbursements of any counsel, financial advisors, accountants, verification agents or other experts or consultants retained by the Authority or the City, (c) the fees and disbursements of Bond Counsel, (d) the fees and disbursements of Disclosure Counsel, (e) the fees and disbursements of the Trustee and the Escrow Agent, (f) the cost of preparation and printing of the Preliminary Official Statement and any supplements and amendments thereto and the cost of preparation and printing of the Final Official Statement and any supplements and amendments thereto, including the requisite number of copies thereof for distribution by the Underwriters, and (g) charges of rating agencies for the rating of the Series 20__ Bonds. The Authority, the City and the Underwriters intend that the Authority and the City will pay all expenses of the Authority and City's employees that are incidental to implementing this Bond Purchase Agreement, including, but not limited to, meals, transportation, and lodging, of those employees, and the Authority and the City shall reimburse the Underwriters if the Underwriters pay for any of such expenses on behalf of the Authority or City.

All out-of-pocket expenses of the Underwriters, including the California Debt and Investment Advisory Commission fee, fees of Underwriters' counsel, and other expenses (except MSRB Underwriters and Transaction Assessment fees, Securities Industry and Financial Markets Association Municipal Assessment fees, GASB fees and the expenses as provided above), shall be included in the Underwriters' discount set forth in Section 1. Certain expenses of the Underwriters may be in the form of inclusion in the expense component of the Underwriters' Discount.

10. Covenants of Authority and City

The Authority and the City covenant with the Underwriters that:

(a) If between the date hereof and the date which is not less than 25 days after the End of the Underwriting Period for the Series 20__ Bonds (as defined below), an event occurs, or facts or

conditions become known of which the Authority or the City has knowledge which in the reasonable opinion of counsel to the Underwriters or counsel to the Authority or the City, might or would cause the information contained in the Final Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was made, not misleading, the Authority or the City, as applicable, will notify the Representative, and, if in the opinion of the Representative or the City, such event requires the preparation and publication of a supplement or amendment to the Final Official Statement, the Authority and the City will forthwith prepare and furnish to the Underwriters (at the expense of the City) a reasonable number of copies of an amendment of or supplement to the Final Official Statement (in the form and substance satisfactory to the Representative) which will amend or supplement the Final Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Final Official Statement is delivered to prospective purchasers, not misleading. If such notification shall be subsequent to the Closing, the Authority and the City shall forthwith provide to the Underwriters such certificates as the Underwriters may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Final Official Statement. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Series 20__ Bonds, the City will furnish such information with respect to itself and the Authority as the Underwriters may from time to time reasonably request in writing;

(b) If the information contained in the Final Official Statement is amended or supplemented pursuant to subparagraph (a) of this Section 10, at the time of such supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Series 20__ Bonds, the portions of the Final Official Statement so supplemented or amended (including any financial and statistical data contained therein), excluding statements and information under the heading “UNDERWRITING,” contained in APPENDIX F - “Information Regarding the Book-Entry Only System,” and information as to bond prices on the inside front cover of the Final Official Statement, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was made, not misleading;

As used in subparagraph (a) and (b) of this Section 10, the term “End of the Underwriting Period” for the Series 20__ Bonds shall mean the earlier of (i) the Closing Date unless the Authority and the City shall have been notified in writing to the contrary by the Representative on or prior to the Closing Date or (ii) the date on which the End of the Underwriting Period for the Series 20__ Bonds has occurred under the Rule, provided, however, that the Authority and the City may treat as the End of the Underwriting Period for the Series 20__ Bonds the date specified as such in a notice from the Representative stating the date which is the End of the Underwriting Period;

(c) The Authority and the City will advise the Representative immediately of receipt by the Authority or the City of any notification with respect to the suspension of the qualification of the Series 20__ Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(d) The Authority and the City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably

request to qualify the Series 20__ Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate; provided, however, that the Authority and the City shall not be required to register as a dealer or broker or foreign corporation in any such state or jurisdiction or consent to service of process therein;

(e) Between the date of this Bond Purchase Agreement and the Closing Date, except as disclosed in the Final Official Statement, the Authority and/or the City will not, without prior written notice to the Representative, offer or issue any bonds, certificates, notes or other obligations for borrowed money secured by the Net System Revenues or [Subordinated] Revenues; and

(f) The Authority and the City will perform all actions as may be requested by the Underwriters (including delivery of an appropriate certificate with respect to the Preliminary Official Statement) in order for the Underwriters to comply with the applicable provisions of the Rule.

11. Notices

Any notice or other communication to be given to the Authority or the City under this Bond Purchase Agreement may be given by delivering the same in writing at the Authority's and the City's addresses, respectively, set forth above and any such notice or other communication to be given to the Representative or the Underwriters shall be delivered to the following address:

J.P. Morgan Securities LLC
560 Mission Street, Floor 03
San Francisco, CA 94105
Attention: Alex Burnett, Managing Director

12. Parties in Interest

This Bond Purchase Agreement is made solely for the benefit of the Authority, the City and the Underwriters and no other person shall acquire or have any right hereunder or by virtue hereof. All the representations and warranties of the parties hereto contained in this Bond Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriters, the City or the Authority until the earlier of (a) delivery of and payment for the Series 20__ Bonds hereunder, and (b) any termination of this Bond Purchase Agreement.

13. Counterparts

This Bond Purchase Agreement may be executed in any number of counterparts, each of which shall be an original, and all of which shall constitute but one and the same instrument.

14. Effectiveness

This Bond Purchase Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the duly authorized officers of the Authority and the City and shall be valid and enforceable as of the time of such acceptance.

15. Choice of Law

The validity, interpretation and performance of this Bond Purchase Agreement shall be governed by the laws of the State of California, without regard to conflicts of law.

16. Severability

In the event any provision of this Bond Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

17. Entire Agreement

The Bond Purchase Agreement, when accepted by the Authority and the City in writing as heretofore specified, shall constitute the entire agreement among the Authority, the City and the Underwriters.

18. Headings

The headings of the sections of this Bond Purchase Agreement are inserted for convenience only and shall not be deemed to be part hereof.

19. No Assignment

The rights and obligations created by this Bond Purchase Agreement shall not be subject to assignment by the Underwriters, the City or the Authority without the prior written consent of the other parties hereto.

[REMAINDER OF PAGE LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed and delivered this Bond Purchase Agreement, effective as of the day and year first above written.

J.P. MORGAN SECURITIES LLC for itself and as Representative of

Morgan Stanley & Co. LLC
Siebert Brandford Shank & Co., LLC
Samuel A. Ramirez & Company, Inc., and
The Williams Capital Group

By: _____
Managing Director

Accepted as of the date hereof:
PUBLIC FACILITIES FINANCING
AUTHORITY OF THE CITY OF
SAN DIEGO

By: _____
Name: Sherri S. Lightner
Title: Chair

CITY OF SAN DIEGO

By: _____
Name: Mary Lewis
Title: Chief Financial Officer

APPROVED AS TO FORM:
Jan I. Goldsmith, City Attorney

By: _____
Deputy City Attorney

SCHEDULE I

\$ _____
**PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO
SUBORDINATED WATER REVENUE BONDS, REFUNDING SERIES 20__
(PAYABLE SOLELY FROM SUBORDINATED INSTALLMENT PAYMENTS
SECURED BY NET SYSTEM REVENUES OF THE WATER UTILITY FUND)**

<i>Maturity Date</i> (_____)	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>
---------------------------------	-------------------------	----------------------	--------------	--------------

^c Priced to the optional redemption date of _____, 20__ at par.

Optional Redemption. The Series 20__ Bonds maturing on and before _____, 20__ are not subject to optional redemption prior to their stated maturities. The Series 20__ Bonds maturing on and after _____, 20__ shall be subject to redemption, in whole or in part, at the option of the Authority (upon the direction of the City), on or after _____, 20__, at any time, from and to the extent of prepaid Series 20__ Installment Payments paid pursuant to Article IV of the Installment Purchase Agreement, at a redemption price equal to the principal amount of Series 20__ Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

EXHIBIT A

REFUNDED BONDS

<i>Refunded Bonds</i>	<i>Maturity Date</i> (_____)	<i>Par Amount</i>	<i>Mandatory Redemption Date</i>
-----------------------	---------------------------------	-------------------	--

EXHIBIT B

CERTIFICATE OF REPRESENTATIVE

\$ _____
PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO
[SUBORDINATED] WATER REVENUE BONDS, [REFUNDING] SERIES 20__
(PAYABLE SOLELY FROM [SUBORDINATED] INSTALLMENT PAYMENTS
SECURED BY NET SYSTEM REVENUES OF THE WATER UTILITY FUND)

The undersigned on behalf of J.P. Morgan Securities LLC, as representative (the "Representative") of the Underwriters (as defined in that certain Tax Certificate and Agreement, dated _____, 20__ (the "Tax Certificate")), by the Public Facilities Financing Authority of the City of San Diego (the "Authority") and the City of San Diego (the "City") of the Public Facilities Financing Authority of the City of San Diego [Subordinated] Water Revenue Bonds, [Refunding] Series 20__ (Payable Solely From [Subordinated] Installment Payments Secured By Net System Revenues of the Water Utility Fund) (the "Series 20__ Bonds"), based on information available to us, hereby certifies and represents as follow:

(a) As of _____, 20__ (the "Sale Date"), the Underwriters reasonably expected that the first price at which at least 10% of each maturity of the Series 20__ Bonds would be sold to the general public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) in a bona fide public offering would be at yields not lower than the yields set forth on the inside front cover of the final Official Statement, dated _____, 20__, with respect to the Series 20__ Bonds (the "Official Statement").

(b) We had no reason to believe that any of such offering yields exceeded the expected fair market value for each respective maturity of the Series 20__ Bonds as of the Sale Date.

(c) As of the Sale Date, all of the Series 20__ Bonds were actually offered to the general public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at such yields in a bona fide public offering.

(d) As of the Sale Date, at least 10% of each maturity of the Series 20__ Bonds was first sold at yields not lower than such yields to the general public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers).

We understand that this Certificate will be relied upon by the Authority and the City with respect to certain of the representations set forth in the Tax Certificate and by Orrick, Herrington and Sutcliffe LLP, Bond Counsel, in connection with rendering its opinion to the Authority and the City to the effect that interest on the Series 20__ Bonds is excluded from gross income of the recipients thereof for purposes of federal income taxation under existing laws, regulations, rulings and judicial decisions; provided however, that nothing herein represents the Representative's interpretation of any laws, and in particular, regulations under the Code, and the Representative expresses no view

regarding the legal sufficiency of any representations made herein. The undersigned is certifying only as to facts in existence on the date hereof. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Although certain information furnished in this Certificate has been derived from other purchasers, bond houses and brokers and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect. Terms not otherwise defined herein shall have the meanings ascribed thereto in the Tax Certificate.

IN WITNESS WHEREOF, the undersigned has set their hand as of the date set forth below.

Dated: _____, 20__

J.P. MORGAN SECURITIES LLC, as Representative
of the Underwriters

By _____
Managing Director

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate, dated as of ____ 1, 20__ (the “Disclosure Certificate”), is executed and delivered by the City of San Diego (the “City”) in connection with the issuance by the Public Facilities Financing Authority of the City of San Diego (the “Authority”) of \$_____ Public Facilities Financing Authority of the City of San Diego [Subordinated] Water Revenue Bonds, [Refunding] Series 20__ (Payable Solely From [Subordinated] Installment Payments Secured by Net System Revenues of the Water Utility Fund) (the “Bonds”). The Bonds are being issued pursuant to that certain Indenture, dated as of January 1, 2009, as amended and supplemented by a First Supplemental Indenture, dated as of June 1, 2009, a Second Supplemental Indenture, dated as of June 1, 2010, a Third Supplemental Indenture, dated as of April 1, 2012, and a ____ Supplemental Indenture, dated as of ____ 1, 20__ (collectively, the “Indenture”), each by and between the Authority and U.S. Bank National Association, as successor trustee (the “Trustee”). In connection therewith, the City, as an “obligated person” with respect to the Bonds (within the meaning of the Rule, as defined herein), covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City on behalf of the Authority for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean the City and any Person designated by the City to serve as Dissemination Agent.

“Holder” shall mean the person in whose name any Bond shall be registered.

“MSRB” shall mean the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system.

“Notice Event” shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

“Official Statement” shall mean the Official Statement, dated ____ __, 20__, prepared and distributed in connection with the initial sale of the Bonds.

“Participating Underwriters” shall mean any of the original purchasers of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Person” shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including any official interpretations thereof issued either before or after the effective date of this Certificate which are applicable to this Certificate.

Section 3. Provision of Annual Reports.

(a) The City shall, or upon written direction, shall cause the Dissemination Agent (if other than the City) to, not later than April 10 after the end of the City’s Fiscal Year (which currently ends June 30), or the next succeeding business day if that day is not a business day, commencing with the report for the fiscal year ending June 30, 20__ (each, a “Filing Date”), provide to the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. As of the date of this Disclosure Certificate, the format prescribed by the MSRB is the Electronic Municipal Market Access (“EMMA”) system.

The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Filing Date for the filing of the Annual Report if not available by such Filing Date. If the City’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Notice Event under Section 5(c) hereof.

(b) Not later than fifteen (15) business days prior to each Filing Date for providing the Annual Report to the MSRB, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If the City is unable to provide to the MSRB an Annual Report by the Filing Date, the City shall, in a timely manner, send a notice to the MSRB.

(c) The Dissemination Agent (if other than the City) shall::

(i) determine each year prior to the date for providing the Annual Report the format for filing with the MSRB; and

(ii) file a report with the City certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Certificate, and stating the date the Annual Report was so provided.

Section 4. Content of Annual Reports. The City’s Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the City for the most recently completed Fiscal Year prepared in accordance with generally accepted accounting principles as applicable to state and local governments in the United States of America. If the City’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Financial information and operating data with respect to the City, as such information and data relate to the City's Public Utilities Department and the Water Utility Fund, for the most recently completed Fiscal Year of the type included in the Official Statement, in the following categories (to the extent not included in the City's audited financial statements):

(i) An update of the information substantially in the form contained in Table 2 (entitled "Historical Number of Retail Connections to Water System") for the most recently completed Fiscal Year;

(ii) An update of the information substantially in the form contained in Table 3 (entitled "Major Non-Governmental Retail Customers and Major Governmental Customers") for the most recently completed Fiscal Year;

(iii) An update of the information substantially in the form substantially in the form contained in Table 4 (entitled "Raw Water Reservoirs") for the most recently completed Fiscal Year;

(iv) An update of the information substantially in the form contained in Table 5 (entitled "Capacity and Demand of Water System Water Treatment Plants") for the most recently completed Fiscal Year;

(v) An update of the information substantially in the form contained in Table 6 (entitled "CWA Water Supply Rates") for the most recently completed Fiscal Year;

(vi) An update of the information substantially in the form contained in Table 7 (entitled "MWD and CWA Fixed Water Supply Costs") for the most recently completed Fiscal Year;

(vii) An update of the information substantially in the form contained in Table 8 (entitled "Water Supplies for the City of San Diego") for the most recently completed Fiscal Year;

(viii) An update of the information substantially in the form contained in Table 12 (entitled "Five-Year Water Service Charge History for Single Family Residential, Multi-Family, Commercial, Industrial, Irrigation, and Temporary Construction") for the most recently completed Fiscal Year;

(ix) An update of the information substantially in the form contained in Table 13 (entitled "Recent Rate History for Water Capacity Charges") for the most recently completed Fiscal Year;

(x) An update of the information substantially in the form contained in Table 14 (entitled "Water Utility Fund Historical Capacity Charge Revenues") for the most recently completed Fiscal Year;

(xi) An update of the information substantially in the form contained in Table 15 (entitled "Water Customer Accounts Receivable and Shut-Offs by Fiscal Year") for the most recently completed Fiscal Year;

(xii) An update of the information substantially in the form contained in Table 16 (entitled “Historical Sources of Water Sales Revenues”) for the most recently completed Fiscal Year;

(xiii) An update of the information substantially in the form contained in Table 17 (entitled “Statements of Revenues, Expenses, and Changes in Fund Net Assets for the Water Utility Fund”) for the most recently completed Fiscal Year;

(xiv) An update of the information substantially in the form contained in Table 18 (entitled “Calculation of Historic Debt Service Coverage”) for the most recently completed Fiscal Year (will be available in the City's comprehensive annual financial report for the most recently completed fiscal year or updated information will be presented in tabular format comparable to referenced table);

(xv) An update of the information substantially in the form contained in Table 19 (entitled “Reserves and Total Cash and Cash Equivalents In Water Utility Fund”) for the most recently completed Fiscal Year;

(xvi) An update of the information substantially in the form contained in Table 21 (entitled “Outstanding Debt”) for the most recently completed Fiscal Year;

(xvii) An update of the information substantially in the form contained under the heading “WATER SYSTEM FINANCIAL OPERATIONS – Labor Relations”;

(xviii) An update of the information substantially in the form contained under the heading “WATER SYSTEM FINANCIAL OPERATIONS – Insurance and Liability Claims” and the information in Table 22 (entitled “Liability Claims – Public Liability Expense and Cash Payments”);

(xix) An update of the information substantially in the form contained under the heading “WATER SYSTEM FINANCIAL OPERATIONS – Investment of Funds” and the information in Table 23 (entitled “City of San Diego Pooled Investment Fund”) for the most recently completed Fiscal Year;

(xx) An update of the information substantially in the form contained in Table 25 (entitled “City of San Diego Schedule of Funding Progress”) for the most recently completed Fiscal Year;

(xxi) An update of the information substantially in the form contained in Table 26 (entitled “City of San Diego and Water Utility Fund Pension Contribution”) for the most recently completed Fiscal Year;

(xxii) An update of the information substantially in the form contained under the heading “WATER SYSTEM FINANCIAL OPERATIONS – Postemployment Healthcare Benefits”) for the most recently completed Fiscal Year [and the information in Table 28 (entitled “City of San Diego - Schedule of Funding Progress (DB OPEB Plan)”) for the most recently completed Fiscal Year]; and

(xxiii) An update of the information substantially in the form contained in Table 29 (entitled “City of San Diego and Water Utility Fund Retiree Health Contribution”) for the most recently completed Fiscal Year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the MSRB. The City shall clearly identify each such other document so included by reference.

