

INSTALLMENT SALE AGREEMENT
(PARKING GARAGES AND DOWNTOWN PARKING DISTRICT FACILITIES)

Dated as of [____], 2014

by and between

NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION,

WELLS FARGO BANK, NATIONAL ASSOCIATION

and

PARKING AUTHORITY OF THE CITY OF STOCKTON

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**INSTALLMENT SALE AGREEMENT
(PARKING GARAGES AND DOWNTOWN PARKING DISTRICT FACILITIES)**

THIS INSTALLMENT SALE AGREEMENT (PARKING GARAGES AND DOWNTOWN PARKING DISTRICT FACILITIES) (the "Agreement") is made and entered into as of [____], 2014 by and between NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION, a New York stock insurance corporation ("NPFG"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association organized and existing under and by virtue of the law of the United States of America, as trustee (the "Trustee") under the Indenture (defined below), and PARKING AUTHORITY OF THE CITY OF STOCKTON, a public body corporate and politic organized and existing under and by virtue of the laws of the State of California, as purchaser (the "Parking Authority");

WITNESSETH:

WHEREAS, pursuant to that certain Site and Facility Lease, dated as of June 1, 2004 (the "Site and Facility Lease"), the City of Stockton (the "City"), as lessor, leased to the Stockton Public Financing Authority (the "Financing Authority"), as lessee, those certain parcels of real property situated in San Joaquin County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (the "Site"), and the City's Market Street Parking Garage, located at Fremont and Van Buren Streets in the City of Stockton, the Edmund S. Coy Parking Garage, located at Hunter and Channel Streets in the City of Stockton and the Stockton Events Center Parking Structure, located at Fremont and Van Buren Streets in the City of Stockton, adjacent to the arena component of the Stockton Events Center, all as more particularly described in Exhibit B attached hereto and made a part hereof (collectively, the "Leased Parking Facilities");

WHEREAS, pursuant to that certain Lease Agreement, dated as of June 1, 2004 (the "Lease Agreement"), the Financing Authority, as lessor, leased back to the City, as lessee, the Site and the Leased Parking Facilities;

WHEREAS, for the purpose of providing funds to the City to finance the costs of certain capital projects, including construction of portions of the Leased Parking Facilities, the Financing Authority issued its Stockton Public Financing Authority Lease Revenue Bonds, Series 2004 (Parking and Capital Projects), in the initial aggregate principal amount of \$32,785,000 (the "Bonds"), pursuant to an Indenture, dated as of June 1, 2004 (the "Indenture"), by and between the Financing Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee");

WHEREAS, pursuant to that certain Memorandum of Assignment of Lease, dated as of June 1, 2004 (the "Assignment Agreement"), by and between the Financing Authority and the Trustee, the Financing Authority assigned all of its rights under the Lease Agreement (other than certain retained rights) to the Trustee, including but not limited to the Financing Authority's right to receive Lease Payments (as defined in the Lease Agreement) and to exercise such rights and remedies conferred on it pursuant to the Lease Agreement as may be necessary or convenient to enforce payment of the Lease Payments;

WHEREAS, following the City's default on certain Lease Payments due under the Lease Agreement, the Trustee sought and, on April 19, 2012, the Superior Court of the State of California awarded the Trustee possession of the Leased Parking Facilities in the case of *Wells Fargo Bank v. City of Stockton*, Case No. 39-2012-00277622-CU-UD-STK (the "2004 Parking Proceeding");

WHEREAS, the court in the 2004 Parking Proceeding also entered that certain Order Appointing Receiver (the "Receivership Order"), which appointed a post-judgment receiver of the Leased Parking Facilities who is authorized to operate the Leased Parking Facilities and collect the revenues from such operations;

WHEREAS, pursuant to that certain Garage Management Agreement, entered into as of May 18, 2012, by and between Central Parking Systems, Inc. and the Receiver, Central Parking Systems, Inc. agreed to manage the Leased Parking Facilities;

WHEREAS, the Indenture provides that, for all purposes of the Indenture provisions governing events of default and remedies, except the giving of notice of default to owners of the Bonds, NPMG, as the insurer of the Bonds (as successor to Financial Guaranty Insurance Company), shall be deemed to be the sole holder of the Bonds it has insured for so long as it has not failed to comply with its payment obligations under the 2004 Parking Bond Policy (as defined in the Forbearance Agreement), securing payment of principal of and interest on the Bonds, and as of the Effective Date, NPMG is not in default under the 2004 Parking Bond Policy;

WHEREAS, the City is the debtor in a bankruptcy case under chapter 9 of Title 11 of the United States Code, Case No. 2012-32118 in the United States Bankruptcy Court for the Eastern District of California, Sacramento Division, styled *In re City of Stockton, California* (the "Bankruptcy Case");

WHEREAS, in connection with the Bankruptcy Case, the City has agreed to a settlement (the "Settlement") of the claims of NPMG, which Settlement, among other things, calls for the Trustee to transfer to the Parking Authority all of its possessory rights, title and interest in the Site and the Leased Parking Facilities granted to it by the court in the 2004 Parking Proceeding with reference to the leaseholds established pursuant to the Lease Agreement and the Site Lease, and for the Parking Authority to make certain annual installment payments to the Trustee, for the benefit of NPMG and the owners of the Bonds, for the purchase of such rights (as set forth in Schedule I attached hereto and made a part hereof, the "Installment Payments");

WHEREAS, pursuant to and in connection with the terms of that certain Forbearance Agreement, dated as of [_____] 1, 2014, by and between the City, the Financing Authority, the Parking Authority, NPMG and the Trustee, the City has heretofore transferred to the Parking Authority all of its rights, title and interest in the Facilities (as such term is defined herein) and assigned to the Parking Authority all of the City's rights, title and interest, as lessee, pursuant to the Site Lease, and as lessor, pursuant to the Lease Agreement, and the Parking Authority has assumed all of the City's obligations under the Site Lease and Lease Agreement;

WHEREAS, additional terms of the Settlement are set forth in the Forbearance Agreement;

WHEREAS, commencing upon the date on which the Trustee's possessory interests in the Leased Parking Facilities (as such term is defined herein) are transferred, the Parking Authority will rent, lease, maintain, repair, manage and operate all of the Facilities either by itself undertaking such actions or by entering into one or more management agreements (each, a "Management Agreement") with one or more independent operators (each, an "Operator"); and

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

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration the parties hereto agree as follows:

ARTICLE I DEFINITIONS, EXHIBITS AND SCHEDULE

Section 1.1 Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Agreement, have the meanings herein specified.

"Additional Facilities" means any additional parking facilities acquired or constructed by the Parking Authority within the Downtown Parking District following the date of this Agreement.

"Agreement" means this Installment Sale Agreement (Parking Garages and Downtown Parking District Facilities) by and among the Trustee, NPFG, and the Parking Authority, dated as of [_____] 1, 2014, and any duly authorized and executed amendment or supplement hereto.

"Assignment Agreement" means the Memorandum of Assignment of Lease, dated as of June 1, 2004 (the "Assignment Agreement"), by and between the Financing Authority and the Trustee.

"Bankruptcy Case" means Case No. 2012-32118 in the United States Bankruptcy Court for the Eastern District of California, Sacramento Division, styled *In re City of Stockton, California*, commenced pursuant to the petition filed by the City under chapter 9 of Title 11 of the United States Code.

"Bonds" means the Stockton Public Financing Authority Lease Revenue Bonds, Series 2004 (Parking and Capital Projects), originally issued by the Financing Authority pursuant to the Indenture on June 25, 2004 in the initial aggregate principal amount of \$32,785,000.

"City" means the City of Stockton, a municipal corporation and charter city organized and existing under and by virtue of the laws of the State of California.

"Contracts" means all contracts of the Parking Authority authorized and executed by and/or assigned to or assumed by the Parking Authority and which are secured by a pledge of

and lien on Revenues (or any portion thereof), including leases, installment sale contracts and similar obligations.

“Debt” means all revenue bonds, notes, warrants or Contracts of the Parking Authority authorized, executed, issued and delivered by the Parking Authority, the payments of which are secured by a pledge of and lien on the Net Revenues. On the Effective Date no Debt is outstanding.

“Debt Service” means, for any period in question and for any Debt, an amount equal to the sum of (a) all interest payable during such period on Debt and (b) all principal, sinking fund, or redemption premium payments payable on any Debt during such period.

“Defeasance Deposit” has the meaning ascribed to such term in Section 4.3(d) of this Agreement.

“Downtown Parking District” means the area shown in Figure 1 of Exhibit C, attached to this Agreement and made a part hereof, and located within the boundaries as further described in such Exhibit C.

“Downtown Parking Facilities” means the parking facilities, including parking meters and other metered spaces, owned by the City within the Downtown Parking District, other than the Leased Parking Facilities and the Excluded Parking Assets.

“Effective Date” means the date on which the Plan becomes effective.

“Excluded Parking Assets” means the parking facilities set forth on Exhibit D, attached to this Agreement and made a part hereof.

“Facilities” means the Site, the Leased Parking Facilities, the Downtown Parking Facilities, and any Additional Facilities.

“Federal Securities” means any of the following which are noncallable and which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

- (a) cash; and
- (b) direct general obligations of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the payment of principal of and interest on which is unconditionally guaranteed by, the United States of America.

“Financing Authority” means the Stockton Public Financing Authority, a joint exercise of powers authority organized and existing under and by virtue of the laws of the State.

“Fiscal Year” means any period of twelve (12) consecutive months established by the Parking Authority as its fiscal year and shall initially mean the period commencing July 1 of one year and ending on June 30 of the following year.

“Forbearance Agreement” means the Forbearance Agreement, dated as of [____], 2014, by and between the City, the Financing Authority, the Parking Authority, NPFG and the Trustee.

“Indenture” means the Indenture, dated as of June 1, 2004, by and between the Financing Authority and the Trustee.

“Independent Counsel” means an attorney or law firm of national standing in the field of public finance.

“Independent Engineer” means a consulting engineering firm or engineer that is not an employee of, or otherwise controlled by, the Trustee, NPFG, the Parking Authority or the City, and which has been approved by the Trustee and NPFG provided such approval shall not be unreasonably withheld or delayed.

“Independent Financial Consultant” means a firm of certified public accountants, a consulting engineering firm or engineer, or other firm experienced in financial matters pertaining to public agencies that is not an employee of, or otherwise controlled by, the Trustee, NPFG, the Parking Authority or the City, and which has been approved by the Trustee and NPFG provided such approval shall not be unreasonably withheld or delayed.

“Installment Payment” means an Installment Payment required to be paid by the Parking Authority to the Trustee, for the account of NPFG and the owners of the Bonds, under Section 4.3 of this Agreement on the dates and in the amounts set forth in Schedule I attached to this Agreement and made a part hereof.

“Insurance and Condemnation Fund” means the fund by that name established and held by the Parking Authority pursuant to Article VI hereof.

