

LOAN AGREEMENT

This Loan Agreement (this "Loan Agreement"), dated for convenience as of October 1, 2014, is between DNT ASSET TRUST, a Delaware business trust duly organized and existing under the laws of the State of Delaware (the "Lender"), and the CITY OF SUNNYVALE, a charter city duly organized and existing under the constitution and laws of the State of California (the "City").

BACKGROUND:

WHEREAS, the City has heretofore authorized, issued and sold \$20,575,000 principal amount of its City of Sunnyvale Solid Waste Revenue Refunding Bonds, Series 2003 (the "2003 Bonds") pursuant to the provisions of Revenue Refunding Bond Law (contained in Sections 53570 et seq. and 53580 et seq. of the California Government Code, the "Refunding Bond Law") and an Indenture of Trust dated as of January 1, 2003 (the "2003 Indenture"), by and between the City and U.S. Bank National Association (the "2003 Trustee"), which are presently outstanding in the principal amount of \$5,375,000; and

WHEREAS, the City has heretofore authorized, executed and delivered an Installment Sale Agreement, dated as of November 1, 2007, between the Sunnyvale Financing Authority (the "Authority") and the City, in the original principal amount of \$8,130,000 (the "2007 Installment Sale Agreement"), under which the City purchased certain capital improvements to the City's solid waste refuse collection and disposal system (the "Solid Waste System"); and

WHEREAS, the installment payments to be paid by the City to the Authority under the 2007 Installment Sale Agreement (the "2007 Installment Payments") secured the Authority's \$8,130,000 Solid Waste Revenue Bonds, Series 2007 (the "2007 Bonds"), which were issued by the Authority under an Indenture of Trust, dated as of November 1, 2007, between U.S. Bank National Association (the "2007 Trustee") and the Authority (the "2007 Indenture"), and which are presently outstanding in the principal amount of \$4,635,000 and

WHEREAS, the obligation of the City to pay debt service on the 2003 Bonds and to pay the 2007 Installment Payments is limited to "Pledged Revenues", which is defined in the 2003 Indenture and 2007 Installment Sale Agreement to mean Net Revenues of the Solid Waste System, plus payments to be made by the Cities of Mountain View and Palo Alto (the "Participants") to the City for the Solid Waste System, pursuant to a Second Memorandum of Understanding Relating to Construction and Operation of a Materials Recovery and Transfer Station and the Disposal of Municipal Solid Waste at Kirby Canyon, among the City and the Participants, dated June 9, 1992 (the "Memorandum of Understanding"); and

WHEREAS, under the 2003 Indenture, the City has the right to redeem the 2003 Bonds on any date on or after October 1, 2013; and

WHEREAS, under the 2007 Installment Sale Agreement, the City has the right to prepay the 2007 Installment Payments on any date on and after October 1, 2013, and the Authority has the corresponding right under the 2007 Indenture to redeem the 2007 Bonds on any date on or after October 1, 2013; and

WHEREAS, under the 2007 Installment Sale Agreement, the prepayment of the 2007 Installment Payments will cause a redemption of the 2007 Bonds under the 2007 Indenture; and

WHEREAS, the 2003 Bonds, the 2007 Installment Sale Agreement and the 2007 Bonds are referred to herein together as the "Prior Solid Waste System Revenue Obligations"; and

WHEREAS, the City wishes at this time to prepay and redeem the Prior Solid Waste System Revenue Obligations in accordance with the 2003 Indenture, the 2007 Installment Sale Agreement and the 2007 Indenture; and

WHEREAS, under the Refunding Bond Law, the term "bonds" includes bonds, notes, and other forms of obligations, such as loan agreements.

WHEREAS, in order to provide funds for the purposes of refunding the Prior Solid Waste System Revenue Obligations, the City has determined to borrow the amount of \$_____ from the Lender under this Loan Agreement, to be secured by a pledge of and lien on the Pledged Revenues, as set forth in this Loan Agreement.

WHEREAS, the City is authorized to enter into this Loan Agreement and to borrow amounts hereunder for the purpose of refinancing the Prior Solid Waste System Revenue Obligations under the laws of the State of California, including the Refunding Bond Law.

AGREEMENT:

In consideration of the foregoing and the material covenants hereinafter contained, the City and the Lender formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS AND APPENDICES

Section 1.1. Definitions. All terms defined in this Section 1.1 have the meanings herein specified for all purposes of this Loan Agreement.

"Additional Payments" means the amounts payable by the City under Section 4.8.

“Approved Institutional Buyer” means (1) a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as in effect on the date hereof (the “Securities Act”); (2) an “accredited investor” as defined in Sections 501(a)(1) through (3) of Regulation D promulgated under the Securities Act; (3) an entity that is directly or indirectly wholly owned or controlled by the purchaser/bondholder representative (being a financial institution described in (1) above); (4) an entity all of the investors in which are described in (1), (2) or (3) above; or (5) a custodian or trustee for a party described in (1), (2) or (3) above.

“Charges” means fees, tolls, assessments, rates and charges prescribed by the Council for the services and facilities of the Solid Waste System furnished by the City to the residents of the City, and industrial and commercial entities located within the City.

“Closing Date” means the date on which the City delivers the executed Loan Agreement and Note to the Lender in exchange for the proceeds thereof.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of execution and delivery of the Loan Agreement or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of execution and delivery of the Loan Agreement, together with applicable final regulations promulgated, and applicable official public guidance published, under the Code.

“Escrow Agreement” means the Escrow Agreement, dated as of October 1, 2014 between the City and U.S. Bank National Association, relating to the prepayment, redemption and refunding of the Prior Solid Waste System Revenue Obligations.

“Escrow Bank” means U.S. Bank National Association, acting as escrow bank under the Escrow Agreement.

“Event of Default” means any of the events specified in Section 6.1.

“Event of Taxability” means a determination by the Internal Revenue Service that the interest component of the Loan Repayments is includible for federal income tax purposes in the gross income of the owner thereof due to the City’s action or failure to take any action with respect to its obligations hereunder.