The contents, presentation and format of the Annual Reports may be modified from time to time as determined in the judgment of the City to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the City or to reflect changes in the business, structure, operations, legal form of the City or any mergers, consolidations, acquisitions or dispositions made by or affecting the City; provided that any such modifications shall comply with the requirements of the Rule.

Section 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, in a timely manner not later than ten (10) business days after the occurrence of such Notice Event to the MSRB through EMMA:

- (i) Principal and interest payment delinquencies;
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties;¹
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers, or their failure to perform;²
- (v) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (vi) Tender offers;
- (vii) Defeasances;
- (viii) Rating changes;³ or
- (ix) Bankruptcy, insolvency, receivership or similar event of the City (such event being considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or

¹ Without limiting its reporting obligation, the City advises that it has not established a debt service reserve fund for the Bonds.

² Without limiting its reporting obligation, the City advises that it has not obtained or provided any credit enhancement or credit or liquidity providers for the Bonds.

³ Does not include rating changes related to credit enhancement added by a Holder. In addition, the City's obligation to provide notice of any rating change shall be deemed to be satisfied if the applicable rating agency files such change with EMMA pursuant to the "automated data feeds" that have been established by the MSRB.

officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City).

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) business days after the occurrence of the such Notice Event to the MSRB through EMMA:

(i) Unless described in paragraph 5(a)(5), other notices or determinations with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds;

(ii) Modifications to rights of holders of the Bonds;

(iii) Bond calls;⁴

(iv) Release, substitution, or sale of property securing repayment of the Bonds;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition the City or the sale of all or substantially all of the assets thereof, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

(vii) Appointment of a successor or additional trustee or the change of name of a trustee.

(c) If the City learns of the occurrence of a Notice Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the City shall promptly file, or cause to be filed, a notice of such event with the MSRB through EMMA. Notwithstanding the foregoing, notice of the Notice Events described in subsections (a)(vii) or (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

Section 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such in the same manner as for a Notice Event under Section 5(c).

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the City. The Dissemination Agent, if other than the City, shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate.

⁴ Any scheduled redemption of Bonds pursuant to mandatory sinking fund redemption requirements does not constitute a Notice Event within the meaning of the Rule.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) the undertakings herein, as proposed to be amended or taking in account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver (i) is approved by the Holders majority of outstanding principal amount of the Bonds, in the same manner as provided in the Indenture for amendments to the Indenture with the consent of the Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Notice Event under subsection 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Notice Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Notice Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of the occurrence of a Notice Event.

Section 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate; provided that any Beneficial Owner seeking to require the City to comply with this Certificate shall first provide at least 30 days' prior written notice to the City of the City's failure, giving reasonable detail of such failure, following which notice the City shall have 30 days to comply. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages under this Certificate.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. [The Dissemination Agent, if other than the City, shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Authority, the owners of the Bonds, or any other party, and, other than in the case of negligence, gross negligence, or willful misconduct of the Dissemination Agent, the Dissemination Agent shall not have any liability to the owners of the Bonds or any other party for any monetary damages or financial liability of any kind whatsoever related to or arising from any breach of any obligation of the Dissemination Agent. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.]

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Governing Law. This Disclosure Certificate shall be governed by the laws of the State of California and the federal securities laws.

IN WITNESS WHEREOF, the City of San Diego has executed this Continuing Disclosure Certificate as of the date first set forth herein.

THE CITY OF SAN DIEGO

By: _____
Chief Financial Officer

ESCROW AGREEMENT

PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO

THIS ESCROW AGREEMENT, dated as of ____ 1, 20__ (this “**Escrow Agreement**”), by and between the Public Facilities Financing Authority of the City of San Diego, a California joint exercise of powers entity (the “**Authority**”), and U.S. Bank National Association, a national banking association duly organized under the laws of the United States of America, as Prior Trustee and escrow agent hereunder (the “**Escrow Agent**”) with respect to the \$_____ in original principal amount of the Public Facilities Financing Authority of the City of San Diego _____ (the “**Prior Bonds**”), is entered into in accordance with the Resolution of the Board of Commissioners of the Authority (the “**Board**”), adopted on _____, 2016 (the “**Resolution**”), and the Indenture, dated as of January 1, 2009, as amended and supplemented by the First Supplemental Indenture, dated as of June 1, 2009, by the Second Supplemental Indenture, dated as of June 1, 2010, by the Third Supplemental Indenture, dated as of April 1, 2012, and by the [Fourth] Supplemental Indenture, dated as of ____ 1, 20__ (collectively, the “**Indenture**”), each by and between the Authority and U.S. Bank National Association, as successor trustee (the “**Trustee**”), to, among other things, refund, on a [current][advance] refunding basis, [\$_____ in principal amount of the Prior Bonds], consisting of the Prior Bonds specified in Schedule C attached hereto (the “**Refunded Bonds**”).

W I T N E S S E T H:

WHEREAS, pursuant to the Indenture, dated as of ____ 1, 20__ (the “**Prior Indenture**”), by and between the Authority and U.S. Bank National Association, as successor trustee (the “**Prior Trustee**”), the Authority issued the Prior Bonds in the original principal amount of \$_____, of which \$_____ in principal amount of Prior Bonds is currently outstanding; and

WHEREAS, pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “**Law**”), the Authority is authorized to issue refunding bonds to refund the Refunded Bonds; and

WHEREAS, pursuant to the Law, the proceeds of said refunding bonds, pending their application to the retirement at maturity or prior redemption of the Refunded Bonds, may be placed in escrow and invested or reinvested in any obligations or securities, and any interest or other increment earned or realized on any such investment may be applied to the payment of the Refunded Bonds; and

WHEREAS, the Authority intends to exercise its right under Section [3.02(b)] of the Prior Indenture to cause the Refunded Bonds to be called for redemption on August 1, 20__ (the “**Redemption Date**”); and

WHEREAS, the Authority has determined that \$_____ in aggregate principal amount of the Public Facilities Financing Authority of the City of San Diego [Subordinated] Water Revenue Bonds, [Refunding] Series 20__ (the “**Bonds**”), shall be issued pursuant to the Resolution and the Indenture for, among other purposes, the purpose of providing a portion of the funds to pay when due the interest on the Refunded Bonds to the Redemption Date and to redeem on the Redemption Date the Refunded Bonds, at the redemption price of 100% of the principal amount payable with respect to the Refunded Bonds, together with interest accrued thereon to the Redemption Date; and

WHEREAS, the Indenture provides that a portion of the proceeds from the sale of the Bonds, excluding accrued interest, if any, received by the Authority, shall be placed in an escrow hereunder, in part for the purpose of providing funds necessary to refund and redeem the Refunded Bonds, all as provided herein; and

WHEREAS, by irrevocably depositing with the Escrow Agent moneys (in accordance with the Law) the principal of and interest on which when due will provide money which, together with other moneys, if any, deposited with the Escrow Agent at the same time pursuant to this Escrow Agreement, will be sufficient to pay when due the interest on the Refunded Bonds to the Redemption Date and to redeem on the Redemption Date the Refunded Bonds, at the redemption price of 100% of the principal amount payable with respect to the Refunded Bonds, together with interest accrued thereon to the Redemption Date;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Authority and the Escrow Agent agree as follows:

Section 1. Receipt of Documents. The Escrow Agent hereby acknowledges the receipt of copies of the Resolution, the Prior Indenture and the Indenture. Any reference herein to, or citation herein of, any provision of said documents shall be deemed an incorporation of such provision as a part hereof in the same manner and with the same effect as if it were fully set forth herein.

Section 2. Deposit of Moneys. The Authority hereby directs that the Escrow Agent, in its capacity as Trustee for the Bonds, deposit with the Escrow Agent \$_____ by federal funds wire (which deposit may also be made via federal funds wire of said amount directly from _____, as representative of the underwriters of the Bonds), representing a portion of the net proceeds of the sale of the Bonds, to be held in an irrevocable escrow by the Escrow Agent separate and apart from other funds of the Authority, the Trustee, and the Escrow Agent, in a fund hereby created and established to be known as the “**Escrow Fund**” to be applied solely as provided in this Escrow Agreement. The Authority further directs that the Escrow Agent, in its capacity as Prior Trustee under the Prior Indenture, transfer or cause to be transferred from (a) the Payment Fund established with respect to the Prior Bonds for deposit in the Escrow Fund the amount of \$_____ and (b) the Reserve Fund established with respect to the Prior Bonds for deposit in the Escrow Fund the amount of \$_____. Moneys in the amount of \$_____ will be applied to purchase: [United States Treasury bills, bonds, notes, or certificates of indebtedness (including United States Treasury Obligations – State and Local Government Series (“**SLGS**”)) for which the full faith and credit of the United States are pledged for the payment of principal and interest] (the “**Defeasance Securities**”), and \$_____ of said moneys in the Escrow Fund will be held uninvested as cash. The moneys set forth above shall be at least an amount sufficient (i) to refund and redeem the Refunded Bonds and discharge the Prior Indenture in accordance with its terms with respect to the Refunded Bonds (ii) to pay when due the interest on the Refunded Bonds to the Redemption Date and to redeem on the Redemption Date the Refunded Bonds, at the redemption price of 100% of the principal amount payable with respect to the Refunded Bonds, together with interest accrued thereon on the Redemption Date. The verification report (the “**Verification Report**”) prepared by _____ (the “**Verification Agent**”), as to the sufficiency of such moneys to pay such amounts shall be furnished as a condition precedent to the delivery of the Bonds.

Section 3. Investment of Moneys. The Escrow Agent acknowledges receipt of the moneys described in Section 2 hereof as set forth in Schedule A hereto, and agrees immediately to invest such moneys in the Defeasance Securities set forth in Schedule B hereto and to deposit such Defeasance Securities in the Escrow Fund and to reinvest in Defeasance Securities, any payment of principal and interest on such Defeasance Securities at the times and in the amounts set forth on Schedule B hereto. All

other amounts held in the Escrow Fund shall be held as cash except as provided in Sections 4 and 5 herein.

Section 4. Investment of Any Remaining Moneys. In the event that the Escrow Agent shall receive (i) any cash payment not required for the initial purchase of Defeasance Securities set forth in Schedule B hereto, or (ii) any payment of principal or interest from the Defeasance Securities prior to the date on which such payment is required for the purposes set forth herein other than as set forth on Schedule B, then, at the written direction of the Authority, the Escrow Agent shall reinvest the amount of such payment, or any portion thereof, in noncallable Defeasance Securities maturing in an amount at least equal to the purchase price thereof and maturing not later than the date on which such payment or portion thereof is required for the purposes set forth in Section 7, as verified in a verification report prepared by the Verification Agent or any other independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions and provided the Authority has obtained and delivered to the Escrow Agent an unqualified opinion of nationally recognized bond counsel that such reinvestment will not adversely affect the exclusion from gross income of interest payable on the Bonds or the Refunded Bonds for purposes of federal income taxation. The Escrow Agent shall monitor compliance with the foregoing requirements. Any investment income resulting from investment or reinvestment of moneys pursuant to this Section 4 which is not required for the purposes set forth in this Section 4 or in Section 1, as verified in the Verification Report prepared by the Verification Agent with respect to the refunding of the Refunded Bonds or in any other verification report prepared by the Verification Agent or any other independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions, shall be paid to the Authority upon the written direction of the Authority.

Section 5. Substitution of Securities. Upon the written request of the Authority, which request shall be subject to the conditions and limitations herein set forth and applicable governmental rules and regulations, the Escrow Agent shall sell, redeem, or otherwise dispose of the Defeasance Securities, provided that there are substituted therefor from the proceeds of the Defeasance Securities, other Defeasance Securities, but only after the Authority has obtained and delivered to the Escrow Agent, (i) an unqualified opinion of nationally recognized bond counsel that such reinvestment will not adversely affect the exclusion from gross income of interest payable with respect to the Bonds or the Refunded Bonds for purposes of federal income taxation, and (ii) a report by a Verification Agent or any other independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions to the effect that such reinvestment will not adversely affect the sufficiency of the amounts of securities, investments, and money in the Escrow Fund to pay when due the interest on the Refunded Bonds to the Redemption Date and to redeem on the Redemption Date the Refunded Bonds, at the redemption price of 100% of the principal amount payable with respect to the Refunded Bonds, together with interest accrued thereon on the Redemption Date. The Escrow Agent shall not be liable or responsible for any loss resulting from any reinvestment made pursuant to this Escrow Agreement and in full compliance with the provisions hereof.

Section 6. Irrevocable Deposit; Express Trust. The escrow created hereby shall upon the issuance of the Bonds be irrevocable, and all moneys, Defeasance Securities, and any securities substituted therefor in accordance with the terms of this Escrow Agreement held in the Escrow Fund shall be subject to the express trust created by this Escrow Agreement until paid out, used, and applied in accordance with this Escrow Agreement.

The deposits made pursuant to Section 2 hereof shall, upon the issuance of the Bonds, constitute an irrevocable deposit for the benefit of the Refunded Bonds, and the moneys and Defeasance Securities and any securities substituted therefor in accordance with the terms of this Escrow Agreement, together

with any interest paid thereon, shall be held in trust, and shall be applied solely by the Escrow Agent in accordance with the provisions of this Escrow Agreement. Neither the Defeasance Securities, securities substituted therefor, nor moneys deposited with the Escrow Agent under this Escrow Agreement nor principal or interest payments on any such securities shall, except as provided in Sections 7 and 8 hereof, be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, premium, if any, and interest on the Refunded Bonds.

Section 7. Payment of Refunded Bonds.

(a) Payment. From the maturing principal of the Defeasance Securities and the investment income and other earnings thereon and other moneys on deposit in the Escrow Fund, the Escrow Agent shall apply the amounts on deposit in the Escrow Fund to pay when due the interest on the Refunded Bonds to the Redemption Date and to redeem on the Redemption Date the Refunded Bonds, at the redemption price of 100% of the principal amount payable with respect to the Refunded Bonds, together with interest accrued thereon on the Redemption Date. The Authority acknowledges the request and instruction of the City with respect to the refunding and redemption of the Refunded Bonds contained in this Escrow Agreement and irrevocably waives its rights to redeem the refunded bonds on any other date. Any moneys remaining in the Escrow Fund after payment in full of the principal of, unpaid interest on, and premium, if any, on the Refunded Bonds shall be repaid by the Escrow Agent to the Authority.

(b) Notice. The Authority hereby irrevocably instructs the Escrow Agent to provide to the owners of the Refunded Bonds and the [Bond Insurer] (as defined in Section 15 hereof] (1) notice in accordance with Section [11.01(b)(iii)] of the Prior Indenture, that the Refunded Bonds have been paid in accordance with Section [11.01(b)(ii)] of the Prior Indenture, which notice shall be provided as soon as practicable following the funding of this Escrow Agreement in substantially the form set forth in Exhibit A-1, attached hereto, and (2) notice not less thirty (30) days nor more than sixty (60) days prior to the Redemption Date, in accordance with Section [3.02(c)] of the Prior Indenture, that the Refunded Bonds will be redeemed in full on the Redemption Date, which notice shall be in substantially the form set forth in Exhibit A-2, attached hereto. In accordance with the Indenture, the Authority further irrevocably instructs the Escrow Agent to mail a copy of such notices to the Securities Depositories (as hereinafter defined) and to the Information Services (as hereinafter defined).

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 25th Floor, New York, New York 10041-0099, Attn. Call Notification Department, Facsimile transmission: (212) 855-7232, or, in accordance with the then current guidelines of the Securities and Exchange Commission, such other securities depositories, or no such depositories, as the Authority may indicate in a certificate of the Authority delivered to the Escrow Agent.

“Information Services” means [Financial Information, Inc.’s “Daily Called Bond Service,” 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Moody’s “Municipal and Government,” 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; and Xcitek’s “Called Bond Service,” 5 Hanover Square, New York, New York 10004, Attention: Bond Redemption Group]; provided, however, in accordance with then current guidelines of the Securities and Exchange Commission, Information Services shall mean such other organizations providing information with respect to called bonds, or to no such services, as the Authority may designate in writing to the Escrow Agent.