“Lease Agreement” means the Lease Agreement, dated as of June 1, 2004 (the “Lease Agreement”), between the Financing Authority, as lessor, and the City, as lessee.

“Lease Payment” has the meaning ascribed to such term in the Lease Agreement.

“Leased Parking Facilities” means the City’s Market Street Parking Garage, located at Fremont and Van Buren Streets in the City of Stockton, the Edmund S. Coy Parking Garage, located at Hunter and Channel Streets in the City of Stockton and the Stockton Events Center Parking Structure, located at Fremont and Van Buren Streets in the City of Stockton, adjacent to the arena component of the Stockton Events Center, all as more particularly described in Exhibit B attached to this Agreement and made a part hereof.

“Management Agreement” shall have the meaning ascribed to such term above in the recitals to this Agreement.

“Maximum Annual Debt Service” means, as of any date of computation, the greatest amount required in the then current or any future Fiscal Year to pay the Debt Service on the obligation in question.

“Net Proceeds” has the meaning ascribed to such term in the Indenture.

“Net Revenues” means, for any Fiscal Year, the Revenues for such Fiscal Year less the Operation and Maintenance Expenses for such Fiscal Year.

“NPFG” means National Public Finance Guarantee Corporation, a New York stock insurance corporation, as the insurer of the Bonds (as successor to Financial Guaranty Insurance Company), or any successor thereto.

“NPFG Representative” means any person authorized to act on behalf of NPFG under or with respect to this Agreement.

“Obligation” means the obligation of the City under this Agreement to make the Installment Payments and to pay interest thereon, as applicable.

“Operation and Maintenance Expenses” means (1) scheduled Installment Payments; (2) reasonable and necessary costs spent or incurred for maintenance and operation of the Facilities calculated in accordance with generally accepted accounting principles, including (among other things) (a) the reasonable expenses of management and repair, including all fees, charges and other invoices of an Operator, and other expenses necessary to maintain and preserve the Facilities in good repair and working order, (b) the reasonable administrative costs of the Parking Authority and the City that are reasonably charged directly or apportioned to the Facilities, including but not limited to, salaries and wages of employees, payments to the Public Employees Retirement System, overhead, utilities and services, insurance, taxes (including parking taxes), fees of auditors, accountants, attorneys, consultants or engineers and insurance premiums; and (3) all reasonable and necessary costs of the Parking Authority and the City or charges (other than debt service payments) required to be paid by either to comply with the terms of the Agreement, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature.

“Operator” means a professional operator(s), person(s), firm(s) or corporation(s) with staff experienced in the management and operation of parking facilities similar to the Facilities who is managing and operating all or a portion of the Facilities pursuant to a Management Agreement.

“Parking Authority” means the Parking Authority of the City of Stockton, a public body corporate and politic organized and existing under and by virtue of the laws of the State.

“Parking Consultant” means a consulting firm or other consultant, experienced in implementing parking studies and providing operational and other advice to owners and operators of parking facilities, that is not an employee of, or otherwise controlled by, the Trustee, NPFG, the Parking Authority or the City, and which has been approved by the Trustee and NPFG provided such approval shall not be unreasonably withheld or delayed.

“Parking Law” means Part 2 of Division 18 of the Streets and Highways Code of the State of California, being Sections 32500 et seq.

“Parking Representative” means the Executive Director or any other person designated in writing to the Trustee and NPMF by the Executive Director to act on behalf of the Parking Authority with respect to this Agreement.

“Permitted Encumbrances” means, as of any particular time: (i) liens for general and ad valorem taxes and assessments, if any, not then delinquent, or which the Parking Authority may, pursuant to provisions of Article V hereof, permit to remain unpaid; (ii) this Agreement; (iii) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; and (iv) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date of this Agreement or which the Parking Authority certifies in writing will not materially impair the use of the Facilities.

“Plan” means the City’s First Amended Plan for Adjustment of Debts of the City of Stockton, California, originally dated November 15, 2013 (as amended or modified from time to time, including as supplemented by the Plan Supplement in Connection with the First Amended Plan For The Adjustment Of Debts Of City Of Stockton, California (November 15, 2013), filed with the Bankruptcy Court on January 27, 2014, the Supplemental Plan Supplement in Connection with the First Amended Plan For The Adjustment Of Debts Of City Of Stockton, California (November 15, 2013), filed with the Bankruptcy Court on February 10, 2014, and [____], and as confirmed by the Bankruptcy Court pursuant to the Confirmation Order).

“Revenues” means, for any period of calculation, all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Facilities, including, without limiting the generality of the foregoing, (1) all income, rents, rates, charges, fines, penalties, collections and other fees, business interruption insurance proceeds or other moneys derived by the Parking Authority from the ownership or operation of the Facilities; plus (2) the earnings on and income derived from the investment of amounts described in clause (1), but excluding in all cases (x) any proceeds of grants or loans or other debt obligations received by the Parking Authority, and (y) customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the Parking Authority.

“Site” means those certain parcels of real property situated in San Joaquin County, State of California, more particularly described in Exhibit A attached to this Agreement and made a part hereof.

“Site and Facility Lease” means the Site and Facility Lease, dated as of June 1, 2004 between the City, as lessor, and the Financing Authority, as lessee.

“State” means the State of California.

“Term of this Agreement” or “Term” means the time during which this Agreement is in effect, as provided for in Section 4.2 of this Agreement.

“Termination Event” has the meaning ascribed to such term in Section 6.1 of the Forbearance Agreement.

“Transferred Interests” has the meaning ascribed to such term in Section 4.1 of this Agreement.

“Trustee” means Wells Fargo Bank, National Association, as trustee under the Indenture.

“Trustee Representative” means any person authorized to act on behalf of the Trustee under or with respect to this Agreement.

“2004 Parking Proceeding” means the case of *Wells Fargo Bank v. City of Stockton*, Case No. 39-2012-00277622-CU-UD-STK, in the Superior Court of the State of California

Section 1.2 Exhibits and Schedule. The following Exhibits and Schedule are attached to, and by reference made a part of, this Agreement:

EXHIBIT A: Site Boundaries.

EXHIBIT B: Leased Parking Facilities.

EXHIBIT C: Downtown Parking Facilities.

SCHEDULE I: Schedule of Installment Payments and Prepayment Amounts

ARTICLE II REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1 Representations, Covenants and Warranties of the Parking Authority. The Parking Authority represents, covenants, and warrants to the Trustee and NPPG as follows:

(a) The Parking Authority is a public body corporate and politic, duly organized and existing under the Constitution and laws of the State, and is empowered, among other things, to rent, lease, maintain, repair, manage and operate the Facilities.

(b) The Constitution and laws of the State of California authorize the Parking Authority to enter into this Agreement and to enter into the transactions contemplated thereby and to carry out its obligations under the Agreement, and the Parking Authority has duly authorized and executed this Agreement.

(c) Neither the execution and delivery of this Agreement nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions or any restriction or any agreement or instrument to which the Parking Authority is now a party or by which the Parking Authority is bound, or constitutes a default under any of the foregoing.

(d) The Parking Authority has duly authorized and executed this Agreement in accordance with the laws of the State of California, and the Agreement is the legal, valid, and binding obligation of the Parking Authority, enforceable against the Parking Authority in accordance with its terms.

(e) Not later than ninety (90) days after the close of each Fiscal Year (unless otherwise agreed in writing by the Trustee and NPFG), commencing with the Fiscal Year 2013-14, the Parking Authority shall furnish, or cause to be furnished, to the Trustee and NPFG unaudited fund trial balances of the Parking Authority as of the end of the close of such Fiscal Year.

(f) Promptly upon receipt by the Parking Authority and in no event later than two hundred ten (210) days after the close of each Fiscal Year (unless otherwise agreed in writing by the Trustee and NPFG), commencing with the Fiscal Year 2013-14, the Parking Authority shall furnish, or cause to be furnished, to the Trustee and NPFG detailed certified reports of audit, based on an examination sufficiently complete, prepared by an independent certified public accountant, covering the operations of the Facilities for such Fiscal Year. Such audit report shall include statements of the status of each account pertaining to the Facilities, showing the amount and source of all deposits therein, the amount and purpose of withdrawals therefrom and the balance therein at the beginning and end of such Fiscal Year. Each such audit, in addition to whatever matters may be thought proper by the accountant to be included therein, shall include statements (i) as to whether or not Revenues for such Fiscal Year were equal to at least 1.0 times budgeted Operation and Maintenance Expenses for such Fiscal Year (including all Installment Payments due and payable in such Fiscal Year), and (ii) if any Debt is outstanding, as to whether or not Net Revenues for such Fiscal Year were equal to at least 1.25 times Maximum Annual Debt Service for such Fiscal Year calculated as provided in Section 4.7 hereof.

(g) After entering into this Agreement the only bonds, notes, warrants or other obligations or indebtedness of the Parking Authority secured by a pledge of Net Revenues that may be issued, entered into and outstanding are obligations created in accordance with the terms of this Agreement.

(h) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body pending or, to the knowledge of the Parking Authority, threatened against or affecting the Parking Authority or affecting the corporate existence of the Parking Authority or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the entering into of this Agreement or in any way contesting or affecting the transaction contemplated hereby or the validity or enforceability of this Agreement or contesting the powers of the Parking Authority or its authority to execute and deliver this Agreement.

(i) The Parking Authority has complied with all applicable open public meeting and notice laws and requirements with respect to the meeting at which the Parking Authority's execution of this Agreement was authorized.

(j) The Parking Authority covenants to and for the benefit of NPFG and the owners of the Bonds that it will (i) not take or cause to be taken any other action or actions, or fail to take any action or actions, which would cause the interest payable on the Bonds to be includable in gross income of the holders thereof for federal income tax purposes; and (ii) at all times do and perform all acts and things permitted by law and necessary or desirable in order to

assure that interest paid on the Bonds will be excluded from the gross income, for federal income tax purposes, of the Owners pursuant to section 103 of the Code.

Section 2.2 Representations, Covenants and Warranties of the Trustee. The Trustee represents, covenants and warrants to the Parking Authority as follows:

(a) The Trustee is a national banking association duly organized, existing and in good standing under and by virtue of the laws of the United States of America; has power to enter into this Agreement; and has duly authorized the execution and delivery of the Agreement.

(b) Neither the execution and delivery of this Agreement nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a material breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Trustee is now a party or by which the Trustee is bound, or constitutes a default under any of the foregoing.

Section 2.3 Representations, Covenants and Warranties of NPFG. NPFG represents, covenants and warrants to the Parking Authority as follows:

(a) NPFG is a New York stock insurance corporation duly organized, existing and in good standing under and by virtue of the laws of the State of New York; has power to enter into this Agreement; and has duly authorized the execution and delivery of the Agreement.

(b) Neither the execution and delivery of this Agreement nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a material breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which NPFG is now a party or by which NPFG is bound, or constitutes a default under any of the foregoing.