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

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

"Gross Revenues" means, for any period of computation, all gross charges received for, and all other gross income and revenues derived by the City from, the ownership or operation of the Solid Waste System or otherwise arising from the Solid Waste System during such period, including but not limited to (a) all Charges received by the City for use of the Solid Waste System, and (b) all receipts derived from the investment of the Solid Waste Management Fund held by the City, but excludes SMaRT Station Participant Revenues. In addition, for purposes of calculating Gross Revenues, (a) to the extent that the City appropriates funds into a rate stabilization reserve account for the Solid Waste System, a deduction will be made from Gross Revenues in the Fiscal Year during which the transfer occurred, and (b) to the extent that the City appropriates funds from a rate stabilization reserve account for the Solid Waste System into the Solid Waste Fund, the City may count the funds so transferred as Gross Revenues in the Fiscal Year in which the transfer occurs.

"Independent Accountant" means any certified public accountant or firm of certified public accountants appointed and paid by the City, and who, or each of whom-

(a) is in fact independent and not under domination of the City;

(b) does not have any substantial interest, direct or indirect, in the City; and

(c) is not connected with the City as an officer or employee of the City but who may be regularly retained to make annual or other audits of the books of or reports to the City.

"Lender" has the meaning given to said term in the recitals hereto.

"Loan" means the loan made by the Lender to the City in the original principal amount of \$_____ under Section 3.1, as evidenced by the Note.

"Loan Agreement" means this Loan Agreement, dated as of October 1, 2014, between the Lender and the City.

"Loan Repayment Date" means April 1 and October 1 in each year, commencing April 1, 2015, and continuing to and including the date on which the Loan Repayments are paid in full.

"Loan Repayments" means all payments required to be paid by the City under Section 3.4, including any prepayment thereof under Sections 6.1 or 6.2.

"Maintenance and Operation Costs" means the reasonable and necessary costs spent or incurred by the City for maintaining and operating the Solid Waste System or the SMaRT Station, as the case may be, calculated in accordance with sound accounting principles, and all reasonable and necessary expenses of management and repair and other expenses to maintain and preserve the Solid Waste System and the SMaRT Station in good repair and working order, and including all reasonable and necessary administrative costs of the City attributable to the Solid Waste System and the SMaRT Station, such as salaries and wages and the necessary contribution to retirement of employees, overhead, insurance, taxes (if any), and fees of auditors, accountants, attorneys or engineers, and including all other reasonable and necessary costs of the City or charges required to be paid by it to comply with the terms of this Loan

Agreement, but excluding depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature.

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect on, the operations, business, assets, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the City; (b) a material impairment of the rights and remedies of the Lender under this Loan Agreement or the Note, or the ability of the City to perform its obligations thereunder; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability of this Loan Agreement and the Note against the City.

“Memorandum of Understanding” means that certain Second Memorandum of Understanding Among the Cities of Mountain View, Palo Alto and Sunnyvale Relating to the Construction and Operation of a Materials Recovery and Transfer Station and the Long Term Disposal of Municipal Solid Waste at Kirby Canyon, dated as of June 9, 1992, as amended from time to time in accordance with its terms.

“Net Revenues” means, with respect to the Solid Waste System, for any period of computation, the amount of the Gross Revenues received from the Solid Waste System during such period, less the amount of Maintenance and Operation Costs of the Solid Waste System becoming payable during such period.

“Note” means the Promissory Note dated October __, 2014, executed by the City in favor of the Lender in the original principal amount of \$_____, in the form attached hereto as Appendix B.

“Participants” means the City of Palo Alto and the City of Mountain View.

“Pledged Revenues” means (i) Net Revenues; plus (ii) SMaRT Station Participant Debt Service Payments.

“Proportionate Share” means, for any period, the payments listed for each Participant in Appendix C.

“Qualified Project Costs” means land costs and capital expenditures for Qualified Solid Waste Disposal Facilities paid with respect to the SMaRT Station.

“Qualified Solid Waste Disposal Facilities” means any property or portion thereof used for the collection, storage, treatment, utilization, processing or final disposal of Solid Waste within the meaning of Section 142(a)(6) of the Code.

“SMaRT Station” means the Sunnyvale Materials Recovery and Transfer (SMaRT[®]) Station.

“SMaRT Station Fund” means the fund of that name established and maintained by the City.

"SMaRT Station Participant Revenues" means all moneys received by the City under the Memorandum of Understanding from the Participants, and from other public entities whose inhabitants are served pursuant to contracts with the City.

"SMaRT Station Participant Debt Service Payments" means payments received by the City from the Participants under Section III. 6 of the Memorandum of Understanding to satisfy the Participants' obligation to pay their Proportionate Share of Loan Repayments.

"Solid Waste" means property which is useless, unused, unwanted or discarded solid material which has no market or other value at the place where it is located and in the form in which it is when it is identified as waste and as to which no person is willing to purchase such property at any price, and, in the context of a facility which disposes of solid waste by reconstituting, converting or otherwise recycling it into material which is not waste if, on the date of issuance of the Loan, it constitutes at least 65 percent, by weight or volume, of the total materials introduced into the recycling process.

"Solid Waste Management Fund" means the fund of that name established and held by the City.

"Solid Waste Revenues" means: (i) Gross Revenues, plus (ii) SMaRT Station Participant Revenues.

"Solid Waste System" means the existing solid waste refuse collection and disposal system of the City, exclusive of the SMaRT Station.

"Sunnyvale's Proportionate Share" means: (i) when used with respect to Loan Repayments, the payments for the City set forth in Appendix C; and (ii) when used with respect to Maintenance and Operations Costs of the SMaRT Station, amounts payable by the City under Section IV.3.D. of the Memorandum of Understanding.

"Taxable Rate" means an interest rate equal to _____% plus a rate sufficient such that the total interest to be paid to the Lender on any Loan Repayment Date would, after such interest was reduced by the amount of any U.S. federal, state and local income tax (including any interest or penalties) actually imposed thereon, equal the amount of interest due on the then unpaid principal amount of the Loan Repayments; provided, however, that in no event shall the Taxable Rate exceed twelve percent (12%) per annum.

"Tax Regulations" means temporary and permanent regulations promulgated under the Code.

Section 1.2. Appendix. The following Appendix is attached to, and by reference made a part of, this Loan Agreement:

Appendix A: The schedule of Loan Repayments to be paid by the City hereunder, showing the date and amount of each Loan Repayment.

