
INSTALLMENT SALE AGREEMENT

Dated as of June 1, 2019

by and between the

CARSON PUBLIC FINANCING AUTHORITY, as Seller

and the

CITY OF CARSON, as Purchaser

Relating to
\$
Carson Public Financing Authority
Revenue Bonds, Series 2019
(Measure M & R Local Streets Project)

EXHIBIT 5

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INSTALLMENT SALE AGREEMENT

THIS INSTALLMENT SALE AGREEMENT (this “Installment Sale Agreement”), dated for convenience as of June 1, 2019, by and between the CARSON PUBLIC FINANCING AUTHORITY, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California, as Seller (the “Authority”), and CITY OF CARSON, a municipal corporation and general law city organized and existing under and by virtue of the laws of the State of California, as Purchaser (the “City”);

WITNESSETH:

WHEREAS, the City plans to finance the acquisition and construction of local streets improvement projects and the installation of traffic signals eligible for Los Angeles County Metropolitan Transportation Authority (“MTA”) Measure R and Measure M Funding as described herein (the “Projects”);

WHEREAS, for the purpose of providing funds to finance the Projects, the Authority has determined to issue its Carson Public Financing Authority Revenue Bonds, Series 2019(Measure M & R Local Streets Project), in the aggregate principal amount of \$____ (the “Bonds”);

WHEREAS, in order to provide for the repayment of the Bonds, the Authority will sell the Projects to the City pursuant to an installment sale agreement (the “Installment Sale Agreement”), under which the City will agree to make installment payments (the “Installment Payments”) to the Authority payable from “Measure M Receipts” and “Measure R Receipts” (being a portion of the revenues of the MTA allocable to the City derived from a retail transactions and use tax imposed by the County and approved by at least two-thirds of the electors of the County on July 24, 2008 and November 8, 2016, respectively), which, in the aggregate, will be calculated to be sufficient, in time and amount, to enable the Authority to pay the principal of and interest and premium (if any) on the Bonds when due and payable; and

WHEREAS, the Authority and the City have duly authorized the execution and delivery of this Installment Sale Agreement;

NOW, THEREFORE, for and in consideration of the premises and the material covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE I DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Installment Sale Agreement shall have the respective meanings specified in Section 1.01 of the Indenture.

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

ARTICLE II REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of Authority. The Authority makes the following covenants, representations and warranties as the basis for its undertakings herein contained:

(a) *Due Organization and Existence.* The Authority is a joint exercise of powers entity, organized and existing under and by virtue of the laws of the State; has power to enter into this Installment Sale Agreement and the Indenture; is possessed of full power to own and hold, improve and equip real and personal property, and to lease and lease back the same; and has duly authorized the execution and delivery of each of the aforesaid agreements and such agreements constitute the legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms.

(b) *Due Execution.* The Authority Representative executing this Installment Sale Agreement and the Indenture is fully authorized to execute the same pursuant to official action taken by the governing body of the Authority.

(c) *Valid, Binding and Enforceable Obligations.* This Installment Sale Agreement and the Indenture have been duly authorized, executed and delivered by the Authority and constitute the legal, valid and binding agreements of the Authority, enforceable against the Authority in accordance with their respective terms.

(d) *No Conflicts.* The execution and delivery of this Installment Sale Agreement and the Indenture, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Authority is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Authority, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Installment Sale Agreement and the Indenture or the financial condition, assets, properties or operations of the Authority.

(e) *Consents and Approvals.* No consent or approval of any trustee or holder of any indebtedness of the Authority, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Installment Sale Agreement and the Indenture, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) *No Litigation.* There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Authority after reasonable investigation, threatened against or affecting the Authority or the assets, properties or operations of the Authority which, if determined adversely to

the Authority or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Installment Sale Agreement or the Indenture, or upon the financial condition, assets, properties or operations of the Authority, and the Authority is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Installment Sale Agreement or the Indenture or the financial conditions, assets, properties or operations of the Authority.