(c) Unclaimed Moneys. To the extent permitted by law, any moneys which remain unclaimed for (i) two years after the principal of all of the Refunded Bonds has become due and payable, if such moneys were so held at such date, or (ii) two years after the date of deposit of such moneys if such moneys were deposited after said date when all of the Refunded Bonds become due and payable, shall be

repaid by the Escrow Agent to the Authority; provided, however, that before being required to make any such payment to the Authority, the Escrow Agent shall at the expense of the Authority cause to be mailed to the owners of such Refunded Bonds a notice that said money remains unclaimed and that, after a date named in such notice, the balance of such money then unclaimed will be returned to the Authority.

(d) Priority of Payments. The owners of the Refunded Bonds shall have a first and exclusive lien on all moneys and securities in the Escrow Fund until such moneys and such securities are used and applied as provided in this Escrow Agreement.

(e) Termination of Obligation. As provided in the Prior Indenture, upon deposit with the Escrow Agent in the Escrow Fund of moneys or securities in the amounts set forth in Section 2 hereof, and the purchase of the various Defeasance Securities as provided in Sections 2 and 3 hereof, all agreements, covenants and other obligations of the Authority to the owners of the Refunded Bonds shall cease, terminate and become void and be discharged and satisfied, and the owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Escrow Agent as aforesaid for their payment, subject however, to Section 7(c) hereof.

Section 8. Application of Certain Terms of the Prior Indenture. All of the terms of the Prior Indenture relating to the transfer and exchange and the making of payments of principal and interest on the Refunded Bonds are incorporated in this Escrow Agreement as if set forth in full herein.

Section 9. Performance of Duties. The Escrow Agent agrees to perform only the duties set forth herein and shall have no responsibility to take any action or omit to take any action not set forth herein.

Section 10. Escrow Agent's Authority to Make Investments. Except as provided in Sections 2, 3, 4, and 5 hereof, the Escrow Agent shall have no power or duty to invest any funds held under this Escrow Agreement or to sell, transfer, or otherwise dispose of the moneys held hereunder.

Section 11. Indemnity. To the extent permitted by law, the Authority hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save, and keep harmless the Escrow Agent and its respective successors, assigns, agents, and employees, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses, and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the Authority or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery, and performance of this Escrow Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of the Defeasance Securities, the retention of the Defeasance Securities or the proceeds thereof, and any payment, transfer, or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Escrow Agreement; provided, however, that the Authority shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective successors, assigns, agents, and employees. In no event shall the Authority or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section 11 shall survive the termination of this Escrow Agreement.

Section 12. Responsibility of Escrow Agent. The Escrow Agent shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery

of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or securities deposited therein, the purchase of the Defeasance Securities or the proceeds thereof, the sufficiency of the Defeasance Securities to pay the Refunded Bonds, or any payment, transfer, or other application of moneys or obligations by the Escrow Agent in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the “Whereas” clauses herein shall be taken as the statements of the Authority and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the Defeasance Securities or amounts deposited in the Escrow Fund to accomplish the refunding of the Refunded Bonds or to the validity of this Escrow Agreement as to the Authority and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence or misconduct, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Escrow Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the Authority, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered, or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter may be deemed to be conclusively established by a certificate signed by an officer of the Authority.

Section 13. Amendments. This Escrow Agreement is made for the benefit of the Authority and the owners from time to time of the Refunded Bonds, and it shall not be repealed, revoked, altered, or amended without the written consent of all such owners, the Escrow Agent, and the Authority; provided, however, that the Authority, and the Escrow Agent may, without the consent of, or notice to, such owners, amend this Escrow Agreement or enter into such agreements supplemental to this Escrow Agreement as shall not adversely affect the rights of such owners or the exclusion from gross income of interest payable on the Refunded Bonds for purposes of federal income taxation, and as shall not be inconsistent with the terms and provisions of this Escrow Agreement or the Prior Indenture, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Escrow Agreement; (ii) to grant to, or confer upon, the Escrow Agent for the benefit of the owners of the Refunded Bonds, any additional rights, remedies, powers, or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Agent; and (iii) to include under this Escrow Agreement additional funds, securities, or properties. The Escrow Agent shall be entitled to rely conclusively upon an unqualified opinion of nationally recognized bond counsel, with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition, or elimination affects the rights of the owners of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Section 14. Insufficient Funds. If at any time the moneys and investments in the Escrow Fund, including the anticipated proceeds of any earnings thereon, will not be sufficient to make all payments required by this Escrow Agreement, the Escrow Agent shall notify the Authority in writing, immediately upon its actual knowledge of such deficiency, of the amount thereof and if actually known to it the reason therefor. The Escrow Agent shall have no further responsibility regarding any such deficiency.

Section 15. Notices. Any notice to or demand upon the Escrow Agent may be served or presented, and such demand may be made to 633 West Fifth Street, 24th Floor, Los Angeles, California 90071, Attention: Global Corporate Trust Services / _____. Any notice to or demand upon the Authority shall be deemed to have been sufficiently given or served for all purposes by being mailed by registered or certified mail, and deposited, postage prepaid, in a post office letter box, addressed to the

Authority at Public Facilities Financing Authority of the City of San Diego c/o Chief Financial Officer, City of San Diego, 202 C Street, 9th Floor, San Diego, California 92101; with a copy to the Comptroller, 202 C Street, 6th Floor, San Diego, California 92101. [Bond Insurer Notice]

Section 16. Term. This Escrow Agreement shall commence upon its execution and delivery and shall terminate on the later to occur of either (i) the date upon which the Refunded Bonds have been paid in accordance with this Escrow Agreement or (ii) the date upon which no unclaimed moneys remain on deposit with the Escrow Agent pursuant to Section 7(c) of this Escrow Agreement.

Section 17. Compensation. The City agrees to pay the fees and expenses of the Escrow Agent (and Prior Trustee) incurred in consequence of this Escrow Agreement and the acceptance thereof by the Escrow Agent pursuant to the fee schedule attached hereto as Exhibit B, which fee schedule is incorporated herein. The Escrow Agent (and Prior Trustee) shall not have any lien whatsoever upon any of the moneys deposited in accordance with the terms hereof for the payments of fees and expenses for services rendered by it as Escrow Agent (and Prior Trustee) under this Escrow Agreement.

Section 18. Severability. If any one or more of the covenants or agreements provided in this Escrow Agreement to be performed on the part of the Authority or the Escrow Agent should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

Section 19. No Assignment. The rights and obligations created by this Escrow Agreement shall not be subject to assignment by the Escrow Agent (and Prior Trustee), the City or the Authority without the prior written consent of the other parties hereto.

Section 20. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

Section 21. Governing Law. This Escrow Agreement shall be construed under the laws of the State of California.

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

**PUBLIC FACILITIES FINANCING
AUTHORITY OF THE CITY OF SAN DIEGO**

By: _____
Chair

Attest:

By: _____
Secretary

APPROVED AS TO FORM:
GENERAL COUNSEL TO THE AUTHORITY

By: _____
Deputy General Counsel

**U.S. BANK NATIONAL ASSOCIATION, as
Escrow Agent**

By: _____
Authorized Officer

SCHEDULE A

On the date of issuance of the Bonds, U.S. Bank National Association, as Escrow Agent, shall receive and deposit the moneys referred to in Section 2 of this Escrow Agreement as follows:

**SOURCES OF FUNDS TO BE RECEIVED
FOR DEPOSIT IN THE ESCROW FUND**

Bond Proceeds \$
Payment Fund of Prior Indenture.....
Reserve Fund of Prior Indenture.....
TOTAL SOURCES \$

USES OF FUNDS DEPOSITED IN ESCROW FUND

Purchase of Defeasance Securities \$
Cash to be held in Escrow Fund.....
TOTAL USES..... \$

SCHEDULE B

COPY OF SUBSCRIPTION FOR PURCHASE OF DEFEASANCE SECURITIES

[See Attached]

SCHEDULE C

REFUNDED BONDS

[DEFINE PRIOR BONDS]

Maturity Date (August 1,)	Principal Amount	Interest Rate	CUSIP ⁽¹⁾
--------------------------------------	-----------------------------	--------------------------	-----------------------------

EXHIBIT A-1
NOTICE OF [PARTIAL] DEFEASANCE

EXHIBIT A-2
NOTICE OF [PARTIAL] REDEMPTION

The CUSIP numbers have been assigned by Standard & Poor's Corporation and are included solely for the convenience of the Bondholders. Neither the Authority nor the Trustee shall be responsible for the selection or use of the CUSIP numbers nor is any representation made as to their correctness on the Bonds or as indicated in any redemption notice.

Dated: _____, 20__

U.S. Bank National Association, as successor trustee

EXHIBIT B

PRIOR TRUSTEE/ESCROW AGENT FEE SCHEDULE

[See attached Schedule of Fees]



U.S. Bank Customer Confidential

Schedule of Fees for Services as
Trustee
For
CITY OF SAN DIEGO
WATER REVENUE BONDS
SERIES 2016A AND SERIES 2016B
(per Series*)

CTS01010A	Acceptance Fee The acceptance fee includes the administrative review of documents, initial set-up of the account, and other reasonably required services up to and including the closing. This is a one-time, non-refundable fee, payable at closing.	\$750.00*
CTS04200	Trustee Annual fee for the standard trustee services associated with the administration of the account. Administration fees are payable in advance.	\$1,000.00*
CTS16156B	Legal Expenses Includes fees and expenses of legal counsel as well as the rendering of a standard legal opinion if required. This is a one-time fee payable at closing	\$2,000.00 *

Direct Out of Pocket Expenses:

Reimbursement of expenses associated with the performance of our duties, including but not limited to publications, legal counsel after the initial closing, travel expenses and filing fees (if any) would be billable at cost.

Account approval is subject to review and qualification. Fees are subject to change at our discretion and upon written notice. Fees paid in advance will not be prorated. The fees set forth above and any subsequent modifications thereof are part of your agreement. Finalization of the transaction constitutes agreement to the fees set forth above, including agreement to any subsequent changes upon proper written notice. In the event the transaction is not finalized, any related out-of-pocket expenses will be billed directly. Absent your written instructions to sweep or otherwise invest, all sums in your account will remain uninvested and no accrued interest or other compensation will be credited to the account. Payment of fees constitutes acceptance of the terms and conditions set forth.

Extraordinary fees are payable to the Trustee or Agent for duties or responsibilities not expected to be incurred at the outset of the transaction, not routine or customary, and not incurred in the ordinary course of business. Payment of extraordinary fees is appropriate where particular inquiries, events or developments are unexpected, even if the possibility of such things could have been identified at the inception of the transaction.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT: To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a Trust or other legal entity we will ask for documentation to verify its formation and existence as a legal entity. We may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.



U.S. Bank Customer Confidential

Schedule of Fees for Services as
Successor Trustee
For
CITY OF SAN DIEGO
WATER REVENUE BONDS
SERIES 2009A, SERIES 2009B,
SERIES 2010 A, SERIES 2012A
(per Series*)

CTS01010A	Acceptance Fee The acceptance fee includes the administrative review of documents, initial set-up of the account, and other reasonably required services up to and including the closing. This is a one-time, non-refundable fee, payable at closing.	Waived
CTS04200	Trustee Annual fee for the standard trustee services associated with the administration of the account. Administration fees are payable in advance.	\$1,000.00*

Direct Out of Pocket Expenses:

Reimbursement of expenses associated with the performance of our duties, including but not limited to publications, legal counsel after the initial closing, travel expenses and filing fees (if any) would be billable at cost.

Account approval is subject to review and qualification. Fees are subject to change at our discretion and upon written notice. Fees paid in advance will not be prorated. The fees set forth above and any subsequent modifications thereof are part of your agreement. Finalization of the transaction constitutes agreement to the fees set forth above, including agreement to any subsequent changes upon proper written notice. In the event the transaction is not finalized, any related out-of-pocket expenses will be billed directly. Absent your written instructions to sweep or otherwise invest, all sums in your account will remain uninvested and no accrued interest or other compensation will be credited to the account. Payment of fees constitutes acceptance of the terms and conditions set forth.

Extraordinary fees are payable to the Trustee or Agent for duties or responsibilities not expected to be incurred at the outset of the transaction, not routine or customary, and not incurred in the ordinary course of business. Payment of extraordinary fees is appropriate where particular inquiries, events or developments are unexpected, even if the possibility of such things could have been identified at the inception of the transaction.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT: To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a Trust or other legal entity we will ask for documentation to verify its formation and existence as a legal entity. We may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

**Schedule of Fees for Services as
Escrow Agent
REQUIRED
For
RELATING TO THE REFUNDING OF:**

**CITY OF SAN DIEGO
WATER REVENUE BONDS
Refunding Bonds
(per Series*)**

CTS04150	<p>Refunding Escrow Agent Annual fee for the standard agent services in administration of the defeasance escrow. Administration fees are payable in advance</p> <p>Direct Out of Pocket Expenses Reimbursement of expenses associated with the performance of our duties, including but not limited to publications, legal counsel after the initial close, travel expenses and filing fees.</p> <p>Extraordinary Services Extraordinary Services are duties or responsibilities of an unusual nature, including termination, but not provided for in the governing documents or otherwise set forth in this schedule. A reasonable charge will be assessed based on the nature of the services and the responsibility involved. At our option, these charges will be billed at a flat fee or at our hourly rate then in effect.</p>	<p>\$500.00*</p> <p>At Cost</p>
----------	---	---------------------------------

Direct Out of Pocket Expenses:

Reimbursement of expenses associated with the performance of our duties, including but not limited to publications, legal counsel after the initial closing, travel expenses and filing fees (if any) would be billable at cost.

Account approval is subject to review and qualification. Fees are subject to change at our discretion and upon written notice. Fees paid in advance will not be prorated. The fees set forth above and any subsequent modifications thereof are part of your agreement. Finalization of the transaction constitutes agreement to the fees set forth above, including agreement to any subsequent changes upon proper written notice. In the event the transaction is not finalized, any related out-of-pocket expenses will be billed directly. Absent your written instructions to sweep or otherwise invest, all sums in your account will remain uninvested and no accrued interest or other compensation will be credited to the account. Payment of fees constitutes acceptance of the terms and conditions set forth.

Extraordinary fees are payable to the Trustee or Agent for duties or responsibilities not expected to be incurred at the outset of the transaction, not routine or customary, and not incurred in the ordinary course of business. Payment of extraordinary fees is appropriate where particular inquiries, events or developments are unexpected, even if the possibility of such things could have been identified at the inception of the transaction.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT: To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a Trust or other legal entity we will ask for documentation to verify its formation and existence as a legal entity. We may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

EXHIBIT C
VERIFICATION REPORT

_____ **SUPPLEMENTAL INDENTURE**

dated as of _____ 1, 20__

Supplementing and amending that certain

INDENTURE

dated as of January 1, 2009, as supplemented and amended,

by and between

**PUBLIC FACILITIES FINANCING AUTHORITY
OF THE CITY OF SAN DIEGO**

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

relating to

\$ _____

**Public Facilities Financing Authority of the City of San Diego
[Subordinated] Water Revenue Bonds, [Refunding] Series 20__
(Payable Solely from [Subordinated] Installment Payments
Secured by Net System Revenues of the Water Utility Fund)**

TABLE OF CONTENTS

	Page
Section 1. Definitions	2
Section 2. Amendments to the Original Indenture.....	8
Section 3. Authority for Amendments	9
Section 4. Provisions Relating to the 20__ Bonds.....	9
Section 5. Amendments to Original Indenture [Effective Upon Refunding of All [Senior] Bonds Currently Outstanding]	15
Section 6. Authority for Amendments	20
Section 7. Applicability of Original Indenture, First Supplement, Second Supplement and Third Supplement	20
Section 8. Partial Invalidity	20
Section 9. Articles and Section Headings and References.....	20
Section 10. Execution in Several Counterparts.....	20
Section 11. Governing Law	20
EXHIBIT A FORM OF 20__ BOND	A-1
EXHIBIT B FORM OF REQUISITION REQUEST – COSTS OF ISSUANCE ACCOUNT	B-1
EXHIBIT C FORM OF REQUISITION REQUEST – ACQUISITION FUND	C-1
EXHIBIT D REFUNDED OBLIGATIONS.....	D-1

[FOURTH] SUPPLEMENTAL INDENTURE

THIS ____ SUPPLEMENTAL INDENTURE (this “____ **Supplement**”), is made and entered into as of ____ 1, 20__, by and between the PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO, a joint exercise of powers authority duly organized and existing under the laws of the State of California (the “**Authority**”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized under the laws of the United States of America, as successor trustee (the “**Trustee**”), under that certain Indenture, dated as of January 1, 2009 (the “**Original Indenture**”), as supplemented and amended by that certain First Supplemental Indenture, dated as of June 1, 2009 (the “**First Supplement**”), that certain Second Supplemental Indenture, dated as of June 1, 2010 (the “**Second Supplement**”), and that certain Third Supplemental Indenture, dated as of April 1, 2012 (the “**Third Supplement**”), each by and between the Authority and the Trustee (the Original Indenture, as supplemented and amended by the First Supplement, the Second Supplement, the Third Supplement and by this ____ Supplement, the “**Indenture**”);

WITNESSETH:

WHEREAS, the Original Indenture provides that the Authority may issue Additional Bonds (as defined in the Original Indenture) in order to assist the City of San Diego, a municipal corporation and a charter city duly organized and existing under its Charter and the Constitution of the State of California (the “**City**”), in the financing and refinancing of improvements to the Water System (as defined in the Original Indenture); and

WHEREAS, in order to effect the acquisition, construction and installation of improvements to the Water System, the San Diego Facilities and Equipment Leasing Corporation (the “**Corporation**”) sold components of the City’s water system improvement project to the City pursuant to an Amended and Restated Master Installment Purchase Agreement, dated as of January 1, 2009, a 2009A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of January 1, 2009, a 2009B Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of June 1, 2009, a 2010A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of June 1, 2010, and a 2012A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of April 1, 2012 (collectively, the “**Agreement**”), each by and between the City and the Corporation, pursuant to which the Corporation has agreed to sell certain improvements and additions (comprised of various components, each, a “**Component**”) to the water system of the City (the “**Water System**”) and the City has agreed from time to time to purchase certain Components as specified in certain supplements to the Agreement; and]

[**WHEREAS**, the City has now requested the assistance of the Authority in the financing of additional components of the Water System (the “**20__ New Money Components**”); and

WHEREAS, the City further desires to effect the redemption of the ____ Bonds; and

WHEREAS, the Authority has agreed to provide assistance to the City by the financing of the 20__ New Money Components and refinancing the Components originally financed with the Refunded ____ Bonds; and

WHEREAS, to provide funds to redeem a portion of the outstanding ____ Bonds (the “**Refunded ____ Bonds**”), the Authority desires to issue its [Subordinated] Water Revenue Bonds, [Refunding] Series 20__ (Payable Solely from [Subordinated] Installment Payments Secured by Net System Revenues of the Water Utility Fund) (the “**20__ Bonds**”), in the aggregate principal amount of \$_____; and]

WHEREAS, the City has requested that the Authority and the Trustee amend the Original Indenture to allow for the issuance of the 20__ Bonds, and the Authority and the Trustee are willing to make such amendments; and

WHEREAS, the City has requested that the Authority and the Trustee amend certain provisions of the Indenture, including, but not limited to, the provisions related to the reserve fund [and permitted investments]; and

WHEREAS, the Authority has determined, in accordance with Section 9.01(b) of the Original Indenture, that the terms of this ____ Supplement including, without limitation, to provide for the issuance of subordinate bonds, are not inconsistent with the Original Indenture as heretofore amended and supplemented by the First Supplement, the Second Supplement and the Third Supplement and will not adversely affect the interests of the Owners; and

WHEREAS, the Authority has further determined to amend certain provisions of the Indenture, including, but not limited to, the provisions related to the reserve fund and permitted investments; and

WHEREAS, the 20__ Bonds will be secured by the 20__ [Subordinated] Installment Payments (as defined in this ____ Supplement) to be made by the City pursuant to that certain 20__ Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of ____ 1, 20__ (the “**20__ Supplement**”), by and between the City and the Corporation, which 20__ [Subordinated] Installment Payments constitute [Subordinated] Obligations (as defined in the Agreement, as defined in this ____ Supplement); and

WHEREAS, in order to establish and declare the terms and conditions upon which the 20__ Bonds are to be issued and secured, to provide for the payment of the principal thereof and the premium (if any) and interest thereon, and to provide for the herein described amendments, the Authority and the Trustee desire to enter into this ____ Supplement; 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 ____ Supplement do exist, have happened, and have been performed in a regular and due time, form, and manner as required by law and the Original Indenture, the parties hereto are now duly authorized to execute and enter into this ____ Supplement.

NOW, THEREFORE, in consideration of the covenants and provisions herein set forth and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

Section 1. Definitions. Unless the context clearly otherwise requires, all capitalized terms used in this ____ Supplement shall have the meanings assigned to such terms in the Recitals hereof or in the Original Indenture, the First Supplement, the Second Supplement or the Third Supplement, as applicable.

(A) **The definitions of the following terms in the Original Indenture, the First Supplement, the Second Supplement and the Third Supplement, as applicable, shall be modified to read as follows:**

Agreement

The term “Agreement” means the Master Installment Purchase Agreement, dated as of August 1, 2002, as supplemented and amended by a 2002 Supplement to Master Installment Purchase Agreement, dated as of August 1, 2002, a 2002 Supplement to Master Installment Purchase Agreement, dated as of October 1, 2002, an Amended and Restated Master Installment Purchase Agreement, dated as of January 1, 2009, a 2009A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of January 1, 2009, a 2009B Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of June 1, 2009, a 2010A Supplement to Amended and Restated Master Installment Sale Agreement, dated as of June 1, 2010, a 2012A Supplement to Amended and Restated Master Installment Sale Agreement, dated as of April 1, 2012, and the 20__ Supplement, each by and between the City and the Corporation, as such Agreement may from time to time be further amended or supplemented by all Supplements executed pursuant to the provisions thereof.

Certificate of Completion

The term “Certificate of Completion” means, with respect to the 20__ Bonds, a Certificate of the City filed with the Trustee stating that the 20__ Components financed with the proceeds of the 20__ Bonds have been acquired, constructed, installed and improved and that all Acquisition Costs relating thereto have been paid or provided for.

Costs of Issuance Account

The term “Costs of Issuance Account” means, with respect to the 20__ Bonds, the account by that name established under such Section [16.5] of this _____ Supplement for the payment of Costs of Issuance with respect to the 20__ Bonds.

Permitted Investments

The term “Permitted Investments” means any of the following which, at the time of investment, are legal investments under the laws of the State for the moneys proposed to be invested therein:

- (1) Federal Securities;
- (2) The following listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:
 - (A) Federal Home Loan Mortgage Corporation (FHLMC) senior debt obligations and Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);
 - (B) Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) consolidated system-wide bonds and notes;
 - (C) Federal Home Loan Banks (FHL Banks) consolidated debt obligations;
 - (D) Federal National Mortgage Association (FNMA) senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts);

(E) The senior debt obligations of Resolution Funding Corporation (RFCO), Financing Corporation (FICO) and Tennessee Valley Authority (TVA);

(3) Obligations of any state, territory or commonwealth of the United States of America or any political subdivision thereof or any agency or department of the foregoing, that are rated, at the time of purchase, in the highest Rating Category by two Rating Agencies;

(4) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. Investments under this subdivision shall be rated "AA" or better by a Rating Agency;

(5) Bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by any corporation which are rated, at the time of purchase, "A1/P1/F1" by two Rating Agencies or, if the term of such indebtedness is longer than one year, rated in the highest Rating Category by two Rating Agencies;

(6) Taxable commercial paper or tax-exempt commercial paper with a maturity of not more than 270 days, which are rated, at the time of purchase, "A1/P1/F1" by two Rating Agencies;

(7) Deposit accounts or certificates of deposit, whether negotiable or non-negotiable, issued by a state or national bank (including the Trustee) or a state or federal savings and loan association or a state-licensed branch of a foreign bank; provided, however, that such certificates of deposit or deposit accounts shall be either (A) continuously insured by the Federal Deposit Insurance Corporation; or (B) have maturities of not more than 365 days (including certificates of deposit) and are issued by any state or national bank or a state or federal savings and loan association, the short-term obligations of which are rated, at the time of purchase, in the highest short term rating by two Rating Agencies;

(8) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances, which bank has short-term obligations outstanding which are rated, at the time of purchase, by two Rating Agencies in the highest short-term Rating Category, and which bankers acceptances mature not later than 365 days from the date of purchase;

(9) Any repurchase agreement: (A) with (i) any bank or trust company organized under the laws of any state of the United States or any national banking association (including the Trustee), or a state-licensed branch of a foreign bank, having a minimum permanent capital of one hundred million dollars (\$100,000,000) and having short-term debt which is rated, at the time of the purchase, by two Rating Agencies in one of the three highest short-term Rating Categories; or (ii) any government bond dealer reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York; and (B) which agreement is secured by any one or more of the securities and obligations described in clause (1) or (2) of this definition and having maturities equal to or less than 5 years from the date of delivery, which shall have a market value (valued at least monthly) not less than 102% of the principal amount of such investment and shall be placed with the Trustee or other fiduciary, as custodian for the Trustee, by the bank, trust company, national banking association or bond dealer executing such repurchase agreement. The entity executing each such repurchase agreement required to be so secured shall furnish the Trustee with an undertaking satisfactory to the Trustee that the aggregate market value of all such obligations securing each such repurchase agreement (as valued at least monthly) will be an

amount equal to 102% the principal amount of such repurchase agreement, and the Trustee shall be entitled to rely on each such undertaking;

(10) Any cash sweep or similar account arrangement of or available to the Trustee, the investments of which are limited to investments described in clauses (1), (2), (3) and (9) of this definition and any money market fund, the entire investments of which are limited to investments described in clauses (1), (2), (3) and (9) of this definition and which money market fund is rated, at the time of purchase, by at least one Rating Agency in the highest Rating Category;

(11) Any guaranteed investment contract, including forward delivery agreements (“FDAs”) and forward purchase agreements (“FPAs”), with a financial institution or insurance company which has (or which is unconditionally guaranteed by a legal entity which has), at the date of execution thereof, an outstanding issue of unsecured, uninsured and unguaranteed debt obligations or a claims-paying ability which is rated, at the time of purchase, by two Rating Agencies in one of two highest long-term Rating Categories. Only Permitted Investments described in clause (1) and (2) of this definition and having maturities equal to or less than 30 years from their date of delivery will be considered eligible for any collateralization/delivery purposes for guaranteed investment contracts, FDAs or FPAs;

(12) Certificates, notes, warrants, bonds or other evidence of indebtedness of the State or of any political subdivision or public agency thereof which are rated, at the time of purchase, by two Rating Agencies in the highest short-term Rating Category or within one of the three highest long-term Rating Categories, but excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date;

(13) For amounts less than \$250,000, interest-bearing demand or time deposits (including certificates of deposit) in a nationally or state-chartered bank, or a state or federal savings and loan association in the State, fully insured by the Federal Deposit Insurance Corporation, including the Trustee or any affiliate thereof;

(14) Investments in Constant Net Asset Value taxable money market funds or portfolios restricted to obligations with an average maturity of one year or less and which funds or portfolios are: (A) rated, at the time of purchase, by two Rating Agencies in one of the two highest Rating Categories; or (B) have or are portfolios guaranteed as to payment of principal and interest by the full faith and credit of the United States of America;

(15) Investments in the City Treasurer’s pooled investment fund;

(16) Shares of beneficial interest in diversified management companies investing exclusively in securities and obligations described in clauses (1) through (13) of this definition and which companies are: (A) rated, at the time of purchase, by two Rating Agencies in the highest Rating Category; or (B) have an investment advisor registered with the Securities and Exchange Commission with not less than five years’ experience investing in such securities and obligations and with assets under management in excess of five hundred million dollars (\$500,000,000);

(17) Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State which consists exclusively of investments permitted by Section 53601 of Title 5, Division 2, Chapter 4 of the Government Code of the State, as it may be amended; and

(18) Any other investment, with confirmation (or other action, satisfactory to the City) from each rating agency that has a current rating on the Bonds at the time of initial purchase thereof, that its rating on the Bonds will not be lowered or withdrawn as a result of such investment.

Principal Payment Date

The term “Principal Payment Date” means, with respect to the 20__ Bonds, each August 1, commencing August 1, 20__, through and including August 1, 20__.

Underwriters

The term “Underwriters” means, with respect to the 20__ Bonds, collectively,
_____.

(B) In addition, the following terms shall have the following meanings, which terms are hereby added to Section 1.01 of the Original Indenture.

Amendment Effective Date

The term “Amendment Effective Date” means the date the amendments to this Indenture set forth in Section [5] of this _____ Supplemental Indenture, become effective.

20XX Bonds

The term “20XX Bonds” means the Public Facilities Financing Authority of the City of San Diego Water Revenue Bonds, Series 20XX (Payable Solely From Installment Payments Secured by the Net System Revenues of the Water Utility Fund of the City of San Diego).

20XX Escrow Agreement

The term “20XX Escrow Agreement” means that certain escrow agreement, dated as of _____ 1, 20__ by and between the Authority and U.S. Bank National Association, as escrow agent, relating to the 20XX Bonds.

20XX Escrow Fund

The term “20XX Escrow Fund” means the fund by such name established in the 20XX Escrow Agreement.

20XX Indenture

The term “20XX Indenture” means that certain Indenture, dated as of October 1, 20XX, by and between the Authority and the 20XX Trustee, pursuant to which the 20XX Bonds were issued.

20XX Trustee

The term “20XX Trustee” means U.S. Bank National Association, as successor trustee under the 20XX Indenture.

20 Bonds

The term “20__ Bonds” means the Public Facilities Financing Authority of the City of San Diego Water Revenue Bonds, Series 20__ (Payable Solely From Installment Payments Secured by the Net System Revenues of the Water Utility Fund of the City of San Diego).

20 Escrow Agreement

The term “20__ Escrow Agreement” means that certain escrow agreement, dated as of ____ 1, 20__ by and between the Authority and U.S. Bank National Association, as escrow agent, relating to the 20__ Bonds.

20 Escrow Fund

The term “20__ Escrow Fund” means the fund by such name established in the 20__ Escrow Agreement.

20 Indenture

The term “20__ Indenture” means that certain Indenture, dated as of October 1, 20__, by and between the Authority and the 20__ Trustee, pursuant to which the 20__ Bonds were issued.

20 Trustee

The term “20__ Trustee” means U.S. Bank National Association, as successor trustee under the 20__ Indenture.

20 Bonds

The term “20__ Bonds” means the Authority’s [Subordinated] Water Revenue Bonds, [Refunding] Series 20__ (Payable Solely from [Subordinated] Installment Payments Secured by Net System Revenues of the Water Utility Fund), issued hereunder in the original aggregate principal amount of \$_____.

20 Closing Date

The term “20__ Closing Date” means ____ __, 20__, the date of initial delivery of the 20__ Bonds.

20 Components

[The term “20__ Components” means the Components of the Project specified in in Exhibit A to the 20__ Supplement, for which the City will be making 20__ [Subordinated] Installment Payments, including the 20__ Refunded Components and the 20__ New Money Components.]

[The term “20__ Components” shall have the meaning given such term in the ____ Supplement.]

20 New Money Components

The term “20__ New Money Components” means the components of the Project for which the City makes Installment payments under the 20__ Supplement, as set forth in Exhibit A to the 20__ Supplement].

20 Refunded Components

The term “20__ Refunded Components” means the Components of the Project as set forth in Exhibit A to the 20__ Supplement attached hereto and listed as 20__ Refunded Components originally comprising the ___ Project, the ___ Project and the ___ Project, and by this reference made a part hereof, [for some of which the City will be making 20__ [Subordinated] Installment Payments][___% of each of the Components originally financed with the Refunded ___ Bonds that are being refunded with the proceeds of the sale of the 20__ Bonds, as set forth in Exhibit A to the 20__ Supplement].

20 Refunded Obligations

The term “20__ Refunded Obligations” means the _____.

20 [Subordinated] Installment Payments

The term “20__ [Subordinated] Installment Payments” means those Installment Payments scheduled to be paid by the City under the 20__ Supplement.

20 Supplement

The term “20__ Supplement” means the 20__ Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of ___ 1, 20__, by and between the City and the Corporation.

Section 2. Amendments to the Original Indenture.

(A) The following definitions in Section 1.01 of the Original Indenture are hereby amended to read in full as follows:

Additional [Senior] Bonds

The term “Additional [Senior] Bonds” means those Bonds authorized and issued hereunder on a parity with the [Senior] Bonds, in accordance with Section 3.04 hereof.]

Parity Installment Payments

The term “Parity Installment Payments” means Parity Installment Payments as defined in the Agreement.

Parity Obligations

The term “Parity Obligations” means [Senior] Obligations as defined in this Indenture.

Reserve Fund

The term “Reserve Fund” means the [Senior] Bonds Reserve Fund as defined in this Indenture.

(B) **Section 5.04 of the Original Indenture is hereby amended to read in full as follows:**

Section 5.04. Investment of Moneys in Funds and Accounts. Moneys in the Acquisition Fund shall be accounted for by the Comptroller and invested by the Treasurer in any legally permitted investment, including but not limited to the pooled investment fund of the City. In the absence of a Written Request of the City, the Trustee may invest moneys in the funds and accounts held by the Trustee in Permitted Investments described in clause (10) of the definition of Permitted Investments. The obligations in which moneys in the said funds and accounts are invested shall mature prior to the date on which such moneys are estimated to be required to be paid out hereunder. For purposes of determining the amount of deposit in any fund or account held hereunder, all investments credited to such fund or account shall be valued at the lesser of market value or the cost thereof. The Trustee shall semiannually, on the first (1st) calendar day of the month preceding the Interest Payment dates, and at such times as the Authority shall deem appropriate, value the investments in the funds and accounts hereunder on the basis of the lesser of market value or the cost thereof based on accepted industry standards from accepted industry providers. Except as otherwise provided in this Section, Permitted Investments representing an investment of moneys attributable to any fund or account hereunder and all investment profits or losses thereon shall be deemed at all times to be a part of said fund or account.

Section 3. Authority for Amendments. The amendments to the Original Indenture in Sections [2 and 3] of this _____ Supplement are authorized by Section 9.03 of the Original Indenture.