Appendix B: Form of the Note.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of the City. The City represents, covenants and warrants to the Lender as follows:

(a) Due Organization and Existence. The City is a charter city and political subdivision of the State of California, duly organized and existing under the constitution and laws of the State of California.

(b) Authorization; No Indebtedness. The laws of the State of California authorize the City to enter into this Loan Agreement and the Note, to enter into the transactions contemplated hereby and to carry out its obligations hereunder, and the City Council of the City has duly authorized the execution and delivery of this Loan Agreement and the Note. Neither the Loan Agreement nor the Note constitute "indebtedness" within the meaning of Article 16, Section 18 of the California Constitution.

(c) No Violations. Neither the execution and delivery of this Loan Agreement or the Note, 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 of any restriction or any agreement or instrument to which the City is now a party or by which the City is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrances whatsoever upon any of the property or assets of the City, other than as set forth herein.

(d) Compliance with Laws. The City is in compliance with all statutes, laws, ordinances, rules, regulations, orders, restrictions and all other legal requirements of all domestic governments or any instrumentality thereof having jurisdiction over the conduct of the City's operations or the ownership of its properties, the violation of which would have a Material Adverse Effect.

(e) No Litigation. 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 best knowledge of the City, threatened against or affecting the City or affecting the corporate existence of the City or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the entering into of this Loan Agreement or the Note or in any way contesting or affecting the transactions contemplated hereby or thereby or the validity or enforceability of this Loan Agreement or the Note or contesting the powers of the City or any authority for the execution and delivery of this Loan Agreement or the Note or which, if determined adversely to the City, would have a Material Adverse Effect on the financial position, prospects, projections, results of operations or conditions, financial or otherwise, of the City or the ability of the City to perform its obligations hereunder and under the Note.

(f) Approvals. No consent, approval or other action by or any notice to or filing with any court or administrative or governmental or public body is or will be necessary for the valid execution, delivery or performance, as appropriate, by the City of this Loan Agreement or the Note (other than consents, approvals and actions received and notices and filings made on or before the Closing Date).

(g) Enforceability. This Loan Agreement constitutes, and the Note, when delivered, will constitute legal, valid and binding obligations of the City, enforceable against the City in accordance with their respective terms.

(h) Statement of Financial Position. The statement of financial position of the City as of June 30, 2013, and the related statement of activities and statement of cash flows and changes in financial position for the year then ended, and the auditors' reports with respect thereto, copies of which have heretofore been furnished to the Lender, are complete and correct and fairly present the financial condition, changes in financial position and results of operations of the City at such date and for such period, and were prepared in accordance with generally accepted accounting principles. To the City's knowledge, since the period of such statements, no event or circumstance has occurred, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

(i) No Default. To the best of the City's knowledge, no event has occurred that would constitute (i) an event of default (other than a payment default) with respect to which City received written notice or (ii) a payment default (whether or not the City received written notice) under any debt, revenue bond or obligation which City has issued during the past ten years, and, the City has never failed to budget for and include and maintain funds sufficient and available to meet all payment obligations under any debt, revenue bond or obligation which City has issued in each of its past ten fiscal years.

(j) No Sovereign Immunity. Neither the City nor its assets enjoy any rights of immunity on the grounds of sovereign immunity in respect of its obligations under this Loan Agreement or the Note.

(k) Disclosure. There is no fact known to the City that materially adversely affects the property, assets or financial condition of the City that has not been set forth in this Loan Agreement or in the other documents, certificates and statements furnished to the Lender by or on behalf of the City prior to the date hereof in connection with the transactions contemplated hereby.

(l) No Proposed Legal Changes. There is no amendment, or, to the best of the City's knowledge, no proposed amendment certified for placement on a statewide ballot, to the Constitution of the State of California or any published administrative interpretation of the Constitution of the State of California or any law of the State of California, or any legislation that has passed either house of the legislature of the State of California, or any published judicial decision interpreting any of the foregoing, which could reasonably be expected to result in a Material Adverse Effect.

(m) Prior Indebtedness. The pledge in Section 3.5 of this Loan Agreement constitutes a lien on and a pledge of all Pledged Revenues to the extent set forth therein, and there are no parity, prior and senior liens on the Pledged Revenues as of the date of this Loan Agreement.

(n) Financial Statements. The City hereby agrees to furnish or cause to be furnished to the Lender, at the City's expense, (i) within 270 days of the end of the City's fiscal year, the audited financial statements of the City for that year, (ii) within 30 days of the end of the City's fiscal year, the annual, approved operating budget of the City for the subsequent fiscal year, and (iii) such other information that the Lender may from time to time reasonably request. Any audited financial statements furnished to the Lender shall be prepared in accordance with generally accepted accounting principles, consistently applied, and shall fairly present the City's financial condition as of the date of the statements.

(o) No Financial Advisory or Fiduciary Relationship. The City acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the City and the Lender and its affiliates, (ii) in connection with such transaction, the Lender and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), agent or a fiduciary of the City, (iii) the Lender and its affiliates are relying on the Lender exemption in the Municipal Advisor Rules, (iv) the Lender and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Lender, or any affiliate of the Lender, has provided other services or advised, or is currently providing other services or advising the City on other matters), (v) the Lender and its affiliates have financial and other interests that differ from those of the City, and (vi) the City has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

Section 2.2. Representations, Covenants and Warranties of Lender. The Lender represents, covenants and warrants to the City as follows:

(a) Due Organization and Existence. The Lender is a national banking association duly organized and existing under the laws of the United States of America; has power to enter into this Loan Agreement; and is possessed of full power to make the Loan as provided herein.

(b) Any certificates signed by any officer of the Lender and delivered to the City shall be deemed a representation and warranty by the Lender to the City, but not by the person signing the same, as to the statements made therein.

ARTICLE III

TERMS OF LOAN

Section 3.1. Obligation to Make Loan; Amount of Loan.