Section 2.2. Representations, Covenants and Warranties of the City. The City makes the following covenants, representations and warranties to the Authority as of the date of the execution and delivery of this Installment Sale Agreement:

(a) *Due Organization and Existence.* The City is a municipal corporation and chartered city organized and existing under the laws of the State, has full legal right, power and authority under the laws of the State to enter into this Installment Sale Agreement and to carry out and consummate all transactions contemplated hereby and thereby, and by proper action the City has duly authorized the execution and delivery of this Installment Sale Agreement.

(b) *Due Execution.* The City Representative executing this Installment Sale Agreement has been fully authorized to execute the same pursuant to a resolution duly adopted by the City Council of the City.

(c) *Valid, Binding and Enforceable Obligations.* This Installment Sale Agreement has been duly authorized, executed and delivered by the City and constitutes the legal, valid and binding obligation of the City enforceable against the City in accordance with its terms.

(d) *No Conflicts.* The execution and delivery of this Installment Sale Agreement, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the City is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Installment Sale Agreement, or the financial condition, assets, properties or operations of the City.

(e) *Consents and Approvals.* No consent or approval of any trustee or holder of any indebtedness of the City or of the voters of the City, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Installment Sale Agreement, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) *No Litigation.* There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to

the knowledge of the City after reasonable investigation, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Installment Sale Agreement, or upon the financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Installment Sale Agreement, or the financial conditions, assets, properties or operations of the City.

ARTICLE III ISSUANCE OF THE BONDS; ACQUISITION AND CONSTRUCTION OF THE 2019 PROJECTS

Section 3.1. The Bonds. The Authority has authorized the issuance of the Bonds pursuant to the Indenture in the aggregate principal amount of _____dollars (\$_____). The Authority agrees that the proceeds of sale of the Bonds shall be paid to the Trustee on the Closing Date for deposit and application pursuant to the terms and conditions of the Indenture, which terms and conditions authorize the Authority to draw upon specified proceeds of the Bonds to finance the Projects. The City hereby approves the Indenture and the assignment to the Trustee of the rights of the Authority assigned or purported to be assigned thereunder.

Section 3.2. Acquisition and Construction of the Projects. The Authority hereby agrees with due diligence to supervise and provide for, or cause to be supervised and provided, for the acquisition and construction of the Projects in accordance with purchase orders, construction contracts and other documents relating thereto and approved by the City pursuant to all applicable requirements of law. Direct payment of the Project Costs shall be made from amounts on deposit in the Project Fund, pursuant to Section 3.04 of the Indenture. All contracts for, and all work relating to, the acquisition and construction of the Projects shall be subject to all applicable provisions of law relating to the acquisition and construction of public works by the City and to all applicable requirements of the Measure R Ordinance and Measure M Ordinance. The Authority expects that the acquisition and construction of the Projects will be completed on or before ____; *provided, however,* that the failure to complete all components of the Projects by the estimated completion date thereof shall not constitute an Event of Default hereunder or a ground for termination hereof, nor shall such failure result in the diminution, abatement or extinguishment of the obligations of the City hereunder to pay the Installment Payments.

The City shall have the right from time to time, in its sole discretion, to determine which components of the Projects are to be financed, so long as each such component is listed in Exhibit A attached hereto.

Upon the completion of the acquisition and construction of the Projects, but in any event not later than thirty (30) days following such completion, an Authority Representative or a City Representative shall execute and deliver to the Trustee a Written Certificate which (a) states that the acquisition and construction of the Projects have been substantially completed, and (b) identifies (i) the amounts, if any, to remain on deposit in the Project Fund for payment of Project Costs thereafter intended to be requisitioned by the City and (ii) the amounts to be transferred to the Bond Fund. Upon the filing with the Trustee of the final Written Requisition for payment of Project Costs, the Authority shall direct the Trustee to close the Project Fund.