Section 4. Provisions Relating to the 20__ Bonds. The following new Article is hereby added to the Original Indenture:

ARTICLE XVI

ISSUANCE AND DELIVERY OF 20__ BONDS

Section 16.1. 20__ Bonds Authorized. The Authority has reviewed all proceedings heretofore taken relative to the authorization of the 20__ Bonds and has found, as result of such review, and hereby finds and determines that, as of the date of issuance of the 20__ Bonds, all things, conditions, and acts required by law to exist, happen, and be performed precedent to and in the issuance of the 20__ Bonds do exist, have happened, and have been performed in due time, form, and manner as required by law, and the Authority is now authorized, pursuant to the provisions of the [Bond Law and] [Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State] and each and every requirement of law, to issue the 20__ Bonds in the manner and form provided in the Indenture. Accordingly, the Authority hereby authorizes the issuance of the 20__ Bonds pursuant to the provisions of the [Bond Law and] [Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State] and the Original Indenture, as supplemented and amended by the First Supplement, the Second Supplement, the Third Supplement and this _____ Supplement.

The 20__ Bonds shall be entitled to the benefit, protection, and security of the provisions of the Original Indenture, as supplemented and amended by the First Supplement, the Second Supplement, the Third Supplement and this _____ Supplement.

Section 16.2. 20__ Bonds under the Indenture. The 20__ Bonds are issued subject to the terms of the Indenture and are secured by and payable from [Subordinated] Revenues in accordance with the terms of the Indenture. The 20__ Bonds shall constitute [Subordinated][Senior] Bonds.

Section 16.3. Terms of 20__ Bonds. Unless specifically set forth below, the terms and provisions of the Original Indenture and First Supplement, the Second Supplement and Third Supplement [applicable to the 2009A Bonds, the 2009B Bonds, the 2010A Bonds and the 2012A Bonds] shall apply equally to the 20__ Bonds.

(a) Designation of 20__ Bonds. The 20__ Bonds to be issued by the Authority under and subject to the provisions of the [Bond Law and] [Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State] and the terms of this Indenture shall be designated the “Public Facilities Financing Authority of the City of San Diego [Subordinated] Water Revenue Bonds, [Refunding] Series 20__ (Payable Solely from [Subordinated] Installment Payments Secured By Net System Revenues of the Water Utility Fund),” and shall be issued in the original aggregate principal amount of \$_____.

(b) Maturity Schedule for 20__ Bonds. The 20__ Bonds shall be dated their date of delivery, shall be issued only in fully registered form in Authorized Denominations of \$5,000 or any integral multiple thereof, and shall mature on the dates and in the principal amounts and shall bear interest at the rates set forth in the following schedule, with the first Interest Payment Date for the 20__ Bonds commencing on August 1, 20__:

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2016		
2017		
2018		
2019		
2020		
2021		
2021		
2022		
2023		
2024		
2025		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
20__		

(c) [The 20__ Bonds which mature on August 1, 20__, are subject to mandatory sinking fund redemption, with sinking account payments payable on August 1 in each of the years, at a redemption price of par, plus interest accrued to the date fixed for redemption, in the principal amounts as follows:]

20__ Bonds Maturing August 1, 20__

<u>Sinking Fund</u> <u>Payment Dates</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>
---	---

(d) [The 20__ Bonds which mature on August 1, 20__, are subject to mandatory sinking fund redemption, with sinking account payments payable on August 1 in each of the years, at a redemption price of par, plus interest accrued to the date fixed for redemption, in the principal amounts as follows:]

20__ Bonds Maturing August 1, 20__

Sinking Fund Payment Dates (August 1)	Principal Amount
--	-----------------------------

(e) Optional Redemption of 20__ Bonds. The 20__ Bonds maturing on and after August 1, 20__, shall be subject to redemption, in whole or in part, at the option of the Authority (upon the direction of the City), on any date on or after August 1, 20__, from and to the extent of prepaid Series 20__ [Subordinated] Installment Payments paid pursuant to Section 5.01 of the 20__ Supplement, at a redemption price [equal to the principal amount] of 20__ Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

(f) Mandatory Sinking Fund Redemption. [None of the 20__ Bonds are subject to mandatory sinking fund redemption.]

[The 20__ Bonds which are Term Bonds shall be subject to mandatory redemption, on each date which a sinking account payment for such Term Bonds is payable from sinking account payments contemplated by Section [16.3(c) and (d)], by lot, in an amount equal to such sinking account payments, plus accrued interest to the redemption date and without premium. At the option of the Authority, it may credit against any sinking account payment requirement Term Bonds or portions thereof which are of the same maturity as the Term Bonds subject to redemption and which, prior to said date, have been purchased, with funds other than moneys in a Sinking Account as hereinafter defined, at public or private sale or redeemed and cancelled by the Authority and not theretofore applied as a credit against any mandatory sinking account payment requirement.]

(g) Selection for Redemption. If less than all of the outstanding 20__ Bonds are to be redeemed prior to maturity pursuant to [Section 16.3(e)], the Authority (at the direction of the City) shall select the specific maturity and interest rate (or maturities of bonds and interest rates) of 20__ Bonds, or portions thereof equal to \$5,000 or any integral multiple thereof, including any specified reduction in any sinking account payments required to be made with respect to such outstanding 20__ Bonds, to be redeemed. If less than all of the 20__ Bonds of like maturity are to be redeemed, the Trustee will select the particular 20__ Bonds or portions of 20__ Bonds to be redeemed at random in such manner as the Trustee in its discretion may deem fair and appropriate.

(h) Effect of Redemption. If notice of redemption has been duly given as provided in Section 3.02(c) of the Indenture and money for the payment of the redemption price of the 20__ Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice, the 20__ Bonds shall become due and payable, and from and after the date so designated, interest on the 20__ Bonds so called for redemption shall cease to accrue, and the Owners of such 20__ Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof. The insufficiency of any such notice shall not affect the sufficiency

of the proceedings for redemption. If said moneys are not so available on the redemption date, such 20__ Bonds or portions thereof will continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption. If there is selected for redemption a portion of a 20__ Bond, the Authority will execute and the Trustee will authenticate and deliver, upon the surrender of such 20__ Bond, without charge to the Owner thereof, for the unredeemed balance of the principal amount of the 20__ Bond so surrendered, a 20__ Bond of like maturity and interest rate in any authorized denomination.

(i) Form of 20__ Bonds. The form of the 20__ Bonds shall be substantially as set forth in Exhibit A to this ____ Supplement. Only those 20__ Bonds bearing thereon a certificate of authentication and registration in substantially the form set forth in Exhibit A to this ____ Supplement, executed manually and dated by the Trustee, shall be entitled to any benefit, protection, or security hereunder or be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the 20__ Bonds so authenticated and registered have been duly authorized, executed, issued, and delivered hereunder and are entitled to the benefit, protection, and security hereof.

(j) Reserve Fund. The Series 20__ Bonds shall [not be secured by any reserve fund][be secured by a Separate [Subordinated] Bonds Reserve Fund][be secured by the Common [Subordinated] Bonds Reserve Fund].

Section 16.4. Execution and Delivery of 20__ Bonds. At any time after the execution and delivery of this ____ Supplement, the Authority may sell and the Trustee shall authenticate and deliver, upon the Written Request of the Authority, the 20__ Bonds.

Section 16.5. Establishment of Costs of Issuance Account for the 20__ Bonds. The Trustee is directed to establish a special trust account to be designated the “City of San Diego Water System Improvement Project Costs of Issuance Account – 20__ Bonds.”

Section 16.6. Establishment of Acquisition Fund for the 20__ Bonds. The Trustee is directed to establish a special trust fund to be designated the “City of San Diego Water System Improvement Project Acquisition Fund – 20__ Bonds.”

Section 16.7. Application of Proceeds of 20__ Bonds and Other Amounts.

The net proceeds received from the sale of the 20__ Bonds, being the amount of \$_____ (representing \$_____ of aggregate principal amount, less \$_____ of underwriters’ discount, plus \$_____ of net original issue premium), together with \$_____ released from the Reserve Fund established under the ____ Indenture and \$_____ released from the Payment Fund established under the ____ Indenture, together with \$_____ released from the Reserve Fund established under the Third Supplement with respect to the 2012A Bonds, shall be deposited in trust with the Trustee, who shall forthwith set aside or transfer such proceeds as follows:

(i) The Trustee shall deposit into that certain Costs of Issuance Account for the 20__ Bonds the amount of \$_____; and

(ii) The Trustee shall transfer to U.S. Bank National Association, as escrow agent, the amount of \$_____, to be deposited in the ____ Escrow Fund and applied in accordance with the provisions of the ____ Escrow Agreement to call and redeem the Refunded ____ Bonds.

(iii) The Trustee shall transfer to U.S. Bank National Association, as escrow agent, the amount of \$_____, to be deposited in the ____ Escrow Fund and applied in accordance with the provisions of the ____ Escrow Agreement to call and redeem the Refunded ____ Bonds.

(iv) The Trustee shall transfer to U.S. Bank National Association, as escrow agent, the amount of \$_____, to be deposited in the ____ Escrow Fund and applied in accordance with the provisions of the ____ Escrow Agreement to call and redeem the Refunded ____ Bonds.

(v) The Trustee shall transfer to City, the amount of \$_____, to be applied to the payment of the [Refunded SRF Loans].

(vi) [The Trustee shall deposit into the Acquisition Fund the amount of \$_____].

(vii) The Trustee shall deposit into the Separate [Subordinated] Bonds Reserve Fund][Common [Subordinated] Bonds Reserve Fund] the amount of \$_____].

(viii) [The amount of \$_____ released from the Reserve Fund established under the Third Supplement with respect to the 2012A Bonds shall be transferred into such accounts or fund as directed by the Written Request of the City].

The Trustee may, in its discretion, establish a temporary fund or account to account for and facilitate the foregoing deposits and transfers.

Section 16.8. Use of Moneys in Costs of Issuance Account for the 20__ Bonds. The Trustee shall disburse moneys from the Costs of Issuance Account for the 20__ Bonds to pay Costs of Issuance with respect to the 20__ Bonds. Such disbursements shall be made from time to time upon receipt of Requisitions of the City on behalf of the Authority substantially in the form attached as Exhibit B to this ____ Supplement. On the day that is the 181st day following the 20__ Closing Date, the Trustee shall transfer any then-remaining but uncommitted amount on deposit in the Costs of Issuance Account for the 20__ Bonds to the [Subordinated] Bonds Interest Account within the [Subordinated] Bonds Payment Fund, to be applied as a credit towards the next interest payment on the 20__ Bonds.

Section 16.9. Use of Moneys in Acquisition Fund. The Trustee shall disburse moneys from the Acquisition Fund for the 20__ Bonds to pay Project Costs with respect to the 20__ Bonds or, at the election of the City as set forth in a Requisition or Written Request of the City, transfer such moneys therefrom to the Interest Account to pay interest on the 20__ Bonds when and as the same shall become due and payable. Such disbursements shall be made from time to time upon receipt of Requisitions of the City on behalf of the Authority substantially in the form attached as Exhibit C to this ____ Supplement. If, after payment of all Requisitions of the City on behalf of the Authority and delivery to the Trustee of a Certificate of Completion, there shall remain any balance of money in the Acquisition Fund, all money so remaining shall be transferred to the [Interest Account within the Payment Fund][Subordinated] Bonds Interest Account within the Subordinated Bonds Payment Fund[, to be applied as a credit towards the next interest payment on the 20__ Bonds.

Section 16.10. Acquisition of 20__ New Money Components; Completion Date. The Authority hereby appoints the City as its agent for the acquisition and construction of the 20__

New Money Components with moneys on deposit in the Acquisition Fund. Upon the determination by the City that such acquisition and construction is complete, the City will so indicate by filing the Certificate of Completion with the Trustee.

Section 16.11. Compliance with Tax Certificate. The Authority covenants and agrees to comply with the terms of that certain Tax Certificate delivered on the 20__ Closing Date with respect to the 20__ Bonds, it being acknowledged and agreed that Bond Counsel will rely upon the same in delivering its opinion respecting the tax status of the 20__ Bonds.

Section 16.12. Trustee's Compensation re 20__ Bonds. The Authority shall pay to the Trustee a reasonable compensation for its services rendered [hereunder][under this _____ Supplement] and reimburse the Trustee for reasonable expenses, disbursements and advances, including attorney's and agent's fees and expenses, incurred by the Trustee in the performance of its obligations [hereunder][under this _____ Supplement] with respect to the 20__ Bonds.

Section 5. Amendments to Original Indenture [effective upon date of determination of no impairment to holders of [Senior] Bonds outstanding, or by requisite vote of 51%, or the refunding of all [Senior] Bonds currently outstanding]. Pursuant to Section 9.01(a) of the Original Indenture, the amendments set forth in this Section [5] shall be made to the Original Indenture. Such amendments shall not become effective until the Amendment Effective Date, being the date of determination of no impairment to holders of [Senior] Bonds outstanding, or by requisite vote of 51%, or the refunding and defeasance of all [Senior] Bonds currently outstanding].

(A) In addition, the following terms shall have the following meanings, which terms are hereby added to Section 1.01 of the Original Indenture.

Common [Senior] Bonds Reserve Fund

The term "Common [Senior] Bonds Reserve Fund" means the fund by that name established pursuant to Section 4.04(f).

Common [Senior] Reserve Fund Bonds

The term "Common [Senior] Reserve Fund Bonds" means [Senior] Bonds secured by the Common [Senior] Bonds Reserve Fund.

Common [Senior] Reserve Fund Bonds Maximum Annual Debt Service

The term "Common [Senior] Reserve Fund Bond Maximum Annual Debt Service" means, the maximum amount of principal and interest becoming due on the Common [Senior] Reserve Fund Bonds in the then-current or any future Fiscal Year, calculated by the Authority or by an Independent Certified Public Accountant in accordance with this subsection and provided to the Trustee. For purposes of calculating Common [Senior] Reserve Fund Bonds Maximum Annual Debt Service, the following assumptions shall be used to calculate the principal and interest becoming due in any Fiscal Year:

(i) in determining the principal amount due in each Fiscal Year, payments shall (except to the extent a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made in accordance with any amortization schedule established for such debt, including the amount of any Common [Senior] Reserve Fund Bonds which are or have the characteristics of commercial paper and which are not intended at

the time of issuance to be retired from the sale of a corresponding amount of Common [Senior] Reserve Fund Bonds, and including any scheduled mandatory redemption or prepayment of Common [Senior] Reserve Fund Bonds on the basis of accreted value due upon such redemption or prepayment, and for such purposes, the redemption payment or prepayment shall be deemed a principal payment; provided, however, that with respect to Common [Senior] Reserve Fund Bonds which are or have the characteristics of commercial paper and which are intended at the time of issuance to be retired from the sale of a corresponding amount of other Obligations, which other Obligations would not constitute Balloon Indebtedness, each maturity thereof shall be treated as if it were to be amortized in substantially equal installments of principal and interest over a term of 30 years, commencing in the year of such stated maturity; in determining the interest due in each Fiscal Year, interest payable at a fixed rate shall (except to the extent subsection (A)(ii) or (iii) of this definition applies) be assumed to be made at such fixed rate and on the required payment dates;

(ii) if all or any portion or portions of an Outstanding Series of Common [Senior] Reserve Fund Bonds constitute Balloon Indebtedness or if all or any portion or portions of a Series of Common [Senior] Reserve Fund Bonds or such payments then proposed to be issued would constitute Balloon Indebtedness, then, for purposes of determining Common [Senior] Reserve Fund Bonds Maximum Annual Debt Service, each maturity which constitutes Balloon Indebtedness shall be treated as if it were to be amortized in substantially equal annual installments of principal and interest over a term of 30 years, commencing in the year the stated maturity of such Balloon Indebtedness occurs, the interest rate used for such computation shall be determined as provided in subsection (iv) or (v) below, as appropriate, and all payments of principal and interest becoming due prior to the year of the stated maturity of the Balloon Indebtedness shall be treated as described in subsection (i) above;

(iii) if any Outstanding Series of Common [Senior] Reserve Fund Bonds constitutes Tender Indebtedness or if Common [Senior] Reserve Fund Bonds proposed to be issued would constitute Tender Indebtedness, then for purposes of determining Common [Senior] Reserve Fund Bonds Maximum Annual Debt Service, Tender Indebtedness shall be treated as if the principal amount of such Common [Senior] Reserve Fund Bonds were to be amortized in accordance with the amortization schedule set forth in the Supplemental Indenture for such Tender Indebtedness or in the standby purchase or liquidity facility established with respect to such Tender Indebtedness, or if no such amortization schedule is set forth therein, then such Tender Indebtedness shall be deemed to be amortized in substantially equal annual installments of principal and interest over a term of 30 years commencing in the year in which such Series is first subject to tender, the interest rate used for such computation shall be determined as provided in subsection (iv) or (v) below, as appropriate;

(iv) if any Outstanding Series of Common [Senior] Reserve Fund Bonds constitutes Variable Rate Indebtedness, the interest rate on such Obligations shall be assumed to be 110% of the daily average interest rate on such Common [Senior] Reserve Fund Bonds during the 12 months ending with the month preceding the date of calculation, or such shorter period that such Common [Senior] Reserve Fund Bonds shall have been Outstanding;

(v) if Common [Senior] Reserve Fund Bonds proposed to be issued will be Variable Rate Indebtedness, then such Common [Senior] Reserve Fund Bonds shall be assumed to bear interest at 80% of the average Revenue Bond Index during the calendar quarter preceding the calendar quarter in which the calculation is made, or if that index is no longer published, another similar index selected by the City, or if the City fails to select a replacement index, an interest rate equal to 80% of the yield for outstanding United States Treasury bonds having an equivalent

maturity, or if there are no such Treasury bonds having such maturities, 100% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States ranked by assets; and

(vi) if moneys or Permitted Investments have been deposited by the City into a separate fund or account or are otherwise held by the City or by a fiduciary to be used to pay principal of and/or interest on specified Common [Senior] Reserve Fund Bonds, then the principal and/or interest to be paid from such moneys, Permitted Investments or from the earnings thereon shall be disregarded and not included in calculating Maximum Annual Debt Service.