(a) Obligation to Make Loan. The Lender's obligation to make the Loan to the City shall be subject to the satisfaction (or waiver thereof by the Lender) of the following conditions precedent on or before the Closing Date:

1) The Lender shall have received each of the following:

(i) this Loan Agreement and the Note duly executed and delivered by the City;

(ii) a certified copy of the resolution of the City adopted prior to the Closing Date, authorizing the execution and delivery of this Loan Agreement and the Note, in form and substance satisfactory to the Lender, certified by the City Clerk of the City as being in full force and effect;

(iii) a certificate from the City Manager certifying that (A) all of the representations and warranties of the City in this Loan Agreement are true and correct on and as of the Closing Date as though made on such date, and (B) no Event of Default has occurred as of the Closing Date;

(iv) satisfactory financial information, budgets and projections of the City as reasonably requested by the Lender; and

(v) (A) The approving opinion of Bond Counsel, as to the validity of the Loan and the Note, and the tax-exempt status of the interest components of the Loan Repayments payable under the Loan Agreement and the Note, dated the Closing Date, addressed to the City and the Lender; and (B) a defeasance opinion with respect to the defeasance of the 2003 Bonds and the 2007 Bonds;

(vi) A certificate signed by appropriate officials of the City to the effect that (A) such officials are authorized to execute this Loan Agreement, (B) the representations, agreements and warranties of the City herein and all statements made in all certificates and other documents delivered to the Lender prior to the Closing Date pursuant to the Lender's request are true and correct in all material respects as of the Closing Date, (C) the City has complied with all the terms of the Resolution, the Escrow Agreement and this Loan Agreement to be complied with by the City prior to or concurrently on the Closing Date, and, as to the City, such documents are in full force and effect, and (D) the Note being delivered on the Closing Date to the Lender under this Loan Agreement substantially conforms to the descriptions thereof contained in the Resolution;

(vii) With respect to the Loan, a nonarbitrage and tax certificate of the City in form satisfactory to Bond Counsel;

(viii) A certificate of the Escrow Bank, dated the Closing Date, signed by a duly authorized officer of the Escrow Bank, and in form and substance satisfactory to the Lender, to the effect that (A) the Escrow Bank has all necessary power and authority to enter into and perform its duties under the Escrow Agreement; (B) the Escrow Bank has duly authorized, executed and delivered the Escrow Agreement, and, assuming due

authorization, execution and delivery by the City, the Escrow Agreement constitutes a valid and binding agreement of the Escrow Bank enforceable against the Escrow Bank in accordance with its terms, except as enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights and to the application of equitable principles; (C) the execution and delivery of the Escrow Agreement and compliance with the provisions thereof have been duly authorized by all necessary corporate action on the part of the Escrow Bank and, to the best knowledge of the Escrow Bank, will not conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, charter, bylaws or any agreement to which the Escrow Bank is subject or by which it is bound; and (D) no litigation is pending or, to the best knowledge of the Escrow Bank, threatened (either in state or federal courts) against the Escrow Bank in any way contesting or affecting the validity or enforceability of the Note, the Loan, or the Escrow Agreement;

(ix) Evidence that federal tax information Form 8038-G with respect to the Loan has been prepared for filing;

(x) Copies of preliminary filings with the California Debt and Investment Advisory Commission ("CDIAC") relating to the Loan;

(xi) A copy of the wire transfer request form provided by the Lender and executed by the City; and

(xii) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Lender may reasonably request to evidence compliance (A) by the City with legal requirements, (B) the truth and accuracy, as of the Closing Date, of the representations of the City herein contained, and (C) the due performance or satisfaction by the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the City.

2) The City shall pay the following expenses from proceeds of the Loan, from amounts transferred to the Escrow Bank and held in the Costs of Issuance Account under the Escrow Agreement: (i) the cost of the preparation and production of the Resolution, Loan Agreement and related documents; (ii) the fees and disbursements of Bond Counsel with respect to the Loan; (iii) the cost of the preparation, printing and delivery of the Note; (iv) the initial fees of the Escrow Bank; (v) the fees of the financial advisor to the City with respect to the Loan; (vi) all reasonable, out-of-pocket costs and expenses incurred by the Lender in connection with due diligence and the preparation of documentation, including but not limited to, financial advisory fees, and fees of Lender's counsel in an amount not to exceed \$10,000; (vii) CDIAC fees; and (viii) all other fees and expenses incident to the issuance and sale of the Loan.

3) All of the representations and warranties in this Loan Agreement or otherwise made in writing in connection with this Loan Agreement shall be true and correct with the same force and effect as though such representations and warranties had been made on and of the Closing Date.

4) No event or condition shall have occurred as of the Closing Date that has had or could be reasonably expected either individually or in the aggregate, to have a Material Adverse Effect.

5) No Event of Default shall have occurred and be continuing as of the Closing Date, or will result from the execution and delivery by the City of this Loan Agreement and the Note, or after giving effect to the making of the Loan.

(b) Amount of Loan. Subject to the satisfaction of the conditions set forth in Section 3.1(a) above, the Lender hereby agrees to lend to the City, and the City hereby agrees to borrow from the Lender, the amount of \$_____ under the terms and provisions set forth in this Loan Agreement. The Loan shall be made by the Lender to the City in immediately available funds on the Closing Date and shall be evidenced by the Note.

Section 3.2. Application of Loan Proceeds. The Lender hereby agrees on the Closing Date to deposit the proceeds of the Loan in the following amounts:

1) \$_____ shall be deposited with the Escrow Bank, for deposit to the Escrow Fund, to be held and administered under the Escrow Agreement for the purpose of prepaying and redeeming the Prior Solid Waste System Revenue Obligations. As provided in the Escrow Agreement, the Prior Solid Waste System Revenue Obligations shall be paid and redeemed in full on November 14, 2014, and shall be fully discharged and defeased on the Closing Date; and

2) \$_____ shall be deposited with the Escrow Bank, for deposit to the Costs of Issuance Account held under the Escrow Deposit and Trust Agreement.

Section 3.3. Term. The Term of this Loan Agreement commences on the Closing Date, and ends on the date on which the Loan is paid in full or provision for such payment is made as provided herein.

Section 3.4. Loan Repayments.

The City hereby agrees to repay the Loan in the aggregate principal amount of \$_____, together with interest (calculated at the rate of _____% on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof, payable in semiannual Loan Repayments in the respective amounts and on the respective Loan Repayment Dates specified in Appendix A. The City shall pay all Loan Repayments when due directly to the Lender. No presentment of the Note by the Lender to the City shall be required as a condition to such payment obligation.