Section 3.3. Grant of Easements. The City hereby grants to the Authority all necessary easements, rights of way and rights of access in and to all real property or interests therein now or hereafter acquired and owned by the City, as may be necessary or convenient to enable the Authority to acquire, construct and install the Projects thereon or thereabouts. The City covenants that it will execute, deliver and record any and all additional documents as may be required to be executed, delivered and recorded to establish such easements, rights of way and rights of access.

Section 3.4. Appointment of City as Agent of Authority. The Authority hereby appoints the City as its agent to carry out all phases of the acquisition and construction of the Projects pursuant to and in accordance with the provisions hereof. The City hereby accepts such appointment and assumes all rights, liabilities, duties and responsibilities of the Authority regarding the acquisition and construction of the Projects. The City, as agent of the Authority hereunder, shall enter into, administer and enforce all purchase orders or other contracts relating to the acquisition and construction of the Projects. The City shall submit Written Requisitions of the City to the Trustee from time to time pursuant to and in accordance with the provisions of Section 3.04 of the Indenture for payment, or for reimbursement to the City for payment, of all Project Costs. All contracts for, and all work relating to, the acquisition and construction of the Projects shall be subject to all applicable provisions of law relating to the acquisition, construction, improvement, and equipping of capital projects like the Projects and property by joint powers authorities and by municipal entities within the State.

ARTICLE IV
SALE OF PROJECTS; TERM OF THE INSTALLMENT SALE
AGREEMENT; INSTALLMENT PAYMENTS

Section 4.1. Sale of Projects. The Authority hereby sells the Projects to the City, and the City hereby purchases the Projects from the Authority, upon the terms and conditions set forth in this Installment Sale Agreement.

Section 4.2. Term of Sale. This Installment Sale Agreement shall take effect on the date hereof, and shall end on the earlier of June 1, 2039, or such earlier date on which the Bonds shall no longer be Outstanding under the Indenture.

Section 4.3. Installment Payments.

(a) *Obligation to Pay*. In consideration of the sale of the Projects by the Authority hereunder, the City agrees to pay to the Authority, its successors and assigns, as the purchase price for the Projects during each Fiscal Year, from Measure M Receipts and Measure M Receipts, as applicable, the Installment Payments (denominated into components of principal and interest) for the Projects in the respective principal amounts specified in Exhibit B hereto, plus interest commencing on the Closing Date, to be due and payable on the respective Installment Payment Dates commencing December 1, 2019. The Installment Payments are equal to the debt service payments on the Bonds. Any amount held in the Bond Fund, the Interest Account or, the Principal Account or the Sinking Account on any Installment Payment Date, derived from any source of funds of the City, shall be credited towards the Installment Payment then due and payable by the City.

(b) *Special Obligation; Absolute and Unconditional Obligations; No Abatement*. The City's obligation to pay the Installment Payments shall be a special obligation

limited solely to Measure M Receipts and Measure R Receipts. Under no circumstances shall the City be required to advance any moneys derived from any source of income other than the Measure M Receipts and Measure R Receipts and other sources specifically identified herein for the payment of the Installment Payments, nor shall any other funds or property of the City be liable for the payment of the Installment Payments. However, the obligation of the City to pay the Installment Payments from Measure M Receipts and Measure R Receipts and to perform and observe the other agreements contained herein is absolute and unconditional and is not subject to: (a) any reduction or abatement whatsoever due to the destruction of or damage to the Projects or any portion thereof, or taking of the Projects or any portion thereof in eminent domain proceedings; or (b) any defense or any right of set-off, counterclaim or recoupment arising out of any breach by the Authority or the Trustee of any obligation to the City or otherwise with respect to the Projects, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the City by the Authority or the Trustee. Until all of the Installment Payments and other amounts coming due and payable hereunder have been fully paid or prepaid, the City will not suspend or discontinue payment of any Installment Payments or such other amount and will perform and observe all other agreements contained in this Installment Sale Agreement.