Common [Senior] Bonds Reserve Requirement

The term “Common [Senior] Bonds Reserve Requirement” means, as of any date of computation by the Authority, an amount equal to the least of (i) ten percent (10%) of the proceeds (within the meaning of Section 148 of the Code) of the Common [Senior] Bond Reserve Fund Bonds; (ii) 125% of average annual debt service on the Outstanding Common [Senior] Reserve Fund Bonds; or (iii) Common [Senior] Reserve Fund Bonds Maximum Annual Debt Service; provided, however, that, if, upon issuance of a Series of [Senior] Bonds secured by the Common [Senior] Reserve Fund, such amount would require moneys to be credited to the Common [Senior] Reserve Fund from the proceeds of such Series of [Senior] Bonds in an amount in excess of the maximum amount permitted under the Code, the Common [Senior] Bonds Reserve Requirement shall mean an amount equal to the sum of the Common [Senior] Bonds Reserve Requirement immediately preceding issuance of such [Senior] Bonds and the maximum amount permitted under the Code to be deposited therein from the proceeds of such [Senior] Bonds, as certified by the Authority. Upon early redemption of any [Senior] Bonds secured by the Common [Senior] Bonds Reserve Fund, the Authority, at the request of the City, may request the Trustee to recalculate and reduce the Common [Senior] Bonds Reserve Requirement, whereupon any excess in the Common [Senior] Bonds Reserve Fund over and above the Common [Senior] Bonds Reserve Requirement shall be transferred to the [Senior] Bonds Payment Fund.

[Senior] Bonds Reserve Fund

The term “[Senior] Bonds Reserve Fund” means the fund by that name established under Section 4.01(c) hereof.

[Senior] Obligations

The term “[Senior] Obligations” means any Obligations payable from Net System Revenues that are secured by a first priority lien on Net System Revenues and are senior in priority to payment of Subordinated Installment Payments.

Separate [Senior] Bonds Reserve Fund

The term “Separate [Senior] Bonds Reserve Fund” means a reserve fund, if any, created pursuant to a Supplemental Indenture for a Series of [Senior] Bonds that is not part of the Common [Senior] Bonds Reserve Fund.

Separate [Senior] Bonds Reserve Requirement

The term “Separate [Senior] Bonds Reserve Requirement” means the requirement set forth in the Supplemental Indenture establishing a Separate [Senior] Bonds Reserve Fund.

(B) Section 4.04(a) - (g) of the Indenture shall be amended and restated in full to read as follows:

Section 4.04. [Senior] Bonds Reserve Fund. (a) Within the Reserve Fund, the Trustee shall establish and maintain a Common [Senior] Bonds Reserve Fund (the “Common [Senior] Bonds Reserve Fund”) and shall establish and maintain any Separate [Senior] Bonds Reserve Fund required by a Supplemental Indenture to be established and maintained. The Reserve Fund and, within the Reserve Fund, the Common [Senior] Bonds Reserve Fund and each separate [Senior] Bonds Reserve Fund are each a separate fund held in trust by the Trustee. An amount equal to the Common [Senior] Bond Reserve Requirement shall be maintained in or credited to the Common [Senior] Bonds Reserve Fund and amounts equal to each Separate [Senior] Bonds Reserve Requirement shall be maintained in or credited to such Separate [Senior] Bonds Reserve Fund at all times, subject to the provisions of subsection (e) of this Section, and any deficiency therein shall be replenished from the first available [Senior] Revenues pursuant to Section 4.04(e) below.

(b) Moneys in or available from the Reserve Fund shall be used solely for the purpose of paying the principal of and interest on the [Senior] Bonds, including the redemption price of the [Senior] Bonds coming due and payable by operation of mandatory sinking fund redemption, in the event that the moneys in the [Senior] Bonds Payment Fund are insufficient therefor. If and during such time as a Surety Bond is in effect for a Series of [Senior] Bonds secured by a Separate [Senior] Reserve Fund, not less than two Business Days prior to each Interest Payment Date, the Trustee shall ascertain the necessity for a draw upon the Surety Bond and, if the draw is necessary, shall provide notice thereof to the provider of the Surety Bond in accordance with the terms of the Surety Bond at least two Business Days prior to each Interest Payment Date. In the event that the amount on deposit in the [Senior] Bonds Payment Fund on any date is insufficient to enable the Trustee to pay in full the aggregate amount of principal of and interest on such Series of [Senior] Bonds secured by a Separate [Senior] Reserve Fund coming due and payable by operation of mandatory sinking fund redemption, the Trustee shall withdraw the amount of such insufficiency from the applicable Separate [Senior] Bonds Reserve Fund or make a draw upon the applicable Surety Bond in the amount of such insufficiency and transfer such amount to the [Senior] Bonds Payment Fund. Amounts on deposit in the Reserve Fund shall not be applied to the payment of Subordinated Bonds.

(c) In the event that the amount on deposit in the Common [Senior] Bonds Reserve Fund or a Separate [Senior] Bonds Reserve Fund exceeds the Common [Senior] Bonds Reserve Requirement or applicable Separate [Senior] Bonds Reserve Fund Requirement on the fifteenth (15th) calendar day of the month preceding any Interest Payment Date, the amount of such excess shall be withdrawn therefrom by the Trustee and transferred to (a) the Rebate Fund, to the extent required under Section 6.02, or (b) the [Senior] Bonds Payment Fund. In any case where a fund in a Separate [Senior] Bonds Reserve Fund is funded with a combination of cash and a Surety Bond, any such withdrawal of excess shall be effected through a withdrawal of cash not a reduction in the amount of the Surety Bond. The remaining balance in any fund in the [Senior] Bonds Reserve Fund may be applied at the direction of the Authority, to the payment of the final maturing principal payments of [Senior] Bonds secured by such fund.

(d) The Authority may replace all or a portion of a Separate [Senior] Bonds Reserve Fund Requirement, originally funded with cash, with one or more Surety Bonds. Upon deposit of any Surety Bond with the Trustee, the Trustee shall transfer to the Acquisition Fund from amounts in the related Separate [Senior] Bonds Reserve Fund an amount equal to the principal of the Surety Bond, which principal shall comprise the Separate [Senior] Bonds Reserve Fund, as applicable, hereunder, or make other transfers in accordance with a Written Direction of the City.

In any case where a fund in a Separate [Senior] Bonds Reserve Fund is funded with a combination of cash and a Surety Bond, the Trustee shall deplete all cash balances before drawing on the related Surety Bond. With regard to replenishment, any available moneys provided by the City shall be used first to reinstate the related Surety Bond and second, to replenish the cash in the related Separate [Senior] Bonds Reserve Fund in accordance with subsection (e) of this Section. In the event the Surety Bond is drawn upon, the City shall make payment of interest on amounts advanced under the Surety Bond after making any payments pursuant to Section 5.07.

In the event the Surety Bond is scheduled to lapse or expire, the Trustee shall draw upon such Surety Bond prior to its lapsing or expiring in the full amount of such Surety Bond, make deposits from available [Senior] Revenues to the Separate [Senior] Bonds Reserve Fund, as applicable, to increase the amount on deposit therein to the Separate [Senior] Bonds Reserve Fund Requirement, as applicable or substitute such Surety Bond with a Surety Bond that satisfies the requirements of this Section.

(e) In the event that the amount on deposit in the Common [Senior] Bonds Reserve Fund or Separate [Senior] Bonds Reserve Fund at any time falls below the Common [Senior] Bonds Reserve Requirement or Separate [Senior] Bonds Reserve Fund Requirement, as applicable, or in the event of a draw on the Surety Bond deposited therein, the Trustee shall promptly notify the City and the Authority of such fact and the Trustee shall promptly (A)(i) withdraw the amount of such insufficiency from available [Senior] Revenues on deposit in the [Senior] Bonds Payment Fund, and (ii) transfer such amount to the Common [Senior] Bonds Reserve Fund or applicable Separate [Senior] Bonds Reserve Fund or (B) withdraw an amount necessary to repay such drawing on the Surety Bond and related expenses. Repayment of draws, expenses and accrued interest (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

(f) Notwithstanding any other provision in this Indenture, amounts in deposit in the Common [Senior] Bonds Reserve Fund shall secure and shall be used solely for the purpose of paying the principal of and interest on Common [Senior] Reserve Fund Bonds and amounts on deposit in a Separate [Senior] Bonds Reserve Fund shall secure and shall be used solely for the purpose of paying the principal of and interest on [Senior] Bonds specified in the Supplemental Indenture as secured by such Separate [Senior] Bonds Reserve Fund.

(g) In any case where any Common [Senior] Reserve Fund or Separate [Senior] Bonds Reserve Fund is funded in whole or in part with a Surety Bond, the Authority acknowledges that the rating on such Surety Bond may change after the date such Surety Bond is purchased or issued. In no event shall the City or the Authority be required to replace such Surety Bond initially delivered hereunder with a similar instrument or with cash.

(C) Section 4.05 of the Original Indenture is hereby amended to add the following subsection (g):

(g) In any case where any Separate Subordinated Bonds Reserve Fund is funded in whole or in part with a Surety Bond, and notwithstanding subsection (d) above, the Authority acknowledges that the rating on such Surety Bond may change after the date such Surety Bond is purchased or issued. In no event shall the City or the Authority be required to replace such Surety Bond initially delivered hereunder with a similar instrument or with cash.

Section 6. Authority for Amendments. The amendments to the Original Indenture in Section [5] of this _____ Supplement are authorized by Section 9.03 of the Original Indenture.

Section 7. Applicability of Original Indenture, First Supplement, Second Supplement and Third Supplement. Except insofar as herein otherwise expressly provided, all the definitions, provisions, terms, and conditions of the Original Indenture, the First Supplement, the Second Supplement and the Third Supplement shall be deemed to be incorporated in and made a part of this _____ Supplement. The Original Indenture, as supplemented and amended by the First Supplement, the Second Supplement, the Third Supplement and this _____ Supplement, is in all respects ratified, approved, and confirmed. The Original Indenture, the First Supplement, the Second Supplement, the Third Supplement and this _____ Supplement shall hereafter be read, taken, and considered as one and the same instrument, and the parties agree to conform to and comply with all and singular the terms, provisions, covenants, and conditions set forth therein and herein.

Section 8. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the City or the Trustee 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.

Section 9. Articles and Section Headings and References. The headings or titles of the several articles and sections hereof, and the table of contents hereto, shall be solely for convenience of reference and shall not affect the meaning, construction, or effect of this _____ Supplement. All references herein to "Articles," "Sections," and other subdivisions or clauses are to the corresponding Articles, Sections, subdivisions, or clauses of the Original Indenture as supplemented and amended by the First Supplement, the Second Supplement, the Third Supplement and this _____ Supplement as a whole. The words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder," and other words of similar import refer to the Original Indenture as supplemented and amended by the First Supplement, the Second Supplement, the Third Supplement and this _____ Supplement as a whole and not to any particular Article, Section, subdivision, or clause hereof.

Section 10. Execution in Several Counterparts. This _____ Supplement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11. Governing Law. This _____ Supplement shall be governed by the laws of the State of California applicable to contracts made and performed in such State.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the Authority and the Trustee have caused this _____ Supplement to be executed by their duly authorized officers, all as of the date first above written.

**PUBLIC FACILITIES FINANCING
AUTHORITY OF THE CITY OF SAN DIEGO**

By: _____
[Sherri Lightner, Council President
Chair, Board of Commissioners]

Attest:

By: _____
Secretary

APPROVED AS TO FORM:
GENERAL COUNSEL TO THE AUTHORITY

By: _____
Deputy General Counsel

**U.S. Bank National Association, as successor
trustee**

By: _____
Authorized Officer

EXHIBIT A

FORM OF 20__ BOND

No. _____ \$ _____

**PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO
[SUBORDINATED] WATER REVENUE BOND, [REFUNDING] SERIES 20__
(PAYABLE SOLELY FROM [SUBORDINATED] INSTALLMENT PAYMENTS SECURED BY
NET SYSTEM REVENUES OF THE WATER UTILITY FUND)**

INTEREST RATE: _____% **MATURITY DATE:** August 1, _____ **DATED DATE:** _____, 20__ **CUSIP:** _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The Public Facilities Financing Authority of the City of San Diego, a joint exercise of powers authority organized and existing under the laws of the State of California (the "Authority"), for value received, hereby promises to pay (but only out of the [Subordinated] Revenues and other assets pledged therefor as hereinafter mentioned) to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above (subject to any right of prior redemption hereinafter mentioned), the Principal Amount stated above, in lawful money of the United States of America; and to pay interest thereon in like lawful money from the Interest Payment Date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of a day during the period commencing after the fifteenth day of the month preceding an Interest Payment Date and ending on or before such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or before _____ 15, 20__, in which event it shall bear interest from the Dated Date stated above) until payment of such principal sum shall be discharged as provided in the Indenture hereinafter mentioned, at the Interest Rate per annum stated above, payable semiannually on each August 1 and February 1, commencing _____ 1, 20__ (each, an "Interest Payment Date"). The principal (or redemption price) hereof is payable upon presentment of this Bond at the corporate trust office of U.S. Bank National Association in Los Angeles, California (together with any successor trustee under the Indenture referred to below, the "Trustee"). Interest hereon is payable by check of the Trustee mailed on each Interest Payment Date to the Registered Owner as of the fifteenth (15th) day of the month preceding each Interest Payment Date at the address shown on the registration books maintained by the Trustee; provided however, that payment of interest will be made by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee before the fifteenth day of the month preceding the applicable Interest Payment Date.

It is hereby certified and recited that any and all things, conditions, and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form, and manner as required by the provisions of the [Bond Law and] [Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California] and the laws of the State of California (the "State"), and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution and laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

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

This Bond is one of a duly authorized issue of bonds of the Authority designated as its “[Subordinated] Water Revenue Bonds, [Refunding] Series 20__ (Payable Solely from [Subordinated] Installment Payments Secured by Net System Revenues of the Water Utility Fund)” (the “Bonds”), in the aggregate principal amount of _____ Dollars (\$_____), and is issued under and authorized pursuant to the provisions of the [Bond Law and] [Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State], and issued pursuant to an Indenture, dated as of January 1, 2009, as supplemented by a First Supplemental Indenture, dated as of June 1, 2009, a Second Supplemental Indenture, dated as of June 1, 2010, a Third Supplemental Indenture, dated as of April 1, 2012, and a _____ Supplemental Indenture, dated as of _____ 1, 20__ (collectively, the “Indenture”), each by and between the Authority and the Trustee. Capitalized terms used in this Bond and not defined herein shall have the meaning given those terms in the Indenture.

Reference is hereby made to the Indenture (a copy of which is on file at said corporate trust office of the Trustee) and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the security, of the rights, duties, and immunities of the Trustee, and of the rights and obligations of the Authority thereunder. The Registered Owner of this Bond, by acceptance hereof, assents and agrees to all the provisions of the Indenture.

The Bonds have been issued by the Authority to aid in the financing and refinancing of the acquisition, construction, installation, and improvement of certain facilities relating to the Water System of the City of San Diego (the “City”), to be sold to the City by the San Diego Facilities and Equipment Leasing Corporation (the “Corporation”) pursuant to an Amended and Restated Master Installment Purchase Agreement, dated as of January 1, 2009, as supplemented, including, without limitation, by a 2012A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of April 1, 2012 and by a 20__ Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of _____ 1, 20__ (as supplemented, the “Installment Purchase Agreement”), by and between the Corporation as seller and the City as purchaser.

The Bonds and the interest thereon are payable from [Subordinated] Revenues (as such term is defined in the Indenture), consisting primarily of [Subordinated] Installment Payments to be made by the City under the Installment Purchase Agreement and are secured by a pledge and assignment of said [Subordinated] Revenues and of amounts held in the [Subordinated] Bonds Payment Fund and the Common [Senior][Subordinated] Bonds Reserve Fund within the [Subordinated] [Bonds] Reserve Fund established pursuant to the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Bonds are special obligations of the Authority and are not a lien or charge upon the funds or property of the Authority, except to the extent of the aforesaid pledge and assignment. [The Bonds are secured by the Common [Senior][Subordinated] Bonds Reserve Fund.]