If the City prepays the Loan Repayments in full under Section 6.2, the City's obligations under this Loan Agreement shall thereupon cease and terminate, including but not limited to the City's obligation to pay Loan Repayments under this Section 3.4. If the City secures the payment of the Loan Repayments in full by providing a security deposit satisfying the requirement of Section 6.3, the City's repayment obligations under this Loan Agreement shall be limited to the cash and/or Federal Securities so deposited.

If the City fails to make any of the payments required in this Section 3.4, the payment in default shall continue as an obligation of the City until the amount in default has been fully paid, and the City agrees to pay the same with interest thereon, to the extent permitted by law, from the Loan Repayment Date to the applicable date of payment at the rate of 8% per annum.

Section 3.5. Pledge of Pledged Revenues.

(a) The City hereby transfers, places a charge upon, assigns and sets over to the Lender, that portion of the Pledged Revenues which is necessary to pay the Loan Repayments in any Fiscal Year, and such portion of the Pledged Revenues is hereby irrevocably pledged to the punctual payment of the Loan Repayments. The Pledged Revenues shall not be used for any other purpose while the Loan remains unpaid, except that out of Pledged Revenues there may be apportioned and paid such sums for such purposes, as are expressly permitted by this Article. Said pledge shall constitute a first, direct and exclusive charge and lien on the Pledged Revenues for the payment of the Loan Repayments in accordance with the terms thereof.

(b) The Pledged Revenues constitute a trust fund for the security and payment of the Loan Repayments. The general fund of the City is not liable and the credit or taxing power of the City is not pledged for the payment of the Loan Repayments. The Loan Repayments are not a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of its property, or upon any of its income, receipts, or revenues except the Pledged Revenues.

(c) As provided in Section 5450 of the California Government Code, the pledge made by the City of Pledged Revenues in this Loan Agreement shall constitute a lien and security interest in the Pledged Revenues, which shall immediately attach to the Pledged Revenues, and be effective, binding, and enforceable against the City, its successors, purchasers of the Note, creditors, and all others asserting the rights therein, to the extent set forth, and in accordance with, this Loan Agreement, irrespective of whether those parties have notice of the pledge and without the need for any physical delivery, recordation, filing, or further act.

Section 3.6. Receipt and Deposit of Solid Waste Revenues and SMaRT Station Participant Revenues. The City covenants and agrees that all Solid Waste Revenues and SMaRT Station Participant Revenues, when and as received, will be deposited by the City in the Solid Waste Management Fund and the SMaRT Station Fund, as appropriate, and will be accounted for through and held in trust in said Funds, and the City shall only have such beneficial right or interest in any of such money as in this Loan Agreement provided. All such Solid Waste Revenues and SMaRT Station Participant Revenues shall be transferred, disbursed, allocated and applied solely to the uses and purposes hereinafter in this Article set forth, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the City.

Section 3.7. Special Obligation of the City; Obligations Absolute. The City's obligation to pay the Loan Repayments and any other amounts coming due and payable hereunder is a special obligation of the City limited solely to the Pledged Revenues. Under no circumstances is the City, required to advance moneys derived from any source of income other than the Pledged Revenues and other sources specifically identified herein for the payment of

the Loan Repayments and such other amounts. No other funds or property of the City are liable for the payment of the Loan Repayments and any other amounts coming due and payable hereunder.

The obligation of the City to pay the Loan Repayments from the Pledged Revenues and to perform and observe the other agreements contained herein are absolute and unconditional and are not subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach by the Lender of any obligation to the City or otherwise with respect to the Solid Waste System, whether hereunder or otherwise. Until all of the Loan Repayments, all of the Additional Payments and all other amounts coming due and payable hereunder are fully paid or prepaid, the City (a) will not suspend or discontinue payment of any Loan Repayments, Additional Payments or such other amounts, (b) will perform and observe all other agreements contained in this Agreement, and (c) will not terminate 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 to the Solid Waste System, sale of the Solid Waste System, the taking by eminent domain of title to or temporary use of any component of the Solid Waste System, commercial frustration of purpose, any change in the tax or law other laws of the United States of America or the State of California or any political subdivision of either thereof or any failure of the Lender to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement.

Section 3.8. Event of Taxability. Upon the occurrence of an Event of Taxability, the interest component of Loan Repayments and any charge on Loan Repayments or other amounts payable based on the interest rate set forth in the Note shall have accrued and be payable at the Taxable Rate retroactive to the date as of which the interest component is determined by the Internal Revenue Service to be includible in the gross income of the owner or owners thereof for federal income tax purposes, and City will pay such additional amount as will result in the owner receiving the interest component at the Taxable Rate.

ARTICLE IV

COVENANTS OF THE CITY

Section 4.1. Release and Indemnification Covenants. The City agrees to indemnify the Lender and its officers, agents, successors and assigns, against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on or about the Solid Waste System by the City, (b) any breach or default on the part of the City in the performance of any of its obligations under this Agreement, (c) any act or omission of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Solid Waste System, and (d) any act or omission of any lessee of the City with respect to the Solid Waste System. The provisions of this Section 4.1 shall survive the expiration of the Term of this Agreement.

Section 4.2. Sale or Eminent Domain of Solid Waste System. Except as provided herein, the City covenants that the Solid Waste System will not be encumbered, sold, leased, pledged, any charge placed thereon, or otherwise disposed of, as a whole or substantially as a whole if such encumbrance, sale, lease, pledge, charge or other disposition would materially impair the ability of the City to pay the Loan Repayments, or would materially adversely affect its ability to comply with the terms of this Agreement. The City may not enter into any agreement which impairs the operation of the Solid Waste System or any part of it necessary to secure adequate Pledged Revenues to pay the Loan Repayments, or which otherwise would impair the rights of the Lender with respect to the Pledged Revenues.

If any substantial part of the Solid Waste System is sold or taken in eminent domain proceedings, the payment therefor shall either (a) be used for the acquisition or construction of improvements to the Solid Waste System, or (b) be applied at the election of the City to prepay the Loan Repayments on the next available prepayment date under Section 6.2.