ARTICLE III [RESERVED]

ARTICLE IV SALE AND PURCHASE OF POSSESSORY INTEREST IN THE LEASED PARKING FACILITIES; TERM OF THIS AGREEMENT; INSTALLMENT PAYMENTS

Section 4.1 Sale and Purchase of Possessory Interests in the Leased Parking Facilities. The Trustee, at the direction of NPFG, hereby sells, bargains and conveys all of its possessory rights, title and interest in the Site and the Leased Parking Facilities granted to it by the court in the 2004 Parking Proceeding with reference to the leaseholds established pursuant to the Lease Agreement and the Site Lease (collectively, the "Transferred Interests") and, unless a Termination Event occurs and is continuing and subject to the terms and provisions of the Forbearance Agreement, agrees not to exercise further any rights of possession and repossession, entry and re-entry, and re-letting of the Leased Parking Facilities assigned to it or otherwise within its power to direct or effect, jointly or severally, pursuant to the Lease Agreement, the Site

and Facility Lease, the Assignment Agreement or the Indenture, and the Parking Authority hereby purchases and acquires such possessory rights, title and interest in the Leased Parking Facilities from the Trustee, upon the terms and conditions set forth in this Agreement. The Parking Authority, the Trustee, and NPFG further agree that such possessory rights, title and interest in the Leased Parking Facilities shall be deemed conveyed to and vested in the Parking Authority upon the Effective Date following the delivery of this Agreement, subject only to Permitted Encumbrances. The Trustee shall take all actions necessary to vest in the Parking Authority all such possessory rights, title and interest in the Leased Parking Facilities.

Section 4.2 Term of Agreement. The Term of this Agreement shall commence as of the date hereof and shall end on March 1, 2047, or such earlier or later date on which the Parking Authority shall have paid in full all Installment Payments and other amounts due hereunder.

Section 4.3 Installment Payments.

(a) Obligation to Pay; Time of Payment. The Parking Authority shall pay to the Trustee, to be held in trust for the benefit of NPFG and the owners of the Bonds, subject to the terms and conditions of this Agreement and, in particular, of this Article IV, the Installment Payments set forth in Schedule I hereto for the purchase price of the Trustee's possessory rights, title and interest in the Leased Parking Facilities described in Section 4.1 of this Agreement. The Installment Payments shall be (i) due on February 25 and August 25 of each year, commencing August 25, 2014, as set forth in Schedule I hereto and (ii) payable solely from Revenues as hereinafter provided.

(b) Option to Prepay. Subject to the terms and conditions of this Section, the Parking Authority may prepay, in whole, but not in part, the Installment Payments. Said option may be exercised by the Parking Authority on any February 25 or August 25 during the Term of this Agreement, at the prepayment price (the "Optional Prepayment Price") equal to the sum of (i) the prepayment price for the applicable period set forth on Schedule II attached hereto, (ii) all Installment Payments previously due in accordance with the schedule of Installment Payments set forth on Schedule I attached hereto remaining unpaid and any applicable interest thereon, as of the date of the prepayment, and (iii) all amounts previously due and payable in accordance with the terms of the SCC 16 Settlement (as defined in the Forbearance Agreement) that remain unpaid as of the date of the prepayment. The Parking Authority shall give written notice to the Trustee and NPFG of the exercise of such option to prepay at least thirty (30) days prior to making such prepayment. Upon the prepayment by the Parking Authority of the Installment Payments as set forth herein, all remaining rights of the Trustee and NPFG under the SCC 16 Settlement shall be deemed to have been assigned and transferred to the Parking Authority, and the Parking Authority shall be entitled to exercise any rights and remedies available to the Trustee under the SCC 16 Settlement. The prepayment by the Parking Authority pursuant to this Section 4.3(b) shall be deemed a prepayment of the Lease Payments (as such term is defined in the Lease Agreement) by the Financing Authority pursuant to Section 4.4 of the Lease Agreement and shall be applied to redeem Bonds pursuant to Section 4.01 of the Indenture.

(c) Payment in Lawful Money; No Set-Off. Each Installment Payment and the interest thereon, if any, shall be paid by the Parking Authority in lawful money of the

United States, which at the time of payment is legal tender for the payment of public and private debts to or upon the order of the Trustee to the Trustee at its address designated in Section 10.1 or at such other place as the Trustee shall designate in writing to the Parking Authority. Any Installment Payment not paid when due as set forth in Schedule I shall bear interest in accordance with this Agreement at a rate per annum of 5%. Notwithstanding any dispute between the Parking Authority and the Trustee, or any other party, the Parking Authority shall make or cause to be made each and all Installment Payments and interest thereon, if any, when due and shall not withhold or permit to be withheld any Installment Payments or interest thereon, if any, pending the final resolution of any such dispute, and the Parking Authority shall not assert or permit to be asserted any right of set-off or counter-claim against its obligation to make Installment Payments and interest thereon, if any, as set forth herein.

(d) Deposit to Secure Payment of All Installment Payments.

Notwithstanding any other provision of this Agreement, the Parking Authority may on any date secure the payment of the Installment Payments by an irrevocable deposit in favor of the Trustee, in trust, of an amount and the amount of earnings calculated to accrue on any investments of such amounts in Federal Securities, including Refcorp interest strips, CATS, TIGRS and STRPS, or defeased municipal bonds rated “AA+” or higher by S&P or “Aa1” or higher by Moody’s (or any combination thereof), to maturity or applicable redemption date, that will be sufficient to pay the Optional Prepayment Price (as defined in subsection (b) above) with respect to the February 25 or August 25 on which such prepayment will occur (collectively, the “Defeasance Deposit”). In connection with such Defeasance Deposit, the Parking Authority shall (i) provide the Trustee and NPFG 30 days’ prior written notice of its intent to make a Defeasance Deposit; (ii) provide the Trustee and NPFG with the certification of an Independent Financial Consultant, chosen by the Parking Authority, calculating the necessary Defeasance Deposit pursuant to the terms of this Section 4.3(d); and (iii) execute any and all documents required by the Trustee and NPFG to evidence the Trustee’s security interest in the Defeasance Deposit. The holder of the Defeasance Deposit shall be the Trustee or a bank or other financial institution approved by the Trustee and NPFG. In the event of a deposit pursuant to this subsection, all obligations of the Parking Authority under this Agreement, and all security provided by this Agreement for said obligations, shall cease and terminate, excepting only the obligation of the Parking Authority to make, or cause to be made, the prepayment and any applicable Installment Payments and interest thereon from the deposit made by the Parking Authority pursuant to this subsection. Such deposit shall be deemed to be and shall constitute a special fund for the payment of Installment Payments and interest thereon, if any, in accordance with the provisions of this Agreement. Upon such deposit, the Trustee shall execute or cause to be executed any and all documents as may be necessary to evidence the release of any security provided for by this Agreement.

Section 4.4 [Reserved.]

Section 4.5 Special Obligation of the Parking Authority; Termination Event. The Parking Authority’s obligation to pay the Installment Payments shall be a special obligation, limited solely to Revenues. Under no circumstances shall the Parking Authority be required to advance any moneys derived from any source of income other than Revenues. No other funds or property of the Parking Authority shall be liable for the payment of the Installment Payments or

any interest thereon. The obligation of the Parking Authority to make Installment Payments and the interest thereon, if any, does not constitute an indebtedness within the meaning of any constitutional or statutory debt limit or restriction. The Installment Payments are Operation and Maintenance Expenses of the Parking Authority and will be paid on parity with all such Operation and Maintenance Expenses.

The general funds of the Parking Authority (other than the Revenues) and the City are not liable for, and neither the faith and credit nor the taxing power of the City is pledged to, the payment of the Installment Payments or the interest thereon, if any. The Parking Authority has no taxing power.

Until such time as all of the Installment Payments and the interest thereon, if any, shall have been fully paid or prepaid or secured, the Parking Authority (i) will not suspend, abate or discontinue any payments provided for in Section 4.3 hereof; (ii) will perform and observe all other agreements contained in this Agreement; and (iii) will not terminate the Term of this Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage or defect to the Facilities, the taking by eminent domain of title to or temporary use of all or any part of the Facilities, commercial frustration of purpose, any change in the tax or other laws of the United States or of the State of California or any political subdivision of either thereof or any failure of the Trustee or NPFG to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement other than as set forth in the Forbearance Agreement. Nothing contained in this Section shall be construed to release the Trustee or NPFG from the performance of any of the agreements on their part contained herein or in the Forbearance Agreement and, in the event the Trustee or NPFG shall fail to perform any such agreements on their part, the Parking Authority may institute such action against NPFG or the Trustee, as applicable, as the Parking Authority may deem necessary to compel performance so long as such action does not abrogate the obligations of the Parking Authority contained in the first sentence of this paragraph. Notwithstanding the foregoing provisions of this Section 4.5, the Parking Authority may, at the Parking Authority's own cost and expense and in the Parking Authority's own name, prosecute or defend any action or proceeding or take any other action involving third persons which the Parking Authority deems reasonably necessary in order to secure or protect the Parking Authority's rights of possession, occupancy and use hereunder, and in such event the Trustee and NPFG agree to cooperate fully with the Parking Authority and to take such action as is necessary to effect the substitution of the Parking Authority for one or both of the Trustee and NPFG in such action or proceeding if the Parking Authority shall so request.

The obligations of the Parking Authority to make the Installment Payments and the interest thereon, if any, from Revenues and to perform and observe the other agreements contained herein shall be absolute and unconditional. Until such time as all of the Installment Payments due hereunder shall have been paid in full (or provision for the payment thereof shall have been made pursuant to this Agreement), the Parking Authority will not discontinue or suspend the payment of any Installment Payments or the interest thereon, if any, required to be made by it under this Agreement when due, whether or not the Facilities or any part thereof is operating or operable or defective, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by

offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever; provided that, notwithstanding anything to the contrary in this Agreement, the amount of any Lease Payment or portion thereof paid by the Parking Authority under the Lease Agreement from and after the Effective Date shall be credited to and reduce in equal amount the Parking Authority's obligation to make Installment Payments pursuant to this Agreement.

Following waiver of the Termination Event and reinstatement of the Forbearance Agreement pursuant to the terms of the Forbearance Agreement, the remaining amounts due as set forth on Schedule I shall be recalculated by an Independent Financial Consultant, chosen by the Parking Authority, to account for the delay in payment (without addition of any interest or other fees or charges for such period of time as the Termination Event continued) and, at the option of the Parking Authority, extended by an amount of time less than or equal to the period during which the Termination Event continued.

Section 4.6 Pledge of Revenues; Application of Revenues.