The 20__ Bonds maturing on and after August 1, 20__, shall be subject to redemption, in whole or in part, at the option of the Authority (upon the direction of the City), on any date on or after August 1, 20__, from and to the extent of prepaid [Subordinated] Installment Payments paid pursuant the Installment Purchase Agreement, at a redemption price equal to the principal amount of 20__ Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

The Bonds are issuable as fully registered Bonds in denominations of \$5,000 and any integral multiple thereof. Subject to the limitations provided in the Indenture, Bonds may be exchanged, at said corporate trust office of the Trustee, for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity.

The Trustee has no obligation or liability to the Registered Owners to make payments of principal of or interest on the Bonds, except from amounts on deposit for such purposes with the Trustee. The Trustee's sole obligations are to administer for the benefit of the Registered Owners the various funds and accounts established under the Indenture and, to the extent provided in the Indenture, to enforce the rights of the Authority under the Installment Purchase Agreement.

This Bond is transferable by the Registered Owner hereof, in person or by the Registered Owner's attorney duly authorized in writing, at said corporate trust office of the Trustee, but only in the manner, subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds, of authorized denomination or denominations, of the same maturity and for the same aggregate principal amount, will be issued to the transferee in exchange herefor.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all outstanding Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

The Indenture and the rights and obligations of the Authority and of the owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (i) permit the creation by the Authority of any pledge of the [Subordinated] Revenues as provided in the Indenture superior to or on a parity with the pledge created thereby for the benefit of any Bond without the written consent of the Registered Owner thereof; (ii) modify any rights or obligations of the Trustee without its prior written assent thereto; or (iii) modify provisions respecting the time or amount of payments on any Bond, without the written consent of the Registered Owner thereof, all as more fully set forth in the Indenture.

The Authority and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes and the Authority and the Trustee shall not be affected by any notice to the contrary.

Neither the faith and credit nor the taxing power of the Authority, the City, the State of California, or any of its political subdivisions is pledged to the payment of the Bonds, which are special obligations of the Authority, payable solely from [Subordinated] Revenues. Neither the payment of the principal of this Bond or any part hereof nor any interest hereon constitutes a debt, liability, or obligation of the City, any officer of the Authority, or any person executing this Bond.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, the Public Facilities Financing Authority of the City of San Diego has caused this Bond to be executed in its name and on its behalf by the facsimile signature of its Chair or Vice-Chair and attested to by the facsimile signature of its Secretary, all as of the Dated Date stated above.

PUBLIC FACILITIES FINANCING
AUTHORITY OF THE CITY OF SAN DIEGO

By: _____
Chair or Vice-Chair

Attest:

Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture, which Bond has been authenticated and registered on the date set forth below.

Date of Authentication: _____

U.S. Bank National Association, as successor trustee

By: _____
Authorized Officer

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto

(Name, Address and Tax Identification or Social Security Number)

the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature(s) must be guaranteed by a qualified guarantor.

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT B

**FORM OF REQUISITION REQUEST –
COSTS OF ISSUANCE ACCOUNT**

PAID DATE:

**TO: U.S. Bank National Association
Corporate Trust Department**

DATE:

**RE: Public Facilities Financing Authority of the City of San Diego
[Subordinated] Water Revenue Bonds, [Refunding] Series 20__
(Payable Solely from [Subordinated] Installment Payments
Secured by Net System Revenues of the Water Utility Fund)
Costs of Issuance Account Requisition No. ____**

Pursuant to Section [16.8] of the Indenture, dated as of January 1, 2009 (the “Original Indenture”), as supplemented and amended by the First Supplemental Indenture, dated as of June 1, 2009 (the “First Supplement”), by the Second Supplemental Indenture, dated as of June 1, 2010 (the “Second Supplement”), by the Third Supplemental Indenture, dated as of April 1, 2012 (the “Third Supplement”), and by the ____ Supplemental Indenture, dated as of ____ 1, 20__ (the “____ Supplement” and, together with the Original Indenture the First Supplement, the Second Supplement and the Third Supplement, the “Indenture”), each by and between the Public Facilities Financing Authority of the City of San Diego (the “Authority”) and U.S. Bank National Association (the “Trustee”), The City of San Diego (the “City”), on behalf of the Authority, instructs you to disburse from the Costs of Issuance Account for the 20__ Bonds established under the Indenture, for the payment of Costs of Issuance relating to the issuance of the Public Facilities Financing Authority of the City of San Diego [Subordinated] Water Revenue Bonds, [Refunding] Series 20__ (Payable Solely from [Subordinated] Installment Payments Secured By Net System Revenues of the Water Utility Fund) in the sum(s) specified in Schedule I attached hereto, for payment made or due to the individuals, firms, or corporations whose names and addresses appear therein, for payment of the specified costs and specified purposes. In respect to each payment, the City on behalf of the Authority certifies as of the date hereof that:

- (a) the obligations in the stated amounts have been properly incurred by the City on behalf of itself or the Authority and each item thereof is a proper charge against the 2015 Costs of Issuance Account and has not been the basis of a previous disbursement;
- (b) the nature of each obligation is specified in reasonable detail; and
- (c) a bill or statement of account for each obligation accompanies this Requisition.

Capitalized terms used in this Requisition, and not otherwise defined, shall have the meanings attributable to them in the Indenture.

THE CITY OF SAN DIEGO

By: _____
Authorized Officer – Debt Management

By: _____
Authorized Officer – Comptroller

REQUISITION SCHEDULE I

PURPOSE

PAYEE

AMOUNT

EXHIBIT C

**FORM OF REQUISITION REQUEST –
ACQUISITION FUND**

PAID DATE:

**TO: U.S. Bank National Association
Corporate Trust Department**

DATE:

**RE: Public Facilities Financing Authority of the City of San Diego
[Subordinated] Water Revenue Bonds, [Refunding] Series 20__
(Payable Solely from [Subordinated] Installment Payments
Secured by Net System Revenues of the Water Utility Fund)
Acquisition Fund Requisition No. ____**

Pursuant to Section [16.9] of the Indenture, dated as of January 1, 2009 (the “Original Indenture”), as supplemented and amended by the First Supplemental Indenture, dated as of June 1, 2009 (the “First Supplement”), by the Second Supplemental Indenture, dated as of June 1, 2010 (the “Second Supplement”), by the Third Supplemental Indenture, dated as of April 1, 2012 (the “Third Supplement”), and by the ____ Supplemental Indenture, dated as of ____ 1, 20__ (the “____ Supplement” and, together with the Original Indenture the First Supplement, the Second Supplement and the Third Supplement, the “Indenture”), each by and between the Public Facilities Financing Authority of the City of San Diego (the “Authority”) and U.S. Bank National Association (the “Trustee”), The City of San Diego (the “City”), on behalf of the Authority, instructs you to disburse from the Acquisition Fund for the 20__ Bonds established under the Indenture, [for the payment of Project Costs relating to the 20__ New Money Components financed with proceeds of the Public Facilities Financing Authority of the City of San Diego [Subordinated] Water Revenue Bonds, [Refunding] Series 20__ (Payable Solely from [Subordinated] Installment Payments Secured By Net System Revenues of the Water Utility Fund) in the sum(s) specified in Schedule I attached hereto, for payment made or due to the individuals, firms or corporations whose names and addresses appear therein, for payment of the specified costs and specified purposes][for transfer to the Interest Account to pay interest on the Public Facilities Financing Authority of the City of San Diego [Subordinated] Water Revenue Bonds, [Refunding] Series 20__ (Payable Solely from [Subordinated] Installment Payments Secured By Net System Revenues of the Water Utility Fund) when and as the same shall become due and payable as and in the amount(s) specified in Schedule I attached hereto]. In respect to each payment, the City on behalf of the Authority certifies as of the date hereof that:

- (a) the obligations in the stated amounts have been properly incurred by the City on behalf of itself or the Authority and each item thereof is a proper charge against the Acquisition Fund and has not been the basis of a previous disbursement;
- (b) the nature of each obligation is specified in reasonable detail; and
- (c) a bill or statement of account for each obligation accompanies this Requisition.

Capitalized terms used in this Requisition, and not otherwise defined, shall have the meanings attributable to them in the Indenture.

THE CITY OF SAN DIEGO

By: _____
Authorized Officer – Water Department

By: _____
Authorized Officer – Comptroller

REQUISITION SCHEDULE I

PURPOSE

PAYEE

AMOUNT

EXHIBIT D

REFUNDED OBLIGATIONS

Public Facilities Financing Authority of the City of San Diego
Water Revenue Bonds, Refunding Series 2009A
(Payable Solely From Installment Payments Secured by
Net System Revenues of the Water Utility Fund)

\$157,190,000 aggregate principal amount issued on January 29, 2009

<u>Maturity Date</u>	<u>Principal to be Redeemed</u>	<u>Interest Rate</u>	<u>Redemption Price</u>	<u>Redemption Date</u>	<u>CUSIP Number</u>
August 1, 2016			100%	August 1, 2018	

August 1, 2038

Public Facilities Financing Authority of the City of San Diego
Water Revenue Bonds, Series 2009B
(Payable Solely From Installment Payments Secured by
Net System Revenues of the Water Utility Fund)

\$328,060,000 aggregate principal amount issued on June 26, 2009

<u>Maturity Date</u>	<u>Principal to be Redeemed</u>	<u>Interest Rate</u>	<u>Redemption Price</u>	<u>Redemption Date</u>	<u>CUSIP Number</u>
August 1, 2016			100%	August 1, 2019	

August 1, 2039

Public Facilities Financing Authority of the City of San Diego
Water Revenue Bonds, Refunding Series 2010A
(Payable Solely From Installment Payments Secured by
Net System Revenues of the Water Utility Fund)

\$123,075,000 aggregate principal amount issued on June 30, 2010

<u>Maturity Date</u>	<u>Principal to be Redeemed</u>	<u>Interest Rate</u>	<u>Redemption Price</u>	<u>Redemption Date</u>	<u>CUSIP Number</u>
August 1, 2022			100%	August 1, 2020	

August 1, 2028

Public Facilities Financing Authority of the City of San Diego
 Subordinated Water Revenue Bonds, Refunding Series 2012A
 (Payable Solely From Subordinated Installment Payments Secured by
 Net System Revenues of the Water Utility Fund)

\$188,610,000 aggregate principal amount issued on May 3, 2012

<u>Maturity Date</u>	<u>Principal to be Redeemed</u>	<u>Interest Rate</u>	<u>Redemption Price</u>	<u>Redemption Date</u>	<u>CUSIP Number</u>
August 1, 2016			100%	August 1, 2023	

August 1, 2032

State Revolving Fund Loans and
 related Funding Agreements

Earl Thomas Reservoir
 Alvarado Water Treatment Plant
 Otay Water Treatment Plant Phase 1
 Miramar Water Treatment Plant

EXHIBIT E

PRIOR TRUSTEE/ESCROW AGENT FEE SCHEDULE

[See attached Schedule of Fees]



U.S. Bank Customer Confidential

Schedule of Fees for Services as
Trustee
For
CITY OF SAN DIEGO
WATER REVENUE BONDS
SERIES 2016A AND SERIES 2016B
(per Series*)

CTS01010A	Acceptance Fee The acceptance fee includes the administrative review of documents, initial set-up of the account, and other reasonably required services up to and including the closing. This is a one-time, non-refundable fee, payable at closing.	\$750.00*
CTS04200	Trustee Annual fee for the standard trustee services associated with the administration of the account. Administration fees are payable in advance.	\$1,000.00*
CTS16156B	Legal Expenses Includes fees and expenses of legal counsel as well as the rendering of a standard legal opinion if required. This is a one-time fee payable at closing	\$2,000.00 *

Direct Out of Pocket Expenses:

Reimbursement of expenses associated with the performance of our duties, including but not limited to publications, legal counsel after the initial closing, travel expenses and filing fees (if any) would be billable at cost.

Account approval is subject to review and qualification. Fees are subject to change at our discretion and upon written notice. Fees paid in advance will not be prorated. The fees set forth above and any subsequent modifications thereof are part of your agreement. Finalization of the transaction constitutes agreement to the fees set forth above, including agreement to any subsequent changes upon proper written notice. In the event the transaction is not finalized, any related out-of-pocket expenses will be billed directly. Absent your written instructions to sweep or otherwise invest, all sums in your account will remain uninvested and no accrued interest or other compensation will be credited to the account. Payment of fees constitutes acceptance of the terms and conditions set forth.

Extraordinary fees are payable to the Trustee or Agent for duties or responsibilities not expected to be incurred at the outset of the transaction, not routine or customary, and not incurred in the ordinary course of business. Payment of extraordinary fees is appropriate where particular inquiries, events or developments are unexpected, even if the possibility of such things could have been identified at the inception of the transaction.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT: To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a Trust or other legal entity we will ask for documentation to verify its formation and existence as a legal entity. We may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.



U.S. Bank Customer Confidential

Schedule of Fees for Services as
Successor Trustee
For
CITY OF SAN DIEGO
WATER REVENUE BONDS
SERIES 2009A, SERIES 2009B,
SERIES 2010 A, SERIES 2012A
(per Series*)

CTS01010A	Acceptance Fee The acceptance fee includes the administrative review of documents, initial set-up of the account, and other reasonably required services up to and including the closing. This is a one-time, non-refundable fee, payable at closing.	Waived
CTS04200	Trustee Annual fee for the standard trustee services associated with the administration of the account. Administration fees are payable in advance.	\$1,000.00*

Direct Out of Pocket Expenses:

Reimbursement of expenses associated with the performance of our duties, including but not limited to publications, legal counsel after the initial closing, travel expenses and filing fees (if any) would be billable at cost.

Account approval is subject to review and qualification. Fees are subject to change at our discretion and upon written notice. Fees paid in advance will not be prorated. The fees set forth above and any subsequent modifications thereof are part of your agreement. Finalization of the transaction constitutes agreement to the fees set forth above, including agreement to any subsequent changes upon proper written notice. In the event the transaction is not finalized, any related out-of-pocket expenses will be billed directly. Absent your written instructions to sweep or otherwise invest, all sums in your account will remain uninvested and no accrued interest or other compensation will be credited to the account. Payment of fees constitutes acceptance of the terms and conditions set forth.

Extraordinary fees are payable to the Trustee or Agent for duties or responsibilities not expected to be incurred at the outset of the transaction, not routine or customary, and not incurred in the ordinary course of Business. Payment of extraordinary fees is appropriate where particular inquiries, events or developments are unexpected, even if the possibility of such things could have been identified at the inception of the transaction.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT: To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a Trust or other legal entity we will ask for documentation to verify its formation and existence as a legal entity. We may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

**Schedule of Fees for Services as
Escrow Agent
REQUIRED
For
RELATING TO THE REFUNDING OF:**

**CITY OF SAN DIEGO
WATER REVENUE BONDS
Refunding Bonds
(per Series*)**

CTS04150	<p>Refunding Escrow Agent Annual fee for the standard agent services in administration of the defeasance escrow. Administration fees are payable in advance</p> <p>Direct Out of Pocket Expenses Reimbursement of expenses associated with the performance of our duties, including but not limited to publications, legal counsel after the initial close, travel expenses and filing fees.</p> <p>Extraordinary Services Extraordinary Services are duties or responsibilities of an unusual nature, including termination, but not provided for in the governing documents or otherwise set forth in this schedule. A reasonable charge will be assessed based on the nature of the services and the responsibility involved. At our option, these charges will be billed at a flat fee or at our hourly rate then in effect.</p>	<p>\$500.00*</p> <p>At Cost</p>
----------	---	---------------------------------

Direct Out of Pocket Expenses:

Reimbursement of expenses associated with the performance of our duties, including but not limited to publications, legal counsel after the initial closing, travel expenses and filing fees (if any) would be billable at cost.

Account approval is subject to review and qualification. Fees are subject to change at our discretion and upon written notice. Fees paid in advance will not be prorated. The fees set forth above and any subsequent modifications thereof are part of your agreement. Finalization of the transaction constitutes agreement to the fees set forth above, including agreement to any subsequent changes upon proper written notice. In the event the transaction is not finalized, any related out-of-pocket expenses will be billed directly. Absent your written instructions to sweep or otherwise invest, all sums in your account will remain uninvested and no accrued interest or other compensation will be credited to the account. Payment of fees constitutes acceptance of the terms and conditions set forth.