Section 4.3. Insurance. The City shall at all times maintain with responsible insurers all such insurance on the Solid Waste System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Solid Waste System. The City shall apply any amounts collected from insurance against accident to or destruction of any portion of the Solid Waste System, at its option, either (a) to repair or rebuild such damaged or destroyed portion of the Solid Waste System, or (b) to prepay the Loan Repayments on the next available prepayment date under Section 6.2.

The City shall also maintain, with responsible insurers, worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the City, and the Lender.

Any policy of insurance required under this Section 5.3 may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance.

Section 4.4. Records and Accounts. The City shall keep proper books of record and accounts of the Solid Waste System in which complete and correct entries are made of all transactions relating to the Solid Waste System. The City shall cause the books and accounts of the Solid Waste System to be audited annually by an Independent Accountant not more than nine months after the close of each Fiscal Year, and shall furnish or cause to be furnished to the Lender, at the City's expense, (i) within 270 days of the end of the City's fiscal year, the audited financial statements of the Solid Waste System for that year, (ii) within 30 days of the end of the City's fiscal year, the annual, approved operating budget of the City for the Solid Waste System for the subsequent fiscal year, and (iii) such other information that the Lender may from time to time reasonably request. Any audited financial statements furnished to the Lender shall be prepared in accordance with generally accepted accounting principles, consistently applied, and shall fairly present the City's financial condition as of the date of the statements.. Such report may be part of a combined financial audit or report covering all or part of the City's finances.

Section 4.5. Enforcement of Memorandum of Understanding. The City shall take all steps necessary to comply with, and to enforce the obligations of the Participants under, the Memorandum of Understanding, and shall notify Lender within 10 days of any Participant's failure to make a required payment under the Memorandum of Understanding, and any Participant's rejection of the Memorandum of Understanding.

Section 4.6. Rates and Charges.

(a) The City shall fix, prescribe, revise and collect Charges for the Solid Waste System during each Fiscal Year which are at least sufficient after making allowances for contingencies and error in the estimates, to produce Gross Revenues which are sufficient to pay the following amounts in the following order:

(i) all Maintenance and Operation Costs of the Solid Waste System and Sunnyvale's Proportionate Share of Maintenance and Operation Costs of the SMaRT Station estimated by the City to become due and payable in such Fiscal Year;

(ii) Sunnyvale's Proportionate Share of Loan Repayments;

(iii) all other payments required for compliance with this Loan Agreement;
and

(iv) all payments required to meet any other obligations of the City which are charges, liens, encumbrances upon or payable from the Gross Revenues.

(b) The City shall fix, prescribe, revise and collect Charges for the Solid Waste System during each Fiscal Year which are sufficient to yield Net Revenues of the Solid Waste System at least equal to one hundred twenty percent (120%) of Sunnyvale's Proportionate Share of Loan Repayments.

Section 4.7. Superior Parity and Subordinate Obligations. The City may not issue or incur any additional bonds or other obligations during the Term of this Agreement having any priority in payment of principal or interest out of the Gross Revenues or the Pledged Revenues superior to or on parity with the Loan Repayments. Nothing herein limits or affects the ability of the City to issue or incur obligations which are either unsecured or which are secured by an interest in the Pledged Revenues which is junior and subordinate to the pledge of and lien upon the Pledged Revenues established hereunder.

Section 4.8. Assignment by the Lender.

(a) The Lender's rights under this Loan Agreement, including the right to receive and enforce payment of the Loan Repayments to be made by the City under this Loan Agreement, may be assigned to another party (the "Assignee"), so long as the Assignee is a "Approved Institutional Buyer". The City hereby consents to such assignment. Whenever in this Loan Agreement any reference is made to the Lender and such reference concerns rights which the Lender has assigned to the Assignee, such reference shall be deemed to refer to the Assignee.

(b) The Lender or the Assignee has the right to make additional assignments of its interests herein, but no such assignment will be effective as against the City unless and until the Lender or the Assignee files with the City written notice thereof. The City shall pay all Loan Repayments hereunder under the written direction of the Lender or the Assignee named in the most recent assignment or notice of assignment filed with the City. During the Term of this Loan Agreement, the City shall keep a complete and accurate record of all such notices of assignment.

Section 4.9. Assignment by the City. Neither the Loan nor this Loan Agreement may be assigned by the City, other than to a public agency which succeeds to the interests of the City in and to the Solid Waste System and which (by operation of law, by contract or otherwise) becomes legally bound to all of the terms and provisions hereof.

Section 4.10. Amendment of this Loan Agreement. This Loan Agreement may be amended by the City and the Lender, but only with the prior written consent of the Assignee, if any, (which consent may not be unreasonably withheld).

Section 4.11. Tax Covenants.

(a) Qualified Solid Waste Disposal Exempt Facility Bonds. The City shall assure that the proceeds of the Loan are used in a manner such that the Loan will satisfy the requirements of section 142(a)(6) of the Code (including the Regulations thereunder) relating to qualified solid waste disposal facilities.

(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 the Loan 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 Loan.

(d) No Arbitrage. The City shall not take, or permit or suffer to be taken, any action with respect to the proceeds of the Loan which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Loan would have caused the Loan to be an "arbitrage bond" within the meaning of section 148 of the Code.

(e) Maintenance of Tax-Exemption. The City shall take all actions necessary to assure the exclusion of interest on the Loan from the gross income of the Lender to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Loan.

(f) Governmental Ownership. The Loan, upon issuance and delivery, shall be considered a "private activity bond" within the meaning of the Code, and the SMaRT Station shall, at all times, be owned by a governmental unit, as ownership is defined in Section

142(b)(1)(B) of the Code, except any lease to a non-governmental person shall not exceed 20 years.

(g) Limitation on Issuance Costs. The City covenants that, from the proceeds of the Loan and investment earnings thereon, an amount not in excess of two percent (2%) of the proceeds of the Loan will be used for costs of issuance of the Loan, all within the meaning of section 147(g)(1) of the Code.

(h) Limitation of Expenditure of Proceeds. The City represents that not less than 95 percent of the net proceeds of the Prior Solid Waste System Revenue Obligations (within the meaning of section 150(a)(3) of the Code) were applied to pay for Qualified Project Costs.