(a) Pledge of Revenues. The Parking Authority hereby agrees that the payment of the Installment Payments and the interest thereon, if any, shall be, and hereby are, secured by a pledge of and charge and a first lien upon the Revenues, senior to all other liens or encumbrances on the Revenues or any portion thereof, and, except as herein otherwise provided, all of the Revenues are hereby pledged, charged, assigned, and set over by the Parking Authority to the Trustee for the purpose of securing payment of the Installment Payments and the interest thereon, if any, provided that such amounts shall be payable on parity with all other Operation and Maintenance Expenses. The Revenues and any interest earned on the Revenues shall be held in trust by the Parking Authority for the security and payment of the Installment Payments and the interest thereon, if any, and all other Operation and Maintenance Expenses. The Parking Authority agrees that none of the Revenues will be used for any other purposes unless and until the then required payments of the Installment Payments and the interest thereon, if any, and all other Operation and Maintenance Expenses have been made. The Parking Authority hereby further covenants that it will not encumber or create a lien on Revenues superior to or on parity with the pledge of the Revenues created hereunder and the pledge of Revenues hereunder shall constitute a first and prior lien on all of the Revenues. In accordance with Section 5451 of Title 1, Chapter 5.5 of the California Government Code, this pledge shall constitute a first and prior lien on and security interest in all of the Revenues for the payment of Installment Payments and the interest thereon, if any, on parity with all other Operation and Maintenance Expenses, which shall immediately attach to the Revenues and be effective, binding and enforceable against the Parking Authority, its successors, creditors and all others asserting rights therein relating to the Installment Payments, to the extent set forth in this Agreement, irrespective of whether those parties have notice of the pledge and without the need for any physical delivery, recordation, filing or further act.

(b) Use and Withdrawal of Revenues. Revenues shall be set aside and expended by the Parking Authority in the following order of priority, each such use to be fully paid or provided for prior to the application to the next item in the below list:

(i) Operation and Maintenance Expenses Including Installment Payments. The Installment Payments and interest on the Installment Payments, if any, shall be paid or provided for from time to time when, in accordance with the terms of this Agreement, they become due and payable. All other Operation and Maintenance Expenses shall be paid from time to time as they arise. In the event of any insufficiency of Revenues to make the payments described in this paragraph, moneys shall be applied ratably to Operation and Maintenance Expenses, including Installment Payments, based on the respective principal amounts without any discrimination or preference; provided that the Trustee, at the direction of NPFG, may at any time consent to the payment of any other Operation and Maintenance Expenses prior to Installment Payments.

Following a determination by the Parking Authority that the Parking Authority will have in such Fiscal Year Revenues sufficient for payment of all of the amounts referenced in clause (i) above:

(ii) General Parking Authority Purposes. For any lawful purpose of the Parking Authority, including, but not limited to, any costs of capital improvements to the Facilities and Debt Service, if any.

Section 4.7 Rate Covenant.

(a) The Parking Authority shall, on or before June 1 of each Fiscal Year, determine, based upon preliminary results from such Fiscal Year and projected results for the following Fiscal Year, fix rents, rates, fees and other charges for the following Fiscal Year at levels projected to produce (i) Revenues that will be equal to at least 1.0 times budgeted Operation and Maintenance Expenses for such Fiscal Year (including all Installment Payments to become due and payable), and (ii) Net Revenues that, less budgeted Operation and Maintenance Expenses, will be equal to at least 1.25 times Debt Service (if applicable) for such Fiscal Year. The Parking Authority shall notify the Trustee and NPFG on or before the beginning of each Fiscal Year of the results of such determination for such Fiscal Year. The Parking Authority may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of this Section 4.7(a).

(b) If, on or before June 1 of each Fiscal Year, the Parking Authority determines that the rents, rates, fees and other charges fixed for such year will be insufficient to produce Revenues in the amounts required by Section 4.7(a) for such Fiscal Year, or the Parking Authority determines that no level of rates, fees and other charges to be fixed for the following Fiscal Year will be sufficient to produce Revenues in the amounts required by Section 4.7(a), then, notwithstanding anything to the contrary in this Agreement, such failure shall not constitute a breach of the provisions of Section 4.7(a) provided the Parking Authority takes all of the following actions:

(i) employs a Parking Consultant to make recommendations as to a revision of the rents, rates, fees and other charges imposed by the Parking Authority or the methods of operating the

Facilities to increase Revenues or decrease Operation and Maintenance Expenses for subsequent Fiscal Years such that the requirements of Section 4.7(a) are satisfied (or, if in the opinion of the Parking Consultant, the attainment of such level is impracticable, to the highest practicable ratio thereof);

(ii) provides copies of the recommendations of the Parking Consultant to the Trustee and NPFG within the earlier of (x) ninety (90) days of the retention of the Parking Consultant, or (y) five (5) business days following the receipt by the Parking Authority of the Parking Consultant's recommendations; and

(iii) complies in all material respects with the recommendations of the Parking Consultant as described in Section 4.7(b)(ii).

(c) Notwithstanding the foregoing, the Parking Authority shall not be excused from taking any action or performing any duty or making any payment required under this Agreement, the Indenture, the Forbearance Agreement or any other documents, instruments, or agreements executed in connection therewith, and no other event of default shall be waived, by the operation of the provisions of this subsection 4.7(b).

Section 4.8 Limitations on Debt. The Parking Authority will not issue or incur any bonds or obligations of any kind or nature payable from or enjoying a lien on the Revenues unless all of the following conditions are met:

(a) The Parking Authority is in full compliance with all of the covenants and undertakings in connection with this Agreement and all debt and other obligations of the Parking Authority then outstanding and payable from Revenues or Net Revenues.

(b) The issuance of Debt shall have been duly authorized, including, but only to the extent required by law, at an election held pursuant to applicable law.

(c) The Net Revenues for the last Fiscal Year for which audited financial statements are available when added to the estimated amount of the increase in the Revenues (including any increase due to any increase in rates which is scheduled to take effect prior to or simultaneous with the issuance and delivery of such Debt) for the first twelve-month period in which improvements, extensions, additions, or betterments of the Facilities to be financed with the proceeds of the Debt then proposed to be issued will be in operation (such estimated amount to be evidenced by a certificate of an Independent Financial Consultant), are equal to at least 1.1 times the Maximum Annual Debt Service on all Debt then outstanding plus the Debt then proposed to be issued. Any such lien on Revenues shall be made expressly subordinate to the first and prior lien on the security interest on Revenues securing the payment of Installment Payments (and interest thereon) as set forth herein.

(d) If the additional Debt is to be issued solely for the purpose of refunding a portion of the Installment Payments or other Debt then outstanding then, for the purpose of making the calculation required under the foregoing paragraph, the Maximum Annual Debt Service on the Installment Payments and any Debt outstanding in any future years shall take into consideration only the Installment Payments and Debt that will remaining outstanding after the issuance of such Debt; provided that if before the issuance and delivery of such Debt

the Installment Payments will have been retired, nothing herein contained shall limit or restrict the issuance of any such Debt.

(e) Debt may be issued only for the purpose of improving, extending, reconstructing, maintaining, or repairing the Facilities or acquiring or constructing Additional Facilities, or for the purpose of refunding the Installment Payments or any Debt then outstanding, or for any combination of such purposes.

ARTICLE V MAINTENANCE OF FACILITIES; TAXES; INSURANCE; AND OTHER MATTERS

Section 5.1 Operation and Maintenance of Facilities; Utilities, Taxes and Assessments. The Parking Authority covenants to operate, or cause to be operated, the Facilities for the purposes set forth in the Parking Law and in this Agreement in an efficient and economical manner, and in accordance with customary standards and business practices applicable to similar facilities, including standards of cleanliness, safety, sanitation and sightly condition. The Parking Authority further covenants to operate, maintain and preserve, or cause to be operated, maintained and preserved, the Facilities in good repair and working order, including by performing all routine maintenance necessary to maintain such standards. In operating and maintaining the Facilities, including by means of one or more Management Agreements, the Parking Authority shall use its best efforts to generate Revenues sufficient to comply with the rate covenant set forth in Section 4.7 hereof. The Parking Authority shall engage or cause to be engaged such janitorial, security, and parking enforcement services as it reasonably determines are necessary in connection with its obligations under this Agreement.

The Parking Authority covenants that in order fully to preserve and protect the priority and security of the Installment Payments and the interest thereon, if any, the Parking Authority shall pay and discharge all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Revenues or any part thereof or on any funds in the hands of the Parking Authority equal or superior to the priority of payment of the Installment Payments and the interest thereon, if any, or which might impair the security of the Installment Payments and the interest thereon, if any. The Parking Authority shall also pay from Revenues any taxes and assessments or other governmental charges lawfully levied or assessed upon or in respect of the Facilities or upon any part thereof or upon any of the Revenues therefrom, and duly observe and conform to all valid requirements of any governmental authority relative to any such properties; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Parking Authority shall be obligated to pay only such installments as are required to be paid during the Term of this Agreement as and when the same become due. The Parking Authority shall not be required to pay any federal, state or local income, inheritance, estate, succession, transfer, gift, franchise, gross receipts, profit, excess profit, capital stock, corporate, or other similar tax payable by the Trustee or NPFG or their successors.

The Parking Authority may, at the Parking Authority's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during

the period of such contest and any appeal therefrom; provided that prior to such nonpayment the Parking Authority shall furnish the Trustee and NPFG with the opinion of Independent Counsel acceptable to the Trustee and NPFG to the effect that, by nonpayment of any such items, the Facilities or any part thereof will be subject to loss or forfeiture, otherwise, the Parking Authority shall promptly pay such taxes, assessments or charges, or provide the Trustee and NPFG with full security against any loss which may result from nonpayment, in form satisfactory to the Trustee and NPFG.

Section 5.2 Modification of Facilities. The Parking Authority shall, at its own expense, have the right to make additions, modifications and improvements to the Facilities. Such additions, modifications and improvements shall not in any way damage the Facilities or cause it to be used for purposes other than those authorized under the Parking Law; and the Facilities, upon completion of any additions, modifications and improvements made pursuant to this Section 5.2, shall have a value at least equal to the value of the Facilities immediately prior to the making of such additions, modifications and improvements. All such additions, modifications and improvements shall comply with all building, electrical, plumbing, health and fire codes of the City and the County of San Joaquin. The Parking Authority covenants not to use, or to permit the use of, the Facilities in any manner that will constitute waste, nuisance or unreasonable annoyance to owners or occupants of adjacent properties.

Section 5.3 Public Liability and Property Damage Insurance. The Parking Authority shall maintain or cause to be maintained, throughout the Term of this Agreement, insurance policies, including a standard comprehensive general liability insurance policy or policies, in protection of the Parking Authority and the City, their officers, agents, and employees. Any such policy or policies shall name the Parking Authority and the Trustee as an additional insured. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the construction or operation and maintenance of the Facilities. Said policy or policies shall provide coverage in the minimum liability limits of \$1,000,000 for personal injury or death of each person or of two or more persons in a single accident or event, and in a minimum amount of \$100,000 (subject to a deductible clause of not to exceed \$5,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$1,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the Parking Authority. [Such insurance may be obtained from a joint powers authority authorized and existing under the laws of the State as provided in Section 5.8, provided that any liability retention by the Parking Authority shall be no greater than the liability retention applicable to the City under a similar program by such joint powers authority.] The Net Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds shall have been paid.