(c) *Reduction Upon Partial Prepayment.* In the event the City prepays less than all of the remaining principal components of the Installment Payments pursuant to Section 9.2 hereof, the amount of such prepayment shall be applied to reduce the principal component of the subsequent remaining Installment Payments and the interest component of each subsequent remaining Installment Payment shall be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Bonds redeemed as a result of such prepayment.

(d) *Rate on Overdue Payments.* In the event the City should fail to make any of the payments required in this Section 4.3 so that there are insufficient moneys on hand in the Interest Account or the Principal Account or the Sinking Account to pay any Installment Payment in full on an Interest Payment Date, the Installment Payment in default shall continue as an obligation of the City until the amount in default shall have been fully paid and the City agrees to pay the same with interest thereon, to the extent permitted by law, from the date thereof at the rate of interest payable on the Bonds.

(e) *Assignment.* The City understands and agrees that all Installment Payments have previously been assigned by the Authority to the Trustee in trust, pursuant to Section 5.01 of the Indenture, for the benefit of the Owners of the Bonds, and the City hereby assents to such assignment. The Authority hereby directs the City, and the City hereby agrees, to pay all of the Installment Payments to the Trustee at its Office.

Section 4.4. Pledge and Application of Measure M Receipts and Measure R Receipts.

(a) *Pledge of Measure M Receipts and Measure R Receipts.* The City hereby agrees that the payment of the Installment Payments shall be secured by a pledge, charge and first and prior lien upon Measure M Receipts and Measure R Receipts, and Measure M Receipts and Measure R Receipts sufficient to pay the Installment Payments as they become due and payable are hereby pledged, charged, assigned, transferred and set over by the City to the Authority and its assigns for the purpose of securing payment of the Installment Payments. The Measure M Receipts and Measure R Receipts shall constitute a trust fund for the security and payment of the Installment Payments.

(b) *Deposit to and Transfer from Measure M Receipts Fund and Measure R Receipts Fund.* All of the Measure M Receipts shall be deposited by the City immediately upon receipt in the Measure M Receipts Fund. All of the Measure R Receipts shall be deposited by the City immediately upon receipt in the Measure R Receipts Fund. The City may determine at the beginning of each Fiscal Year the amount of Measure M Receipts and Measure R Receipts to be deposited in the Measure M Receipts Fund and the Measure R Receipts Fund as provided in Section ___ hereof so long as the amount deposited is not less than the amount of Installment Payments coming due in such Fiscal Year..

On or before each Installment Payment Date, the City shall withdraw from the Measure M Receipts Fund and Measure R Receipts Fund and transfer to the Trustee, for deposit into the Bond Fund, an amount which, together with the balance then on deposit in the Bond Fund (other than amounts resulting from the prepayment of the Installment Payments pursuant to Article IX and other than amounts required for payment of the principal or interest with respect to any Bonds which have matured or been called for redemption but which have not been presented for payment), is equal to the aggregate amount of the Installment Payment coming due and payable on the next succeeding Interest Payment Date.

(c) *Release from Lien.* Following the transfer described in paragraph (b) of this Section 4.4 with respect to the June 1 Interest Payment Date, Measure M Receipts and Measure R Receipts in excess of amounts required for the payment of Installment Payments and any Parity Obligations in that Bond Year shall be released from the lien of this Installment Sale Agreement and shall be available for any lawful purpose of the City.

Section 4.5. Limitations on Future Obligations Secured by Measure M Receipts and Measure R Receipts.

(a) *No Obligations Superior to Installment Payments.* In order to protect further the availability of the Measure M Receipts and Measure R Receipts and the security for the Installment Payments and any Parity Obligations, the City hereby agrees that the City shall not, so long as any Installment Payments or any Parity Obligations are outstanding, issue or incur any obligations payable from Measure M Receipts and Measure R Receipts superior to the Installment Payments or any Parity Obligations.