(i) Limitation on Land. The City represents that less than twenty-five percent (25%) of the proceeds of the Prior Solid Waste System Revenue Obligations were used, directly or indirectly, for the acquisition of land.

(j) Existing Facilities Limit. The City represents that no proceeds of the Prior Solid Waste System Revenue Obligations were used for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property was pursuant to such acquisition; provided, however, that this limitation shall not apply with respect to any building (and the equipment therefor) if rehabilitation expenditures (as defined in section 145(d) of the Code) with respect to such building equal or exceed 15 percent of the portion of the cost of acquiring such building (and equipment) financed with bond proceeds; and provided, further, that this limitation shall not apply with respect to any structure other than a building if rehabilitation expenditures with respect to such structure equal or exceed 100 percent of the portion of the cost of acquiring such structure financed with the proceeds of the Prior Solid Waste System Revenue Obligations.

(k) Certain Uses Prohibited. The City represents that no proceeds of the Prior Solid Waste System Revenue Obligations were used directly or indirectly to provide any airplane, skybox or other private luxury box, health club facility, facility used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Prior Solid Waste System Revenue Obligations were used for an office unless (i) the office is located on the premises of the facilities constituting the SMaRT Station and (ii) not more than a de minimus amount of the functions to be performed at such office is not related to the day-to-day operations of the SMaRT Station.

Section 4.12. Sovereign Immunity. The defense of sovereign immunity will not be available to the City in any proceeding by the Lender to enforce the obligations of the City under this Loan Agreement and is hereby waived expressly by the City for itself and its assets, and the consent of the City to the initiation of any such proceedings in any court of competent jurisdiction and its waiver of and agreement not to assert the defense of sovereign immunity in any such proceeding shall be valid and binding upon the City and enforceable against it.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

Section 5.1. Events of Default Defined. The following are Events of Default under this Loan Agreement:

(a) Failure by the City to pay any Loan Repayment or other payment required hereunder on the date on which such Loan Repayment or other payment becomes due.

(b) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in the preceding clause (a) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Lender; provided, however, if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such 30-day period, the Lender may not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within such 30-day period and diligently pursued until the default is corrected.

(c) 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.

Section 5.2. Remedies on Default. Upon the occurrence and during the continuation of an Event of Default, the Lender may, at its option and without any further demand or notice:

(a) declare all principal components of the unpaid Loan Repayments, together with accrued interest thereon from the immediately preceding Loan Repayment Date on which payment was made, to be immediately due and payable, whereupon the same will immediately become due and payable; and

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

The provisions of the preceding clause (a) are subject to the condition that if, at any time after the principal components of the unpaid Loan Repayments have been so declared due and payable under the preceding clause (a), and before any judgment or decree for the payment of the moneys due have been obtained or entered, the City deposits with the Lender a sum sufficient to pay all principal components of the Loan Repayments coming due prior to such declaration and all matured interest components (if any) of the Loan Repayments, with interest on such overdue principal and interest components calculated at the rate of 8% per annum, and

a sum sufficient to pay all reasonable costs and expenses incurred by the Lender in the exercise of its rights and remedies hereunder, and any and all other defaults known to the Lender (other than in the payment of the principal and interest components of the Loan Repayments due and payable solely by reason of such declaration) have been made good, then, and in every such case, the Lender may, by written notice to the City, 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.

Section 5.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Lender is exclusive, and every such remedy is cumulative and in addition to every other remedy given under this Loan 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 impairs any such right or power or operates as 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 Lender to exercise any remedy reserved to it in this Article V it is not necessary to give any notice, other than such notice as may be required in this Article V or by law.

Section 5.4. Agreement to Pay Attorneys' Fees and Expenses. If either party to this Loan Agreement defaults under any of the provisions hereof and the nondefaulting party employs attorneys (including in-house counsel) or incurs 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 will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys (including those of in-house counsel) and such other expenses so incurred by the nondefaulting party.

Section 5.5. No Additional Waiver Implied by One Waiver. If any agreement contained in this Loan Agreement is 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 5.6. Assignee to Exercise Rights. Such rights and remedies as are given to the Lender under this Article V have been assigned by the Lender to the Assignee and shall be exercised solely by the Assignee.

Section 5.7. Judicial Reference. To the extent permitted by law, the City and the Lender hereby irrevocably waive any and all right to trial by jury in any legal proceeding arising out of or relating to this agreement or any of the related documents or the transaction contemplated hereby or thereby. If and to the extent that the foregoing waiver of the right to a jury trial is unenforceable for any reason in such forum, the City and the Lender hereby consent to the adjudication of any and all claims pursuant to judicial reference as provided in California Code of Civil Procedure Section 638, and the judicial referee shall be empowered to hear and determine any and all issues in such reference whether fact or law. The City and the Lender represent that each has reviewed this waiver and consent and each knowingly and voluntarily waives its jury trial rights and consents to judicial reference following the opportunity to consult with legal counsel of its choice on such matters. In the event of litigation, a copy of this agreement may be filed as a written consent to judicial reference under California Code of Civil Procedure section 638 as provided herein.

ARTICLE VI

PREPAYMENT OF LOAN; SECURITY DEPOSIT

Section 6.1. No Optional Prepayment. The City may not prepay the unpaid principal components of the Loan Repayments prior to their scheduled Loan Repayment Dates.

Section 6.2. Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain. The City shall prepay the unpaid principal balance of the Loan in whole on any date, or in part on any Loan Repayment Date, from and to the extent the City determines to apply any proceeds of insurance award or condemnation award with respect to the Solid Waste System for such purpose under Sections 4.2 or 4.3 at a price equal to the principal amount to be prepaid plus a prepayment premium equal to the amount which would apply to such prepayment if the City prepaid its obligations under Section 6.1 on such date. The City and the Lender hereby agree that such proceeds, to the extent remaining after payment of any delinquent Loan Repayments, shall be credited towards the City's obligations under this Section 6.2.

Section 6.3. Security Deposit. Notwithstanding any other provision of this Loan Agreement, the City may on any date secure the payment of Loan Repayments in whole, by irrevocably depositing with a fiduciary an amount of cash which, together with other available amounts, is either:

(a) sufficient to pay all such Loan Repayments, including the principal and interest components thereof, when due under Section 3.4(a), or

(b) invested in whole or in part in Federal Securities in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay all such Loan Repayments when due under Section 3.4(a) or, if such amounts are sufficient to prepay the Loan Repayments in full under Section 6.3, when due on any optional prepayment date under Section 6.1, as the City instructs at the time of the deposit.