Section 5.4 Errors and Omissions Insurance. The Parking Authority shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Agreement a policy of errors and omissions insurance for the protection of the members of the Parking Authority.

Section 5.5 Fire and Extended Coverage Insurance. The Parking Authority shall procure and maintain, or cause to be procured and maintained throughout the Term of this Agreement, insurance against loss or damage to any insurable structures constituting any part of the Facilities (excluding, for example, metered parking spaces of streets, roads and other public thoroughfares) by fire and lightning, with extended coverage insurance. Any such policy or policies shall name the Trustee as an additional insured. A maximum deductible amount of \$50,000 for any one loss shall be allowable. Such insurance shall be in an amount equal to one hundred percent (100%) of the replacement cost of such Facilities. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried or required to be carried by the Parking Authority. [Such insurance may be obtained from a joint powers authority authorized and existing under the laws of the State as provided in Section 5.8, provided that any liability retention by the Parking Authority shall be no greater than the liability retention applicable with respect to similar assets of the City insured under a similar program by such joint powers authority.] The Net Proceeds of such insurance shall be applied as provided in Section 6.2(a) hereof.

Section 5.6 Workers Compensation. The Parking Authority shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Agreement a policy of workers compensation with employer's liability limits not less than five hundred thousand dollars (\$500,000) per accident. Any such policy or policies shall name the Trustee as an additional insured. [Such insurance may be obtained from a joint powers authority authorized and existing under the laws of the State as provided in Section 5.8, provided that any liability retention by the Parking Authority shall be no greater than the liability retention applicable to the City under a similar program by such joint powers authority.]

Section 5.7 Business Automobile Liability. The Parking Authority shall procure and maintain, or cause to be procured and maintained, throughout the Term of this Agreement a policy of business automobile liability insurance with limits not less than one million dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including owned and non-owned and hired auto coverage, as applicable. Any such policy or policies shall name the Trustee as an additional insured. [Such insurance may be obtained from a joint powers authority authorized and existing under the laws of the State as provided in Section 5.8, provided that any liability retention by the Parking Authority shall be no greater than the liability retention applicable to the City under a similar program by such joint powers authority.]

Section 5.8 Insurance Proceeds; Form of Policies. All proceeds of the insurance required by Section 5.5 hereof shall be payable to the Parking Authority for deposit into the Insurance and Condemnation Fund as provided in Section 6.2(a) hereof. The Parking Authority shall pay or cause to be paid when due the premiums for all insurance policies required by this Agreement. All such policies shall provide that the Trustee and NPFG shall be given thirty (30) days' notice of each expiration thereof, and any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee and NPFG shall not be responsible for the sufficiency of any insurance herein required, and the Trustee and NPFG shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise, or settlement of any loss agreed to by them. The Parking Authority shall cause to be delivered to the Trustee and NPFG annually on or before September 1 a Certificate of a Parking Authority Representative stating

that the insurance policies or self-insurance required by this Agreement are in full force and effect and that all required premiums, if any, have been paid or an insurance certificate evidencing such coverage. Promptly following the request of the Trustee or NPFG, the Parking Authority shall cause to be delivered to the Trustee and NPFG a copy of any insurance obtained pursuant to this Agreement.

Any insurance policies obtained in satisfaction of the requirements of Sections 5.3, 5.5 and 5.7 shall provide the following:

(i) If obtained by a person other than the Parking Authority, name as additional insureds the Parking Authority and the Trustee and, as applicable, their officers, agents and employees.

(ii) That such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.

(iii) All policies shall provide thirty (30) days advance written notice to the Parking Authority of cancellation.

(iv) Should any of the required insurance be provided under a claims-made form, the Operator or the Parking Authority, as applicable, shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three (3) years beyond the expiration of this Agreement, to the effect that, should occurrences during the contract term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

(v) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above. Should any required insurance obtained by an Operator lapse during the term of this Agreement, Operator requests for payments originating after such lapse shall not be processed until the Parking Authority receives satisfactory evidence of reinstate coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, the Parking Authority shall, at its sole option, obtain the necessary insurance on behalf of the Operator or, within 60 days of such non-reinstatement, employ a replacement Operator.

Notwithstanding anything to the contrary in this Agreement, any policy of insurance required pursuant to this Agreement may be obtained from a joint powers authority authorized and existing under the laws of the State, [provided that any liability retention by the Parking Authority shall be no greater than the liability retention applicable to the City under a similar program by such joint powers authority.]

Section 5.9 Advances. If the Parking Authority fails to perform any of its obligations under this Article, the Trustee may, but shall have no obligation, take such action as may be necessary to cure such failure, including the advancement of money, and the Parking Authority shall be obligated to repay all such advances as soon as possible, with interest thereon at the lesser of the rate of twelve percent (12%) per annum or the maximum legal rate of interest for public agencies from the date of the advance to the date of repayment.

Section 5.10 Subcontracting. The Parking Authority may employ one or more Operators to operate all or any portion of the Facilities in connection with the discharge of the Parking Authority's related duties and covenants under this Agreement. The Parking Authority shall provide notice to the Trustee and NPFG within fifteen (15) days of appointing or replacing any Operator.

The Parking Authority shall remain obligated to discharge all of its duties under this Agreement following appointment of an Operator; provided that, the Parking Authority shall not be liable, and the Trustee and NPFG hereby waive all claims against the Parking Authority, for any damages relating from the gross negligence or willful misconduct of any such Operator.

Section 5.11 Installation of Parking Authority's Equipment. The Parking Authority may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed items of equipment or personal property in or upon the Facilities. All such items shall remain the sole property of the Parking Authority, in which the Trustee and NPFG shall not have any interest, and may be modified or removed by the Parking Authority at any time, provided that the Parking Authority shall repair and restore any and all damage to the Facilities resulting from the installation, modification or removal of any such items. Subject to the provisions of Section 4.8 hereof, nothing in this Agreement shall prevent the Parking Authority from purchasing items to be installed pursuant to this Section under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof.

Section 5.12 Records and Accounts. The Parking Authority covenants that it shall keep proper books of records and accounts of the Facilities, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Facilities and Revenues. Said books shall at all times be subject to the inspection by NPFG or the Trustee.

ARTICLE VI DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

Section 6.1 Eminent Domain. If all or any part of the Facilities shall be taken by eminent domain proceedings (or sold to a government agency threatening to exercise the power of eminent domain), the Net Proceeds therefrom shall be deposited in the Insurance and Condemnation Fund pursuant to Section 6.2(b) hereof and shall be applied and disbursed by the Parking Authority as follows:

(a) If the Parking Authority reasonably determines that such eminent domain proceedings have not materially affected the operation of the Parking Authority or the ability of the Parking Authority to meet any of its obligations under this Agreement, and if the Parking Authority determines that such proceeds are not needed for repair or rehabilitation of the Facilities, upon delivery to the Trustee and NPFG of a certificate of an Independent Engineer or Independent Financial Consultant to the effect that such taking will not have a material effect on the Facilities and that the rate covenant of the Parking Authority set forth in Section 4.7 of this Agreement, based on projections of said engineer or financial consultant, will continue to be satisfied following such taking, the City shall apply such proceeds to the prepayment of Installment Payments in the manner provided in Article IV hereof.

(b) If the Parking Authority reasonably determines that such eminent domain proceedings have not materially affected the operation of the Facilities or the ability of the Parking Authority to meet any of its obligations under the Agreement, and if the Parking Authority reasonably determines that such proceeds are needed for replacement, repair or rehabilitation of the Facilities, the Parking Authority shall pay from said proceeds such amounts as the Parking Authority may reasonably expend for such replacement, repair or rehabilitation, upon the filing with the Trustee and NPFG of a certificate of an Independent Engineer or Independent Financial Consultant to the effect that such replacement, repair or rehabilitation will not have a material effect on the Facilities and that the rate covenant of the Parking Authority set forth in Section 4.7 of this Agreement, based on projections of said engineer or financial consultant, will continue to be satisfied following such repair, replacement or rehabilitation.

(c) If less than all of the Facilities shall have been taken in such eminent domain proceedings, and if the Parking Authority reasonably determines that such eminent domain proceedings have materially affected the operation of the Facilities or the ability of the Parking Authority to meet any of its obligations under the Agreement, or if all of the Facilities shall have been taken in such eminent domain proceedings, then the Parking Authority shall apply all such proceeds to the prepayment of Installment Payments in the manner provided in Article IV hereof.

Section 6.2 Application of Net Proceeds.

(a) From Insurance Award. The Net Proceeds of any insurance award resulting from any damage to or destruction of the Facilities, or any part thereof, by fire or other casualty shall be deposited by the Parking Authority in a separate fund known as the Insurance and Condemnation Fund (the "Insurance and Condemnation Fund") promptly upon receipt thereof, and, if the Parking Authority Representative notifies the Trustee and NPFG in writing of the Parking Authority's determination, and a certificate of an Independent Engineer and/or Independent Financial Consultant, to the effect that the replacement, repair, or restoration of the Facilities, or any part thereof, is not economically feasible or in the best financial interest of the Parking Authority, the Trustee and NPFG, based on projections of said engineer or financial consultant, then such Net Proceeds shall be promptly transferred to the Trustee and applied to the prepayment of the Installment Payments in accordance with Section 4.3(b) or Section 4.3(d) hereof. All such Net Proceeds deposited in the Insurance and Condemnation Fund and not so transferred shall be applied to the prompt replacement, repair,

or restoration of the damaged or destroyed portions of the Facilities by the Parking Authority. Any balance of the Net Proceeds of any insurance award remaining after the replacement, repair or restoration of the damaged or destroyed portion of the Facilities has been completed and final accounting therefore been made (including claims by an insurer for reimbursement or recoupment of such proceeds) shall be transferred to the Parking Authority as Revenues.

(b) From Eminent Domain Award. The net proceeds of any eminent domain award or settlement resulting from any event described in Section 6.1 hereof shall be deposited in the Insurance and Condemnation Fund and shall be held and applied in the same manner as Net Proceeds as set forth in Section 6.2(a) hereof.

ARTICLE VII DISCLAIMER OF WARRANTIES; INDEMNIFICATION

Section 7.1 Disclaimer of Warranties. THE TRUSTEE AND NPFG MAKE NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE FACILITIES OR ANY PART THEREOF OR AS TO THE FITNESS OF THE FACILITIES FOR THE USE CONTEMPLATED BY THE PARKING AUTHORITY OF THE FACILITIES OR ANY PARTS THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROJECT OR ANY PARTS THEREOF. IN NO EVENT SHALL THE TRUSTEE OR NPFG BE LIABLE FOR INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR THE ACQUISITION, CONSTRUCTION, EXISTENCE, FURNISHING OR FUNCTIONING OF THE FACILITIES OR THE PARKING AUTHORITY'S USE OF THE FACILITIES.