(b) *Parity Obligations.* Additional obligations may be issued on a parity with the Installment Sale Agreement and any existing Parity Obligations subject to the following specific conditions which are hereby made conditions precedent to the issuance and delivery of such Parity Obligations, except that the City need not comply with subparagraph (ii) if the proposed Parity Obligations are incurred to prepay or post a security deposit for the payment of the Installment Sale Agreement or Parity Obligations:

(i) The City shall be in compliance with all covenants set forth in the Installment Sale Agreement and with all covenants set forth in the agreements relating to then existing Parity Obligations.

(ii) The Measure M Revenues and Measure M Revenues, as shown by the books of the City for the latest Fiscal Year or any more recent twelve (12) month period selected by the City, as shown by the books of the City, shall at least equal one hundred fifty percent (150%) of Maximum Annual Debt Service immediately subsequent to the issuance of such Parity Obligations.

(iii) The instrument providing for the issuance of such Parity Obligations shall provide that:

(A) The proceeds of such Parity Obligations shall be applied to the acquisition, construction, improvement, financing or refinancing of additional Projects that are eligible both as a Measure M Project and a Measure R Project in accordance with MTA Guidelines, or for the purpose of refunding any Parity Obligations in whole or in part, including all costs (including costs of issuing such Parity Obligations and including capitalized interest on such Parity Obligations during any period which the City deems necessary or advisable) relating thereto;

(B) Interest on such Parity Obligations shall be payable on each Installment Payment Date in each year of the term of such Parity Obligations except the first year, during which year interest may be payable on any Installment Payment Date; and

(C) The principal of such Parity Obligations shall be payable on an Installment Payment Date preceding June 1 in any year in which principal is payable.

(iv) A reserve fund may, but shall not be required to, be established for such Parity Obligations.

(c) *Subordinate Obligations.* The City further covenants that the City shall not issue or incur any Subordinate Obligations unless Measure M Receipts and Measure R Receipts, calculated in the same manner as described in paragraph (b) above, are equal to at least 100% of Maximum Annual Debt Service and maximum annual debt service on all Subordinate Obligations outstanding immediately subsequent to the incurring of such Subordinate Obligations.

Section 4.6. Additional Payments. In addition to the Installment Payments, the City shall pay, from Measure M Receipts and Measure R Receipts, when due all costs and expenses incurred by the Authority to comply with the provisions of the Indenture and this Installment Sale Agreement, including, without limitation all Costs of Issuance (to the extent not paid from amounts on deposit in the Costs of Issuance Fund), compensation due to the Trustee for its fees, costs and expenses incurred under the Indenture, compensation due to the Authority for its fees, costs and expenses incurred under the Indenture, all amounts owed to the Municipal Bond Insurer in connection with the Reserve Policy and all costs and expenses of attorneys, auditors, engineers and accountants.

Section 4.7. Payment of Rebatable Amounts. The City agrees to furnish all information to, and cooperate fully with, the Authority and its officers, employees, agents and attorneys, in order to assure compliance with the provisions of Section 6.08(b) of the Indenture. In the event that the Authority shall determine, pursuant to Section 6.08(b) of the Indenture, that any amounts are due and payable to the United States of America thereunder and that neither the Authority nor the Trustee has on deposit an amount of available moneys (excluding moneys on deposit in the funds and accounts established for the payment of the principal of or interest or redemption premium, if any, on the Bonds) to make such payment, the Authority shall promptly notify the City of such fact. Upon receipt of any such notice, the City shall promptly pay to the Trustee from any source of legally available funds, the amounts determined by the Authority to be due and payable to the United States of America under such Section 6.08(b).

ARTICLE V OTHER MATTERS

Section 5.1. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Installment Sale Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not constitute an Event of Default hereunder; *provided, however*, that any Participating Underwriter or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance by the City of its obligations under this Section 5.2, including seeking mandate or specific performance by court order.

Section 5.2. Tax Covenants.

(a) *Private Activity Bond Limitation*. The City shall assure that proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(b) *Federal Guarantee Prohibition*. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code.

(c) *Rebate Requirement*. The City shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds.

(d) *No Arbitrage*. The City shall not take or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code.

Section 5.3. Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest with respect to the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date.