Extraordinary fees are payable to the Trustee or Agent for duties or responsibilities not expected to be incurred at the outset of the transaction, not routine or customary, and not incurred in the ordinary course of business. Payment of extraordinary fees is appropriate where particular inquiries, events or developments are unexpected, even if the possibility of such things could have been identified at the inception of the transaction.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT: To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a Trust or other legal entity we will ask for documentation to verify its formation and existence as a legal entity. We may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

**20__ SUPPLEMENT
TO AMENDED AND RESTATED
MASTER INSTALLMENT PURCHASE AGREEMENT**

by and between

THE CITY OF SAN DIEGO

and

**SAN DIEGO FACILITIES AND EQUIPMENT
LEASING CORPORATION**

Dated as of _____ 1, 20__

relating to

**Public Facilities Financing Authority of the City of San Diego
[Subordinated] Water Revenue Bonds, [Refunding] Series 20__
(Payable Solely from [Subordinated] Installment Payments Secured
by Net System Revenues of the Water Utility Fund)**

TABLE OF CONTENTS

	<u>Page</u>
Article 1	DEFINITIONS..... 2
Article 2	REPRESENTATIONS AND WARRANTIES; CERTAIN AGREEMENTS 4
Article 3	2016 BOND PROCEEDS; PLEDGE OF CERTAIN AMOUNTS; SALE OF 2016 COMPONENTS 5
Article 4	2016 SUBORDINATED INSTALLMENT PAYMENTS 5
Article 5	PREPAYMENT OF 2016 SUBORDINATED INSTALLMENT PAYMENTS 7
Article 6	ADDITIONAL COVENANTS 7

**20__ SUPPLEMENT
TO AMENDED AND RESTATED
MASTER INSTALLMENT PURCHASE AGREEMENT**

THIS 20__ SUPPLEMENT TO AMENDED AND RESTATED MASTER INSTALLMENT PURCHASE AGREEMENT (the “**20__ Supplement**”), dated as of ____ 1, 20__, is by and between THE CITY OF SAN DIEGO, a municipal corporation organized and existing under a charter duly adopted pursuant to the provisions of the Constitution of the State of California (the “**City**”), and the SAN DIEGO FACILITIES AND EQUIPMENT LEASING CORPORATION, a nonprofit public benefit corporation organized and existing under and by virtue of the laws of the State of California (the “**Corporation**”).

WITNESSETH:

WHEREAS, the City and the Corporation have heretofore entered into an Amended and Restated Master Installment Purchase Agreement, dated as of January 1, 2009, a 2009A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of January 1, 2009, a 2009B Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of June 1, 2009, a 2010A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of June 1, 2010, and a 2012A Supplement to Amended and Restated Master Installment Purchase Agreement, dated as of April 1, 2012 (collectively, the “**Agreement**”), each by and between the City and the Corporation, pursuant to which the Corporation has agreed to sell certain improvements and additions (comprised of various components, each, a “**Component**”) to the water system of the City (the “**Water System**”) and the City has agreed from time to time to purchase certain Components as specified in certain supplements to the Agreement; and

WHEREAS, the City has determined that it is in its best interests and the best interests of its residents to finance and refinance certain Components identified in Exhibit A to this 20__ Supplement (the “**20__ New Money Components**” and the “**20__ Refunded Components**” respectively, and collectively, the “**20__ Components**”), and to pay for the 20__ Components by making 20__ [Subordinated] Installment Payments (herein defined) pursuant to this 20__ Supplement, all in the manner described herein, and the Public Facilities Financing Authority of the City of San Diego, a California joint exercise of powers entity (the “**Authority**”), is willing to assist the City in effecting such financing and refunding; and

WHEREAS, the 20__ [Subordinated] Installment Payments specified in this 20__ Supplement will be assigned by the Corporation to the Authority and serve as the security for the Public Facilities Financing Authority of the City of San Diego [Subordinated] Water Revenue Bonds, [Refunding] Series 20__ (Payable Solely from [Subordinated] Installment Payments Secured by Net System Revenues of the Water Utility Fund) (the “**20__ Bonds**”), the proceeds of which will be used to finance the 20__ New Money Components, to prepay the 20__ Refunded Obligations (as defined in the Indenture defined below), to fund a Reserve Fund (as defined in the Indenture) and to pay the costs of issuance of the 20__ Bonds; and

WHEREAS, the 20__ Bonds are issued under and secured by the Indenture, dated as of January 1, 2009, as amended and supplemented by the First Supplemental Indenture, dated as of June 1, 2009, by the Second Supplemental Indenture, dated as of June 1, 2010, by the Third Supplemental Indenture, dated as of April 1, 2012 and by the ____ Supplemental Indenture, dated as of ____ 1, 20__ (collectively, the “**Indenture**”), each by and between the Authority and U.S. Bank National Association, as successor trustee (the “**Trustee**”); and

WHEREAS, the City and the Corporation now wish to describe the underlying purchase and sale of the 20__ Components that will be the subject of the 20__ [Subordinated] Installment Payments by execution and delivery of this 20__ Supplement; and

WHEREAS, this 20__ Supplement is an Issuing Instrument, as defined in the Agreement, and, when executed and delivered, shall constitute a Supplement to the Agreement and be included as part thereof; and

NOW THEREFORE, the parties hereto have agreed as follows:

ARTICLE 1

DEFINITIONS

Section 1.01 Definitions. Capitalized terms used in this 20__ Supplement but not defined herein have the meanings given those terms in the Agreement and, if any such terms are not defined in the Agreement, then such terms have the meanings given those terms in the Indenture. As used in this 20__ Supplement, the following additional terms have the following meanings:

Interest Portion

The term “Interest Portion” means the interest portion of 20__ [Subordinated] Installment Payments specified in Section 4.01 hereof.

Parity [Senior] Installment Obligation

The term “Parity [Senior] Installment Obligation” means Obligations consisting of or payable from Installment Payments which are not subordinated in right of payment to other Installment Payments.

Parity [Senior] Installment Payments

The term “Parity [Senior] Installment Payments” means any Installment Payments payable from Net System Revenues that are secured by a first priority lien on Net System Revenues and are senior in priority to payment of Subordinated Installment Payments.

Principal Portion

The term “Principal Portion” means the principal portion of 20__ [Subordinated] Installment Payments specified in Section 4.01 hereof.

Serial Parity [Senior] Obligations

The term “Serial Parity [Senior] Obligations” means Serial Obligations which are Parity [Senior] Installment Payments or are payable on a parity with Parity [Senior] Installment Obligations.

Term Parity [Senior] Obligations

The term “Term Parity [Senior] Obligations” means Term Obligations which are Parity [Senior] Installment Obligations or are payable on a parity with Parity [Senior] Installment Obligations.

20 Components

The term “20__ Components” means the Components of the Project specified in Exhibit A attached hereto and by this reference made a part hereof, for which the City will be making 20__ [Subordinated] Installment Payments, including the 20__ Refunded Components and the 20__ New Money Components.

20 Installment Payment Date

The term “20__ Installment Payment Date” means the 15th day of the calendar month immediately preceding each Interest Payment Date for the 20__ Bonds.

20 New Money Components

The term “20__ New Money Components” means the Components of the Project specified in Exhibit A attached hereto and by this reference made a part hereof, exclusive of Components originally comprising the ____ Project, the ____ Project and the ____ Project for which the City will be making 20__ [Subordinated] Installment Payments.

20 Refunded Components

The term “20__ Refunded Components” means the Components of the Project specified in Exhibit A attached hereto originally comprising the ____ Project, the ____ Project and the ____ Project, and by this reference made a part hereof, for some of which the City will be making 20__ [Subordinated] Installment Payments.

20 [Subordinated] Installment Payments

The term “20__ [Subordinated] Installment Payments” means the Installment Payments specified in Section 4.01 hereof that are to pay the Purchase Price of the 20__ Components in accordance with the terms hereof.

Section 1.02 Amendments to Section 1.01 of the Agreement. The following definitions in Section 1.01 of the Agreement are hereby amended to read in full as follows:

Parity Installment Payments

The term “Parity Installment Payments” means [Senior] Installment Payments as defined in this Agreement.

Parity Installment Obligation

The term “Parity Installment Obligation” means [Senior] Senior Installment Obligations as defined in this Agreement.

Serial Parity Obligations

The term “Serial Parity Installment Obligation” means Serial [Senior] Installment Obligations as defined in this Agreement.

Term Parity Obligations

The term “Term Parity Installment Obligation” means Term [Senior] Installment Obligations as defined in this Agreement.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES; CERTAIN AGREEMENTS

Section 2.01 City Representations and Warranties. The City hereby represents and warrants that each of the following is true and correct:

(a) The City is a municipal corporation organized and existing under the Charter, which was duly adopted pursuant to the provisions of the Constitution of the State of California.

(b) The City has full legal right, power, and authority to enter into this 20__ Supplement and perform its obligations hereunder, to carry out and consummate all transactions contemplated by this 20__ Supplement, and the City has complied with the provisions of the Law in all matters relating to such transactions.

(c) By proper action, the City has duly authorized the execution, delivery, and performance of this 20__ Supplement.

(d) The execution and delivery of this 20__ Supplement and the consummation of the transactions herein contemplated do not and will not (i) violate any provision of any material law or any order of any court or other agency of government; (ii) be in conflict with, result in a material breach of, or constitute a default (with due notice or the passage of time or both) under any provision of any indenture, material agreement, or other instrument to which the City is now a party or by which it or any of its material properties or assets is bound; or (iii) result in the creation or imposition of any prohibited lien, charge, or encumbrance of any nature whatsoever upon any of the properties or assets of the City.

(e) The City has determined that it is necessary and proper for City uses and purposes within the terms of the Law that the City acquire the 20__ Components in the manner provided for in this 20__ Supplement, in order to continue to provide essential services and facilities to the persons residing in the City.

(f) The City will take no action to cause, directly or indirectly, the interest on the 20__ Bonds to be includable in the gross income of the Owners (as defined in the Indenture) of the 20__ Bonds for federal income tax purposes.

Section 2.02 Corporation Representations and Warranties. The Corporation hereby represents and warrants to the City that each of the following is true and correct:

(a) The Corporation is duly organized and existing under the laws of the State of California.

(b) The Corporation has full legal right, power, and authority to enter into this 20__ Supplement and to carry out and consummate all transactions contemplated by this 20__ Supplement.

(c) By proper action, the Corporation has duly authorized the execution, delivery, and due performance of this 20__ Supplement.

(d) The execution and delivery of this 20__ Supplement and the consummation of the transactions herein contemplated do not and will not (i) violate any provision of any material law or any order of any court or other agency of government; (ii) be in conflict with, result in a material breach of, or constitute a default (with due notice or the passage of time or both) under any provision of any indenture, material agreement, or other instrument to which the Corporation is now a party or by which it or any of its material properties or assets is bound; or (iii) result in the creation or imposition of any prohibited lien, charge, or encumbrance of any nature whatsoever upon any of the properties or assets of the Corporation.

ARTICLE 3

20__ BOND PROCEEDS; PLEDGE OF CERTAIN AMOUNTS; SALE OF 20__ COMPONENTS

Section 3.01 Corporation's Obligation to Pay 20__ Bond Proceeds. In consideration of the agreement by the City to make 20__ [Subordinated] Installment Payments, the Corporation hereby agrees to cause the Authority, as assignee of the Corporation's rights and obligations hereunder, to pay to the City, the amount of \$_____, being the net proceeds of the 20__ Bonds.

Section 3.02 Proceeds of the 20__ Bonds to Trustee. The City hereby directs the Authority, in lieu of delivering the proceeds of the 20__ Bonds to the City, to deliver the proceeds of the 20__ Bonds to the Trustee for deposit in accordance with Section [16.7] of the Indenture.

Section 3.03 Pledge of Amounts in the Acquisition Fund. The City hereby irrevocably pledges all Revenues and amounts, if any, on deposit in the Acquisition Fund established pursuant to Section 4.01 of the Indenture and held by the Treasurer, for the benefit of the Owners, subject to the provisions of the Indenture.

Section 3.04 Sale and Purchase of 20__ Components. In consideration of the agreement by the City to make 20__ [Subordinated] Installment Payments, the Corporation hereby sells, transfers, and assigns the 20__ Components to the City and the City hereby agrees to purchase and accept the 20__ Components.

ARTICLE 4

20__ [SUBORDINATED] INSTALLMENT PAYMENTS

Section 4.01 20__ [Subordinated] Installment Payments. In consideration of the payment by the Authority, on behalf of the Corporation, of the proceeds of the 20__ Bonds and the sale of the 20__ Components by the Corporation to the City pursuant to Section 3.04 hereof, the City hereby agrees to pay a portion of the Purchase Price on each 20__ [Subordinated] Installment Payment Date as 20__ [Subordinated] Installment Payments, solely from Net System Revenues, as provided in the Agreement, the following:

Installment Payment Date	Principal Portion of Installment	Interest Portion of Installment	Combined Installment Payment
July 15, 2016			
January 15, 2017			
July 15, 2017			
January 15, 2018			
July 15, 2018			
January 15, 2019			
July 15, 2019			
January 15, 2020			
July 15, 2020			
January 15, 2021			
July 15, 2021			
January 15, 2022			
July 15, 2022			
January 15, 2023			
July 15, 2023			
January 15, 2024			
July 15, 2024			
January 15, 2025			
July 15, 2025			
January 15, 2026			
July 15, 2026			
January 15, 2027			
July 15, 2027			
January 15, 2028			
July 15, 2028			
January 15, 2029			
July 15, 2029			
January 15, 2030			
July 15, 2030			
January 15, 2031			
July 15, 2031			
January 15, 2032			
July 15, 2032			
January 15, 20__			
July 15, 20__			

Section 4.02 [Subordinated][Parity] Obligations. The 20__ [Subordinated] Installment Payments shall be [Subordinated][Parity] Obligations under the Agreement and the payment of the 20__ [Subordinated] Installment Payments shall be on parity in right of payment to the [Subordinated][Parity] Installment Payments under the Agreement. No Owner of the Obligations shall have any right to take any action or enforce any right that has a materially adverse effect on the interests of the Owners of the Installment Payment Obligations.

ARTICLE 5

PREPAYMENT OF 20__ SUBORDINATED INSTALLMENT PAYMENTS

Section 5.01 Optional Prepayment of 20__ [Subordinated] Installment Payments. The 20__ [Subordinated] Installment Payments relating to the Principal Portion of 20__ [Subordinated] Installment Payments payable on and after July 15, 20__, are subject to prepayment, at the option of the City, in whole or in part, upon at least thirty-five (35) days' prior written notice to the Trustee (on behalf of the Authority as assignee of the Corporation) specifying the date and amount of such prepayment, on any date on or after July 15, 20__, at [100%] of the Principal Portion of 20__ [Subordinated] Installment Payments to be prepaid, plus the unpaid Interest Portion of 20__ [Subordinated] Installment Payments to be prepaid to the date fixed for prepayment, without premium.

ARTICLE 6

ADDITIONAL COVENANTS

Section 6.01 Additional Covenants Relating to Tax Exemption.

(a) The City shall not directly or indirectly use or permit the use of any proceeds of the 20__ Bonds or any other funds of the City or of the 20__ Components or take or omit to take any action that would cause the 20__ Bonds to be "private activity bonds" within the meaning of Section 141 of the Code, or obligations that are "federally guaranteed" within the meaning of Section 149(b) of the Code.

(b) The City hereby covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the 20__ Bonds under Section 103 of the Code. The City shall not directly or indirectly use or permit the use of any proceeds of the 20__ Bonds or any other funds of the City, or take or omit to take any action, that would cause the 20__ Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code. To that end, the City shall comply with all requirements of Section 148 of the Code to the extent applicable to the 20__ Bonds. If, at any time, the City is of the opinion that for purposes of this Section it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under the Indenture or otherwise, then the City shall so instruct the Trustee in writing, and shall cause the Trustee to take such action as may be necessary in accordance with such instructions.

(c) Without limiting the generality of the foregoing, the City hereby agrees that there shall be paid from time to time all amounts required to be rebated to the United States of America pursuant to Section 148(f) of the Code and any Treasury Regulations promulgated thereunder as may be applicable to the 20__ Bonds from time to time. This covenant shall survive payment in full or defeasance of the 20__ Bonds. The City hereby specifically covenants to pay or cause to be paid to the United States of America at the times and in the amounts determined under this Section the rebate requirement, as described in the Tax Certificate, and to otherwise comply with the provisions of the Tax Certificate executed by the City and the Authority in connection with the execution and delivery of the 20__ Bonds.

(d) Notwithstanding any provision of this Section, if the City provides to the Trustee an opinion of Bond Counsel to the effect that any action required under this Section is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the 20__ Bonds pursuant to Section 103 of the Code, then the City may rely conclusively on such opinion in complying with the provisions hereof, and the covenants hereunder shall be deemed to be modified to that extent.

Section 6.02 Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate to be executed and delivered by the City in connection with the issuance of the 20__ Bonds. Notwithstanding any other provision of this 20__ Supplement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered a default of any kind under this 20__ Supplement; provided, however, that the Trustee may (and, at the request of any participating underwriter or the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Outstanding 20__ Bonds, shall), or any Owner or Beneficial Owner (as defined below) may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this such Continuing Disclosure Certificate. For purposes of this Section, “**Beneficial Owner**” means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 20__ Bond (including, any persons holding any 20__ Bond through nominees, depositories, or other intermediaries).

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, this 20__ Supplement has been executed by the City and the Corporation as of the year and date first above written.

THE CITY OF SAN DIEGO

By: _____
Chief Financial Officer

ATTEST:

City Clerk

APPROVED AS TO FORM:

JAN I. GOLDSMITH, City Attorney

By: _____
Deputy City Attorney

**SAN DIEGO FACILITIES AND
EQUIPMENT LEASING CORPORATION**

By: _____
President

EXHIBIT A

20__ COMPONENTS OF PROJECT

The 20__ Components consist of 20__ Refunded Components and the 20__ New Money Components as further described below.

20__ REFUNDED COMPONENTS

CIP Number	Project Title	Projected Cost	Estimated Completion Date	Useful Life
-----------------------	----------------------	-----------------------	--	--------------------

20__ NEW MONEY COMPONENTS

CIP Number	Project Title	Projected Cost	Estimated Completion Date	Useful Life
-----------------------	----------------------	-----------------------	--	--------------------