The Parking Authority acknowledges that the Parking Authority is not relying on the Trustee or NPFG having made any inquiry as to the condition of the Leased Parking Facilities. The Parking Authority acknowledges and agrees that the Parking Authority will be purchasing the Trustee's possessory interest in the Leased Parking Facilities based solely upon its inspection and investigations of the Leased Parking Facilities and that the Parking Authority will be purchasing the possessory interest "AS IS" and "WITH ALL FAULTS" based upon the condition of the Leased Parking Facilities as of the date of this Agreement. By accepting the possessory interest hereunder, the Parking Authority hereby releases the Trustee and NPFG, each of their affiliates and each of their respective shareholders, members, partners, officers, directors, employees, servants, agents and counsel their directors and officers, and their successors, (collectively, the "Indemnified Parties") from any and all liability in connection with any claims which the Parking Authority may have against the Indemnified Parties, and the Parking Authority hereby agrees not to assert any claims for damage, loss, compensation, contribution, cost recovery or otherwise against the Indemnified Parties, whether in tort, contract, or otherwise, relating directly or indirectly to the condition of the Leased Parking Facilities.

Section 7.2 Indemnification. The Parking Authority shall and hereby agrees to indemnify and save harmless the Indemnified Parties from and against any and all claims, losses, damages, penalties and liabilities, including legal fees and expenses, arising out of or in connection with (i) the acquisition, construction, use, maintenance, condition, management,

disposition or sale of the Facilities, or from any work or thing done on the Facilities by the Parking Authority, (ii) any breach or default on the part of the Parking Authority in the performance of any of its obligations under this Agreement, and (iii) the Trustee's interest in the Transferred Interests, the Transferred Interests, and the Trustee's possession of the Facilities and/or sale of the Transferred Interests pursuant to the terms hereof. No indemnification is made under this Section or elsewhere in this Agreement for willful misconduct, gross negligence, or breach of duty under this Agreement by the Trustee or NPFG, or their officers, employees or successors. The indemnity provided for in this Section shall survive termination of this Agreement.

ARTICLE VIII NO ASSIGNMENT

Section 8.1 No Assignment of this Agreement. This Agreement may not be assigned by the Parking Authority to any other party.

ARTICLE IX EVENTS OF DEFAULT AND REMEDIES

Section 9.1 Events of Default Defined. The following shall be "events of default" under this Agreement, and the terms "event of default" and "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(i) Failure by the Parking Authority to pay any Installment Payment or the interest thereon or other payment required to be paid hereunder at the time specified herein for payment; provided that, if the Parking Authority has, in good faith, taken actions to increase Revenues or otherwise increased rates, fees and charges, or to reduce Operation and Maintenance Expenses, and an Independent Engineer certifies that such actions, expense reductions or rate increase are expected to result in payment in full of the next succeeding Installment Payment on the date on which it will become due pursuant to Schedule I, together with any previously unpaid Installment Payments and accrued interest to be due and payable on such date, then such failure will not be an event of default under this Agreement.

(ii) Failure by the Parking Authority to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clause (i) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the Parking Authority by the Trustee or by the Trustee at the direction of NPFG; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee and NPFG shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Parking Authority within the applicable period and diligently pursued until the default is corrected.

(iii) The filing by the Parking Authority of a voluntary petition in bankruptcy, or failure by the Parking Authority promptly to obtain relief from any execution, garnishment or attachment, or adjudication of the Parking Authority as a bankrupt, or assignment by the Parking Authority for the benefit of creditors, or the entry by the Parking Authority into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Parking Authority in any proceedings instituted under the provisions of the Federal Bankruptcy Statute, as amended, or under any similar acts which may hereafter be enacted.

(iv) An event of default shall have occurred and be continuing with respect to any Debt which requires or permits the immediate acceleration thereof.

(v) A Termination Event (as that term is defined in Section 6.1 of the Forbearance Agreement) shall occur under the Forbearance Agreement.

Section 9.2 Remedies on Default. Whenever any event of default referred to in Section 9.1 hereof shall have occurred and be continuing, the Trustee, at the direction of NPFG, shall without any further demand or notice:

(a) declare all the unpaid Installment Payments, together with accrued interest thereon, if any, to be immediately due and payable, whereupon the same shall become due and payable;

(b) apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require officials of the Parking Authority to charge and collect rates and charges for services provided by the Facilities sufficient to meet all requirements of this Agreement;

(c) take whatever action at law or in equity may appear necessary or desirable to collect the Installment Payments and the interest thereon, if any, then due or thereafter to become due during the Term of this Agreement, or enforce performance and observance of any obligation, agreement or covenant of the Parking Authority under this Agreement;

(d) partially foreclose the lien on the Revenues granted hereby in any manner and for any amounts secured hereby then due and payable as determined by NPFG and the Trustee in their sole discretion including, without limitation, the following circumstances: (i) in the event Parking Authority defaults beyond any applicable grace period in the payment of one or more Installment Payments, the Trustee, at the direction of NPFG, may foreclose the lien on the Revenues granted hereby to recover such delinquent payments, or (ii) in the event the Trustee, at the direction of NPFG, elects to accelerate less than the entire outstanding balance of the Installment Payments, the Trustee, at the direction of NPFG, may foreclose the lien on the Revenues granted hereby to recover so much of the Installment Payments as the Trustee, at the direction of NPFG, may elect to accelerate and such other sums secured hereby as the Trustee, at the direction of NPFG, may elect. Notwithstanding one or more partial

foreclosures, the Revenues shall remain subject to the lien and security interest created hereby to secure payment of sums secured hereby and not previously recovered; and/or

(e) take or exercise all or any one or more of the rights, powers, privileges and other remedies available NPMG and the Trustee, as applicable, against the Parking Authority under this Agreement or any of the other documents, instruments or agreements executed and delivered by, or applicable to, the Parking Authority or at law, in equity or otherwise, at any time and from time to time, whether or not all or any of the Installment Payments shall be declared due and payable, and whether or not the Trustee shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of this Agreement or any of the other documents, instruments or agreements executed and delivered in connection herewith. Any such actions taken by the Trustee or NPMG shall be cumulative and concurrent and may be pursued independently, singly, successively, together or otherwise, at such time and in such order as the Trustee and NPMG may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of the Trustee or NPMG permitted by law, equity or contract or as set forth herein or in the other documents, instruments and agreements executed in connection herewith. Without limiting the generality of the foregoing, the Parking Authority agrees that if an event of default is continuing, all liens and other rights, remedies or privileges provided to the Trustee and NPMG, as applicable, shall remain in full force and effect until the Trustee and NPMG have exhausted all of their remedies against the Parking Authority and the Revenues, the lien on the Revenues granted hereby has been foreclosed, sold and/or otherwise realized, and the Installment Payments and all other amounts due or to become due hereunder have been paid in full.

Section 9.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee or NPMG is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee and/or NPMG to exercise any remedy reserved to it in this Article IX, it shall not be necessary to give any notice, other than such notice as may be required in this Article or by law.

Section 9.4 Agreement to Pay Attorneys' Fees and Expenses. In the event a party to this Agreement should default under any of the provisions hereof and the non-defaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the non-defaulting party the reasonable fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 9.5 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.6 Liability Limited to Revenues. Notwithstanding any provision of this Agreement, the Parking Authority's liability to pay the Installment Payments and the interest thereon, if any, and other amounts hereunder shall be limited solely to Revenues as provided in Sections 4.5 and 4.6 hereof. In the event that the Revenues shall be insufficient at any time to pay any Installment Payment or interest thereon, if any, in full, the Parking Authority shall not be liable to pay or prepay such Installment Payment or interest other than from the Revenues, but shall be liable to pay to the Trustee, for the benefit of NPFG and the owners of the Bonds, the amount of any deficiency in the payment of Installment Payments, but solely from Revenues thereafter received.

ARTICLE X MISCELLANEOUS

Section 10.1 Notices. All notices, certifications or other communications provided for in this Agreement shall be given by mail or personal delivery to the party entitled thereto at its address set forth below. All such notices, certifications, or other communications which are given by mail shall be deemed to have been received forty-eight (48) hours after deposit in the United States mail in registered or certified form with postage fully prepaid and addressed as follows:

If to the Parking Authority:	Parking Authority of the City of Stockton 425 North El Dorado Street Stockton, CA 95202-1997 Attention: Parking Manager Phone: (209) 937-8212 Fax: (209) 937-7149
If to the Trustee:	Wells Fargo Bank, National Association 555 Montgomery Street, 10th Floor San Francisco CA 94111 Attention: Corporate Trust, MAC A0167-102 Phone: (415) 222-2868 Fax: (415) 395-9064
If to NPFG:	Optinuity Alliance Resources, an MBIA Inc. Company Special Situations Group 113 King Street Armonk, New York 10504 Phone: (914) 765-3533 Attn: Daniel E. McManus, Jr., Esq.

The Trustee, NPFG and the Parking Authority, by notice given hereunder, may designate different addresses to which subsequent notices, certifications or other communications will be sent.

Section 10.2 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Trustee, NPFG, and the Parking Authority and their respective successors.

Section 10.3 Severability. In the event any provision of this 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.

Section 10.4 Amendments, Changes and Modifications. This Agreement may be amended or any of its terms modified with the prior written consent of the Parking Authority, the Trustee, and NPFG.

Section 10.5 Net Contract. This Agreement shall be deemed and construed to be a “net contract,” and the Parking Authority hereby agrees that the Installment Payments and the interest thereon, if any, shall be an absolute net return to the Trustee, free and clear of any expenses, charges or set-offs whatsoever (except as provided herein).

Section 10.6 Further Assurances and Corrective Instruments. The Trustee and the Parking Authority agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Facilities or for carrying out of the expressed intention of this Agreement.

Section 10.7 Rights, Privileges and Immunities of the Trustee. The Trustee is acting under this Installment Sale Agreement solely in its capacity as Trustee under the Indenture and the duties, powers and liabilities of the Trustee in acting hereunder shall be subject to the provisions of the Indenture, including without limitation Article VIII thereof. NPFG’s right to direct the Trustee, from and after the Effective Date, is subject to the terms and conditions of the Indenture, including without limitation the condition that NPFG has not failed to comply with its payment obligations under the 2004 Parking Bond Policy (as defined in the Forbearance Agreement).

Section 10.8 Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.9 Applicable Law; Waiver of Jury Trial. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA. TO THE EXTENT PERMITTED BY LAW, THE PARTIES HERETO HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO JURY TRIAL OF ANY ACTION, PROCEEDING OR HEARING (HEREINAFTER, A “CLAIM”) BASED UPON OR ARISING OUT OF, DIRECTLY OR INDIRECTLY, THIS AGREEMENT, ANY DEALINGS AMONG NPFG, THE TRUSTEE AND THE PARKING AUTHORITY RELATING TO THE SUBJECT MATTER OF THE TRANSACTIONS CONTEMPLATED BY THIS

AGREEMENT OR ANY RELATED TRANSACTIONS. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT (INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS). THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT, ANY RELATED DOCUMENTS, OR TO ANY OTHER DOCUMENTS OR SUPPLEMENTS RELATING TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY RELATED TRANSACTIONS. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

Section 10.10 Trustee and Parking Authority Representatives. Whenever under the provisions of this Agreement the approval of the Trustee, NPFG or the Parking Authority is required, or the Trustee, NPFG or the Parking Authority is required to take some action at the request of the other, such approval or such request shall be given for NPFG by the NPFG Representative, for the Trustee by the Trustee Representative, and for the Parking Authority by the Parking Authority Representative, and any party hereto shall be authorized to rely upon any such approval or request.