Section 5.4. Maintenance of Revenues. The City will use its best efforts to comply with all provisions of law, any regulations, policies and guidelines, relating to the Measure M Revenues and the Measure R Revenues, including but not limited to the Measure M Ordinance, the Measure R Ordinance, and any rules, policies or other items promulgated by the MTA in connection therewith. Such items include but are not limited to compliance with any maintenance of effort requirements, matching funds, filing of expenditure plans, expenditure of additional local funds as may be applicable to the Measure R Project and/or the Measure M Project. The City agrees to take all reasonable actions required in order to maintain the City’s ability to receive Measure M Receipts and Measure R Receipts and apply the same as contemplated herein.

Section 5.5. Measure M Project and Measure R Project. The Agency hereby covenants that all of the Projects are, as contemplated currently in Exhibit __ hereto, and shall, as may be

amended pursuant to the provisions hereof be, eligible to qualify for funding under the Measure R Ordinance and the Measure M Ordinance even if all of the parts of the Projects only request funding from the local return subfund under the Measure R Ordinance or the Measure M Ordinance.

ARTICLE VI DISCLAIMER OF WARRANTIES; ACCESS

Section 6.1. Disclaimer of Warranties. The Authority and the Trustee make no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City of the Projects, or any other representation or warranty with respect to the Projects. In no event shall the Authority or the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising out of this Installment Sale Agreement or the Indenture for the existence, furnishing, functioning or City's use of the Projects.

ARTICLE VII ASSIGNMENT AMENDMENT

Section 7.1. Assignment by the City. The obligations of the City under this Installment Sale Agreement may not be assigned by the City and any such assignment made in contravention hereof shall be void.

Section 7.2. Amendment of Installment Sale Agreement. The City and the Authority shall have the right to modify or amend this Installment Sale Agreement without the consent of any of the Owners or any of the owners of Parity Obligations, but only if such amendment or modification does not cause interest represented by the Bonds to be includable in gross income for federal income tax purposes in the opinion of Bond Counsel, and only if such amendment or modification does not materially adversely affect the interests of the Municipal Bond Insurer, the Owners of the Bonds or the owners of any Parity Obligations in the opinion of Bond Counsel, and only if such amendment or modification is for any one or more of the following purposes:

- (a) to provide for the issuance of Parity Obligations pursuant to Section 4.5;
- (b) to add to the covenants and agreements of the City contained in this Installment Sale Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the City;
- (c) to cure any ambiguity, or to cure, correct or supplement any defective provision contained herein, or in any other respect whatsoever as the Authority and the City may deem necessary or desirable; or
- (d) to amend any provision thereof for the purpose of complying with the applicable requirements of the Code.

ARTICLE VIII EVENTS OF DEFAULT

Section 8.1. Events of Default Defined. The following events shall be Events of Default hereunder:

(a) Failure by the City to pay any Installment Payment when and as the same become due and payable hereunder.

(b) Failure by the City to pay any Additional Payment when due and payable hereunder, and the continuation of such failure for a period of ten (10) days.

(c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding clauses (a) or (b), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority or the Trustee; *provided, however*, that if the City shall notify the Authority and the Trustee that in its reasonable opinion the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default hereunder if the City shall commence to cure such failure within such thirty (30) day period and thereafter diligently and in good faith cure such failure in a reasonable period of time.

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

(e) The occurrence and continuation of any payment event of default under and as defined in the instruments authorizing the issuance of any Parity Obligations.

Section 8.2. Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Trustee as assignee of the Authority shall have the right, at its option and without any further demand or notice, but subject in all respects to the provisions of Article VII of the Indenture, to:

(a) declare all principal components of the unpaid Installment Payments, together with accrued interest thereon at the net effective rate of interest per annum then borne by the Outstanding Bonds from the immediately preceding Interest Payment Date on which payment was made, to be immediately due and payable, whereupon the same shall immediately become due and payable;

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

(c) as a matter of right, in connection with the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and the Owners hereunder, cause the appointment of a receiver or receivers of the Measure M Receipts, Measure R Receipts and other amounts pledged hereunder, with such powers as the court making such appointment shall confer.