Section 10.11 Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

NATIONAL PUBLIC FINANCE
GUARANTEE CORPORATION

By: _____
Authorized Officer

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Officer

PARKING AUTHORITY OF THE CITY
OF STOCKTON

By: _____
Parking Manager

EXHIBIT A
DESCRIPTION OF THE SITE

Market Street Parking Garage

ALL THAT CERTAIN REAL PROPERTY IN THE CITY OF STOCKTON, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, SAID REAL PROPERTY BEING LOTS 1, 3, 5, 7, 9, 11, 13, 14, 15 AND 16 OF BLOCK 23, EAST OF CENTER STREET, OF THE OFFICIAL MAP OF THE CITY OF STOCKTON, APPROVED AND ADOPTED BY THE CITY COUNTY OF THE CITY OF STOCKTON IN JULY 23, 1893, THE NORTHERLY 1 FOOT OF LOTS 2 AND 4 OF SAID BLOCK 23, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID BLOCK 23, EAST OF CENTER STREET; THENCE EASTERLY 303.00 FEET ALONG THE NORTHERLY BOUNDARY OF SAID BLOCK 23 TO THE NORTHEAST CORNER OF SAID BLOCK 23; THENCE SOUTHERLY 202.00 FEET ALONG THE EASTERLY BOUNDARY OF SAID BLOCK 23 TO THE SOUTHEAST CORNER OF SAID LOT 16; THENCE WESTERLY 202.00 FEET ALONG THE SOUTHERLY BOUNDARIES OF LOTS 16 AND 14 TO THE NORTHEAST CORNER OF SAID LOT 4; THENCE SOUTHERLY ONE (1) FOOT ALONG THE EASTERLY BOUNDARY OF SAID LOT 4 TO A POINT; THENCE WESTERLY 101.00 FEET ALONG A LINE PARALLEL WITH AND 1.00 FOOT PERPENDICULAR TO THE SOUTHERLY LINE OF SAID LOT 14 TO THE WESTERLY BOUNDARY LINE OF SAID BLOCK 23; THENCE NORTHERLY 203.00 FEET ALONG THE WESTERLY BOUNDARY OF SAID BLOCK 23 TO THE POINT OF BEGINNING.

Edmund S. Coy Parking Structure Site

PARCEL 1:

THE WEST ONE-HALF OF THE NORTH 25 FEET OF LOT 3 AND THE NORTH 25 FEET OF LOT 1, IN BLOCK 64, EAST OF CENTER STREET, IN THE CITY OF STOCKTON, ACCORDING TO THE OFFICIAL MAP OR PLAT THEREOF, SAN JOAQUIN COUNTY RECORDS.

PARCEL 2:

THE SOUTHERLY TEN (10) FEET OF SAID PORTION OF CHANNEL STREET ADJOINING THE NORTHERLY BOUNDARY OF SAID BLOCK 64, THE SOUTH LINE OF THE SOUTHERLY TEN (10) FEET OF SAID PORTION OF CHANNEL STREET BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID BLOCK 64; THENCE EASTERLY 303.00 FEET ALONG THE NORTHERLY BOUNDARY OF SAID BLOCK 64 TO THE NORTHEAST CORNER OF SAID BLOCK 64 AND THE POINT OF TERMINATION OF SAID SOUTH LINE.

PARCEL 3:

THE NORTH 75 FEET OF EACH OF LOTS 9 AND 11 IN BLOCK 64 EAST OF CENTER STREET, ACCORDING TO THE OFFICIAL MAP OR PLAT THEREOF, SAN JOAQUIN COUNTY RECORDS.

PARCEL 4:

THE EAST 40 FEET OF LOT 7; THE SOUTH 25 FEET OF EACH OF LOTS 9 AND 11, AND THE NORTH 25 FEET OF THE EAST 140 FEET OF LOT 14 IN BLOCK 64 EAST OF CENTER STREET ACCORDING TO THE OFFICIAL MAP OR PLAT THEREOF, SAN JOAQUIN COUNTY RECORDS.

Stockton Events Center Parking Structure Site

ALL THAT CERTAIN REAL PROPERTY IN THE CITY OF STOCKTON, COUNTY OF SAN JOAQUIN, STATE OF CALIFORNIA, SAID REAL PROPERTY BEING PARCEL 2 OF PARCEL MAP, STOCKTON EVENTS CENTER, RECORDED IN BOOK 23, PAGE 15, SAN JOAQUIN COUNTY RECORDS, AND SAID PROPERTY BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL 2, THENCE ALONG THE BOUNDARY OF SAID PARCEL 2 THE FOLLOWING EIGHT (8) COURSES:

- 1) SOUTH 11 DEGREES 34'46" EAST, 86.01 FEET;
 - 2) SOUTH 78 DEGREES 25'14" WEST, 32.84 FEET;
 - 3) SOUTH 11 DEGREES 34'46" EAST, 43.70 FEET;
 - 4) SOUTH 78 DEGREES 25'14" WEST, 298.76 FEET;
 - 5) ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 546.00 FEET, A CENTRAL ANGLE OF 12 DEGREES 30'48" AND AN ARC LENGTH OF 119.25 FEET;
 - 6) NORTH 78 DEGREES 25'14" EAST, 32.73 FEET;
 - 7) NORTH 33 DEGREES 24'58" EAST, 17.68 FEET; AND
 - 8) NORTH 78 DEGREES 25'14" EAST, 306.99 FEET TO THE POINT OF BEGINNING.
- BASIS OF BEARINGS IS THE SOUTHERLY LINE OF FREMONT STREET, BEARS NORTH 78 DEGREES 25'14" EAST, AS SHOWN ON SAID PARCEL MAP, STOCKTON EVENTS CENTER.

EXHIBIT B

LEASED PARKING FACILITIES

Market Street Garage

This structure is located on Market Street between Sutter and California Streets and was constructed in 1989. The four-story parking structure provides approximately 780 parking spaces including monthly parking for employees of downtown businesses and hourly parking for patrons of various downtown businesses. The structure also houses the Central Parking District management offices.

Edmund S. Coy Parking Structure

Located at N. Hunter Street and E. Channel Street in downtown Stockton, this six-story parking structure provides approximately 575 parking spaces to the Central Business District to accommodate parking for existing retail, commercial and office development in Downtown Stockton. The structure has approximately 7,500 square feet of ground-level commercial/retail fronting E. Channel Street and was constructed using a single-threaded helix design.

Stockton Events Center Parking Structure

This structure is located in the vicinity of Fremont and Van Buren Streets in downtown Stockton. The seven-story parking structure provides approximately 600 parking spaces on the north shore of the Stockton Channel to accommodate sports fans, concert-goers and event attendees. The structure has approximately 7,500 square feet of ground-level commercial/retail space fronting Fremont Street and was constructed using a single-threaded helix design.

EXHIBIT C
DOWNTOWN PARKING DISTRICT

Boundary Map of City of Stockton CFD 2001-1 (Downtown Parking District)

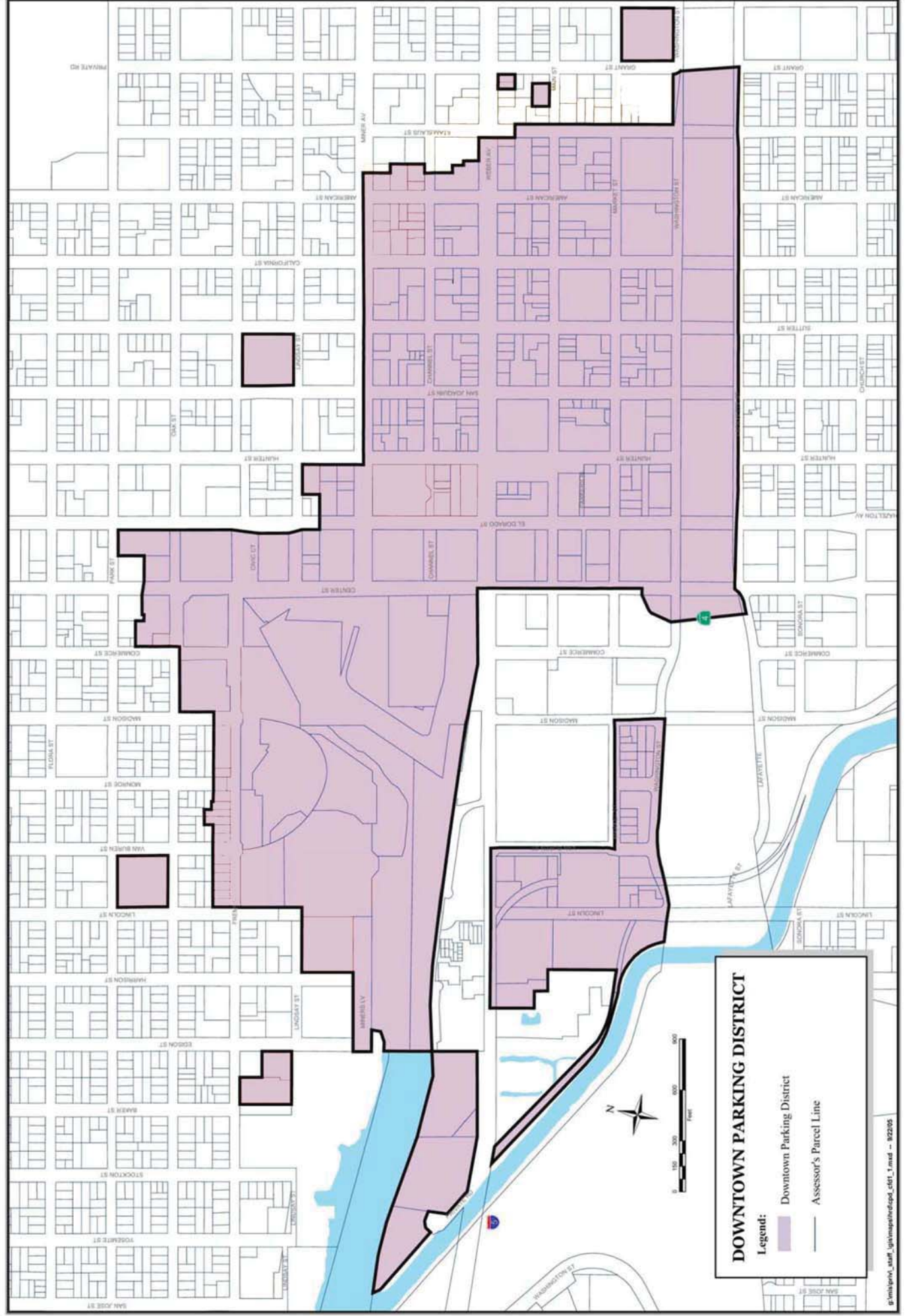


EXHIBIT D
EXCLUDED PARKING ASSETS

The parking garage and facilities located at 400 E. Main Street, in the City of Stockton, California.

SCHEDULE I
INSTALLMENT PAYMENTS

City of Stockton
Parking Enterprise Fund
Projected Payment Schedule
Gross Debt Service Schedule

Date	Principal	Coupon	Yield	Dollar Price	Accreted Interest	Periodic Debt Service	Fiscal Year Debt Service	Scheduled Debt Service	Remaining Principal	Optional Prepayment
06/01/14										
08/25/14	700,187.63	-	5.000	98.847	8,114.87	708,302.50		708,302.50	25,632,234.62	26,340,537.12
02/25/15	683,109.68	-	5.000	96.443	25,192.82	708,302.50	1,416,605.00	708,302.50	24,949,124.94	25,657,427.44
08/25/15	666,448.47	-	5.000	94.091	41,854.03	708,302.50		708,302.50	24,282,676.47	24,990,978.97
02/25/16	650,193.63	-	5.000	91.796	58,108.87	708,302.50	1,416,605.00	708,302.50	23,632,482.84	24,340,785.34
08/25/16	634,335.25	-	5.000	89.557	73,967.25	708,302.50		708,302.50	22,998,147.59	23,706,450.09
02/25/17	618,863.65	-	5.000	87.373	89,438.85	708,302.50	1,416,605.00	708,302.50	22,379,283.94	23,087,586.44
08/25/17	603,769.42	-	5.000	85.242	104,533.08	708,302.50		708,302.50	21,775,514.52	22,483,817.02
02/25/18	589,043.34	-	5.000	83.163	119,259.16	708,302.50	1,416,605.00	708,302.50	21,186,471.18	21,894,773.68
08/25/18	645,077.90	-	5.000	81.134	149,996.11	795,074.01		795,074.01	20,541,393.28	21,336,467.29
02/25/19	629,344.29	-	5.000	79.155	165,729.72	795,074.01	1,590,148.02	795,074.01	19,912,048.99	20,707,123.00
08/25/19	616,504.24	-	5.000	77.225	181,819.77	798,324.01		798,324.01	19,295,544.75	20,093,868.76
02/25/20	601,467.55	-	5.000	75.341	196,856.46	798,324.01	1,596,648.02	798,324.01	18,694,077.20	19,492,401.21
08/25/20	589,234.26	-	5.000	73.504	212,404.75	801,639.01		801,639.01	18,104,842.94	18,906,481.95
02/25/21	574,862.69	-	5.000	71.711	226,776.32	801,639.01	1,603,278.02	801,639.01	17,529,980.25	18,331,619.26
08/25/21	563,207.27	-	5.000	69.962	241,813.04	805,020.31		805,020.31	16,966,772.98	17,771,793.29
02/25/22	549,470.51	-	5.000	68.255	255,549.80	805,020.31	1,610,040.62	805,020.31	16,417,302.47	17,222,322.78
08/25/22	538,365.45	-	5.000	66.591	270,103.79	808,469.24		808,469.24	15,878,937.02	16,687,406.26
02/25/23	525,234.59	-	5.000	64.967	283,234.65	808,469.24	1,616,938.48	808,469.24	15,353,702.43	16,162,171.67
08/25/23	514,653.70	-	5.000	63.382	297,333.44	811,987.14		811,987.14	14,839,048.73	15,651,035.87
02/25/24	502,101.18	-	5.000	61.836	309,885.96	811,987.14	1,623,974.28	811,987.14	14,336,947.55	15,148,934.69
08/25/24	492,019.53	-	5.000	60.328	323,555.87	815,575.40		815,575.40	13,844,928.02	14,660,503.42
02/25/25	480,019.05	-	5.000	58.856	335,556.35	815,575.40	1,631,150.80	815,575.40	13,364,908.97	14,180,484.37
08/25/25	470,412.89	-	5.000	57.421	348,822.54	819,235.43		819,235.43	12,894,496.08	13,713,731.51
02/25/26	458,939.41	-	5.000	56.020	360,296.02	819,235.43	1,638,470.86	819,235.43	12,435,556.67	13,254,792.10
08/25/26	449,786.13	-	5.000	54.654	373,182.53	822,968.66		822,968.66	11,985,770.54	12,808,739.20
02/25/27	438,815.73	-	5.000	53.321	384,152.93	822,968.66	1,645,937.32	822,968.66	11,546,954.81	12,369,923.47
08/25/27	430,093.80	-	5.000	52.021	396,682.75	826,776.55		826,776.55	11,116,861.01	11,943,637.56
02/25/28	419,603.70	-	5.000	50.752	407,172.85	826,776.55	1,653,553.10	826,776.55	10,697,257.31	11,524,033.86
08/25/28	411,292.61	-	5.000	49.514	419,367.99	830,660.60		830,660.60	10,285,964.70	11,116,625.30
02/25/29	401,261.09	-	5.000	48.306	429,399.51	830,660.60	1,661,321.20	830,660.60	9,884,703.61	10,715,364.21
08/25/29	393,341.32	-	5.000	47.128	441,281.02	834,622.34		834,622.34	9,491,362.29	10,325,984.63
02/25/30	383,747.63	-	5.000	45.979	450,874.71	834,622.34	1,669,244.68	834,622.34	9,107,614.66	9,942,237.00
08/25/30	376,200.59	-	5.000	44.857	462,462.71	838,663.30		838,663.30	8,731,414.07	9,570,077.37
02/25/31	367,024.97	-	5.000	43.763	471,638.33	838,663.30	1,677,326.60	838,663.30	8,364,399.10	9,203,052.40
08/25/31	359,832.97	-	5.000	42.696	482,952.12	842,785.09		842,785.09	8,004,556.13	8,847,341.22

Date	Principal	Coupon	Yield	Dollar Price	Accreted Interest	Periodic Debt Service	Fiscal Year Debt Service	Scheduled Debt Service	Remaining Principal	Optional Prepayment
02/25/32	351,056.55	-	5.000	41.654	491,728.54	842,785.09	1,685,570.18	842,785.09	7,653,499.58	8,496,284.67
08/25/32	344,202.73	-	5.000	40.638	502,786.58	846,989.31		846,989.31	7,309,296.85	8,156,286.16
02/25/33	335,807.54	-	5.000	39.647	511,181.77	846,989.31	1,693,978.62	846,989.31	6,973,489.31	7,820,478.62
08/25/33	329,275.84	-	5.000	38.680	522,001.78	851,277.62		851,277.62	6,644,213.47	7,495,491.09
02/25/34	321,244.72	-	5.000	37.737	530,032.90	851,277.62	1,702,555.24	851,277.62	6,322,968.75	7,174,246.37
08/25/34	315,019.85	-	5.000	36.816	540,631.84	855,651.69		855,651.69	6,007,948.90	6,863,600.59
02/25/35	307,336.44	-	5.000	35.918	548,315.25	855,651.69	1,711,303.38	855,651.69	5,700,612.46	6,556,264.15
08/25/35	301,403.86	-	5.000	35.042	558,709.38	860,113.24		860,113.24	5,399,208.60	6,259,321.84
02/25/36	294,052.55	-	5.000	34.188	566,060.69	860,113.24	1,720,226.48	860,113.24	5,105,156.05	5,965,269.29
08/25/36	288,398.40	-	5.000	33.354	576,265.63	864,664.03		864,664.03	4,816,757.65	5,681,421.68
02/25/37	281,364.29	-	5.000	32.540	583,299.74	864,664.03	1,729,328.06	864,664.03	4,535,393.36	5,400,057.39
08/25/37	275,975.36	-	5.000	31.747	593,330.47	869,305.83		869,305.83	4,259,418.00	5,128,723.83
02/25/38	269,244.26	-	5.000	30.972	600,061.57	869,305.83	1,738,611.66	869,305.83	3,990,173.74	4,859,479.57
08/25/38	264,107.98	-	5.000	30.217	609,932.48	874,040.46		874,040.46	3,726,065.76	4,600,106.22
02/25/39	257,666.32	-	5.000	29.480	616,374.14	874,040.46	1,748,080.92	874,040.46	3,468,399.44	4,342,439.90
08/25/39	252,770.74	-	5.000	28.761	626,099.05	878,869.79		878,869.79	3,215,628.70	4,094,498.49
02/25/40	246,605.60	-	5.000	28.059	632,264.19	878,869.79	1,757,739.58	878,869.79	2,969,023.10	3,847,892.89
08/25/40	241,939.30	-	5.000	27.375	641,856.41	883,795.71		883,795.71	2,727,083.80	3,610,879.51
02/25/41	236,038.34	-	5.000	26.707	647,757.37	883,795.71	1,767,591.42	883,795.71	2,491,045.46	3,374,841.17
08/25/41	231,590.47	-	5.000	26.056	657,229.67	888,820.14		888,820.14	2,259,454.99	3,148,275.13
02/25/42	225,941.92	-	5.000	25.420	662,878.22	888,820.14	1,777,640.28	888,820.14	2,033,513.07	2,922,333.21
08/25/42	221,702.15	-	5.000	24.800	672,242.91	893,945.06		893,945.06	1,811,810.92	2,705,755.98
02/25/43	216,294.78	-	5.000	24.196	677,650.28	893,945.06	1,787,890.12	893,945.06	1,595,516.14	2,489,461.20
08/25/43	212,253.25	-	5.000	23.605	686,919.23	899,172.48		899,172.48	1,383,262.89	2,282,435.37
02/25/44	207,076.34	-	5.000	23.030	692,096.14	899,172.48	1,798,344.96	899,172.48	1,176,186.55	2,075,359.03
08/25/44	207,138.95	-	5.000	22.468	714,791.49	921,930.44		921,930.44	969,047.60	1,890,978.04
02/25/45	202,086.78	-	5.000	21.920	719,843.66	921,930.44	1,843,860.88	921,930.44	766,960.82	1,688,891.26
08/25/45	198,320.89	-	5.000	21.385	729,048.16	927,369.05		927,369.05	568,639.93	1,496,008.98
02/25/46	193,483.80	-	5.000	20.864	733,885.25	927,369.05	1,854,738.10	927,369.05	375,156.13	1,302,525.18
08/25/46	189,893.84	-	5.000	20.355	743,022.59	932,916.43		932,916.43	185,262.29	1,118,178.72
02/25/47	185,262.29	-	5.000	19.858	747,654.14	932,916.43	1,865,832.86	932,916.43	-	932,916.43
Totals	28,332,422.25				28,735,322.49	55,067,744.74	55,067,744.74			