The provisions of the preceding clause (a), however, are subject to the condition that if, at any time after the principal components of the unpaid Installment Payments shall have been so

declared due and payable pursuant to the preceding clause (a), and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the City shall deposit with the Trustee a sum sufficient to pay all principal components of the Installment Payments coming due prior to such declaration and all matured interest components (if any) of the Installment Payments, with interest on such overdue principal and interest components calculated at the net effective rate of interest per annum then borne by the Outstanding Bonds, and the reasonable expenses of the Trustee (including any fees and expenses of its attorneys), and any and all other defaults known to the Trustee (other than in the payment of the principal and interest components of the Installment Payments due and payable solely by reason of such declaration) shall have been made good, then, and in every such case, with the written consent of the Trustee, shall rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon. As provided in Section 8.6, the Trustee shall be required to exercise the remedies provided herein in accordance with the Indenture.

Section 8.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Installment Sale 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 and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article VIII it shall not be necessary to give any notice, other than such notice as may be required in this Article VIII or by law.

Section 8.4. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Installment Sale Agreement shall default under any of the provisions hereof and the non-defaulting party, the Trustee or the Owner of any Bonds 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 Trustee or such Owner, as the case may be, the reasonable fees of such attorneys and such other expenses so incurred.

Section 8.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Installment Sale Agreement shall 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 8.6. Trustee and Owners to Exercise Rights. Such rights and remedies as are given to the Authority under this Article VIII have been assigned by the Authority to the Trustee under the Indenture, to which assignment the City hereby consents. Such rights and remedies shall be exercised by the Trustee and the Owners of the Bonds as provided in the Indenture.

Section 8.7. Rights of the Owners of Parity Obligations. Notwithstanding anything in this Article VIII to the contrary, it is hereby acknowledged and agreed that the rights of the Trustee and the Owners hereunder in and to the Measure M Receipts shall be exercised on a parity and proportionate basis with the rights of the owners of any Parity Obligations and any fiduciary acting for the benefit of such owners. The provisions of this Article VIII, and the provisions of any

instruments authorizing the issuance of any Parity Obligations, shall be construed in accordance with the foregoing sentence.

ARTICLE IX PREPAYMENT OF INSTALLMENT PAYMENTS

Section 9.1. Security Deposit. Notwithstanding any other provision of this Installment Sale Agreement, the City may on any date secure the payment of Installment Payments in whole or in part by irrevocably depositing with the Trustee or any other fiduciary an amount of cash which, together with amounts on deposit in the Bond Fund and the accounts therein, is either (a) sufficient to pay all such Installment Payments, including the principal and interest components thereof, in accordance with the Installment Payment schedule set forth in Exhibit A, or (b) invested in whole or in part in Federal Securities in such amount as will, in the written opinion of an Independent Accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay all such Installment Payments when due pursuant to Section 4.3(a) or when due on any optional prepayment date pursuant to Section 9.2, as the City shall instruct at the time of said deposit. In the event of a security deposit pursuant to this Section 9.1 with respect to all of the Installment Payments, all obligations of the City under this Installment Sale Agreement, and all security provided by this Installment Sale Agreement for said obligations, shall cease and terminate, excepting only the obligation of the City to make, or cause to be made, all of such Installment Payments from such security deposit, and the obligation of the City to compensate and indemnify the Trustee pursuant to Sections 4.6 and provisions of the Indenture requiring indemnification of the Trustee. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of Installment Payments in accordance with the provisions of this Installment Sale Agreement.

Section 9.2. Optional Prepayment. The City may exercise its option to prepay the principal components of the Installment Payments in whole, or in part in integral multiples of \$5,000, on any date on or after June 1, ____, by paying a prepayment price equal to the aggregate principal components of the Installment Payments to be prepaid, together with the interest component of the Installment Payment required to be paid on or accrued to such date. Such prepayment price shall be deposited by the Trustee in the Redemption Fund or in another Trustee-held fund to be applied to the redemption of Bonds pursuant to Section 4.01 of the Indenture. The City shall give the Trustee written notice of its intention to exercise its option not less than thirty (30) days in advance of the date of exercise.

Section 9.3. Credit for Amounts on Deposit. In the event of prepayment of the principal components of the Installment Payments in full under this Article IX, such that the Indenture shall be discharged by its terms as a result of such prepayment, and upon payment in full of all Additional Payments and other amounts then due and payable hereunder, all available amounts then on deposit in the funds and accounts established under the Indenture shall be credited towards the amounts then required to be so prepaid.

ARTICLE X MISCELLANEOUS

Section 10.1. Notices. All written notices to be given under this Installment Sale Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing

from time to time. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, confirmed by telephone, (b) upon receipt after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt.

If to the Authority: Carson Public Financing Authority
701 East Carson Street
Carson, California 90745
Attention: Chief Administrative Officer

If to the City: City of Carson
701 East Carson Street
Carson, California 90745
Attention: City Manager

If to the Trustee: The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite #500
Los Angeles, California 90071
Attention: Corporate Trust Department

The Authority, the City or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

Section 10.2. Reserve Policy and Municipal Bond Insurer [Reserved].

(a) The City agrees to comply with all provisions of Section 5.05 of the Indenture to the extent applicable to it.

Section 10.3. Binding Effect. This Installment Sale Agreement shall inure to the benefit of and shall be binding upon the Authority and the City and their respective successors and assigns.

Section 10.4. Severability. In the event any provision of this Installment Sale 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 10.5. Net Contract. This Installment Sale Agreement shall be deemed and construed to be a “net contract” and the City hereby agrees that the Installment Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

Section 10.6. Further Assurances and Corrective Instruments. The Authority and the City 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 Projects hereby leased or intended so to be or for carrying out the expressed intention of this Installment Sale Agreement.

Section 10.7. Execution in Counterparts. This Installment Sale 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 10.8. Applicable Law. This Installment Sale Agreement shall be governed by and construed in accordance with the laws of the State.

Section 10.9. Authorized Representative. Whenever under the provisions of this Installment Sale Agreement the approval of the Authority or the City is required, or the Authority or the City is required to take some action at the request of the other, such approval or such request shall be given for the Authority by an Authorized Representative of the Authority and for the City by an Authorized Representative of the City, and any party hereto shall be authorized to rely upon any such approval or request.

Section 10.10. Waiver of Personal Liability. All liabilities under this Installment Sale Agreement on the part of the City are solely liabilities of the City and the Authority hereby releases each and every board member, director, officer, employee and agent of the City of and from any personal or individual liability under this Installment Sale Agreement. No board member, director, officer, employee or agent of the City shall at any time or under any circumstances be individually or personally liable under this Installment Sale Agreement for anything done or omitted to be done by the City hereunder.

Section 10.11. Limitation of Rights to Parties and Owners. Nothing in this Installment Sale Agreement expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the City, the Municipal Bond Insurer and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Installment Sale Agreement or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the City, the Municipal Bond Insurer and the Owners of the Bonds. The Trustee shall be considered a third party beneficiary hereof.

Section 10.12. Captions. The captions or headings in this Installment Sale Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Installment Sale Agreement.

IN WITNESS WHEREOF, the Authority has caused this Installment Sale Agreement to be executed in its name by its duly authorized officers; and the City has caused this Installment Sale Agreement to be executed in its name by its duly authorized officers, as of the date first above written.

CARSON PUBLIC
FINANCING AUTHORITY, as Seller

By _____
Chief Administrative Officer

ATTEST:

Secretary

CITY OF CARSON, as Purchaser

By _____
Mayor

ATTEST:

City Clerk

EXHIBIT A

DESCRIPTION OF THE PROJECTS

Local Street Improvements consists of:

EXHIBIT B

SCHEDULE OF INSTALLMENT PAYMENTS