In the event of a security deposit under this Section for the payment in full of all remaining Loan Repayments, the pledge of Pledged Revenues and all other security provided by this Loan Agreement for said obligations, will cease and terminate, excepting only the obligation of the City to make, or cause to be made, all of Loan Repayments from such security deposit.

ARTICLE VII

MISCELLANEOUS

Section 7.1. Notices. Any notice, request, complaint, demand or other communication under this Loan Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by telecopier or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by telecopier or other form of telecommunication, (b) 48 hours after deposit in the United States of America first class mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Lender, the City or the Assignee 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.

If to the City:

City of Sunnyvale
650 West Olive Avenue
Sunnyvale, California 94086
Attention: Director of Finance
Fax: (408) 737-4950

If to the Lender:

DNT Asset Trust
c/o JPMorgan Chase Bank, N.A.
560 Mission Street, 4th Floor
San Francisco, California 94105
Attention: _____

Section 7.2. Binding Effect. This Loan Agreement inures to the benefit of and is binding upon the Lender and the City and their respective successors and assigns.

Section 7.3. Severability. If any provision of this Loan Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 7.4. Net-net-net Contract. This Loan Agreement is a "net-net-net" contract, and the City hereby agrees that the Loan Repayments are an absolute net return to the Lender, free and clear of any expenses, charges or set-offs whatsoever.

Section 7.5. Further Assurances and Corrective Instruments. The Lender and the City shall, 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 carrying out the expressed intention of this Loan Agreement.

Section 7.6. Execution in Counterparts. This Loan 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 7.7. Applicable Law. This Loan Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 7.8. Captions. The captions or headings in this Loan Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Loan Agreement.

IN WITNESS WHEREOF, the Lender has caused this Loan Agreement to be executed in its corporate name by its duly authorized officer and the City has caused this Loan Agreement to be executed in its name by its duly authorized officers, as of the date first above written.

DNT ASSET TRUST,
as lender

By _____

CITY OF SUNNYVALE, *as borrower*

By _____
City Manager

Attest:

City Clerk

APPENDIX A

SCHEDULE OF LOAN REPAYMENTS

Loan Payment Date	Principal	Interest	Total Loan Repayment
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APPENDIX B
FORM OF
PROMISSORY NOTE

\$ _____

INTEREST RATE:
_____ %

MATURITY DATE:
October 1, 2020

DATED DATE:
October , 2014

PRINCIPAL AMOUNT: _____ DOLLARS

The CITY OF SUNNYVALE, a charter city duly organized and existing under the laws of the State of California (the "City"), for value received, hereby promises to pay to DNT ASSET TRUST (the "Lender"), the Principal Amount specified above, with interest thereon at the Interest Rate identified above (calculated on the basis of a 360-day year of twelve 30-day months), which shall be payable in semiannual payments in the respective amounts and on the respective dates specified in Exhibit A hereto (such payments of principal and interest hereinafter referred to as the "Loan Repayments") including the Maturity Date identified above. The Loan Repayments shall be payable pursuant to a Loan Agreement, dated as of October 1, 2014, between the City and the Lender (the "Loan Agreement") solely from Pledged Revenues (as defined in the Loan Agreement) as hereinafter provided. Loan Repayments shall be payable at the Lender's office at _____, or at such other place as the holder hereof shall designate.

This Promissory Note is issued pursuant to the provisions of the Revenue Bond Refunding Law, being comprised of Sections 53570 et seq. and 53580 et seq. of the California Government Code (the "Law") and is subject to the terms and conditions of the Loan Agreement.

The punctual payment of the Loan Repayments under this Promissory Note is secured by a pledge of all of the "Pledged Revenues" that are necessary to pay the Loan Repayments for the then current Fiscal Year. "Pledged Revenues" is defined in the Loan Agreement to mean Net Revenues of the City's Solid Waste System (as defined in the Loan Agreement), plus payments to be made by the Cities of Mountain View and Palo Alto (the "Participants") to the City for the Solid Waste System, pursuant to a Second Memorandum of Understanding Relating to Construction and Operation of a Materials Recovery and Transfer Station and the Disposal of Municipal Solid Waste at Kirby Canyon, among the City and the Participants, dated June 9, 1992. Such pledge constitutes a first and prior lien on all of the Pledged Revenues for the payment of the Loan Repayments. The City may not issue obligations on a parity with or senior to the Loan and payable from Pledged Tax Revenues, but may issue or incur additional obligations secured by Pledged Revenues on a subordinate basis to the, the Loan Agreement and this Promissory Note.

Reference is hereby made to the Law and the Loan Agreement for a description of the terms on which this Promissory Note was delivered, the provisions with regard to the nature and extent of the Pledged Revenues, and the rights thereunder of the holder of this Promissory Note, to all of the provisions of which the holder of this Promissory Note, by acceptance hereof, assents and agrees.

The proceeds of the loan evidenced by this Promissory Note (the "Loan") are, together with other available funds, to be used by the City to refund bonds in the aggregate amount of \$10,010,000, issued by the City in 2003 and 2007 in the original principal amount of \$20,575,000 and \$8,130,000, respectively, and to pay for costs of issuance of the Loan.

The principal amount of this Note is not subject to optional prepayment, although the principal amount of this Note is subject to mandatory prepayment from the proceeds of insurance or eminent domain affecting the Solid Waste System, as provided in the Loan Agreement

If an Event of Default, as defined in the Loan Agreement, shall occur, the principal of this Promissory Note may be declared due and payable upon the conditions, in the manner and with the effect provided in the Loan Agreement, but such declaration and its consequences may be rescinded and annulled as further provided in the Loan Agreement.

If an Event of Taxability, as defined in the Loan Agreement, shall occur, the principal amount of this Promissory Note will thereafter bear interest at the Taxable Rate, as defined in the Loan Agreement.

The Lender has the right to assign its interests herein, but no such assignment will be effective as against the City unless and until: 1) the Lender files with the City written notice thereof in accordance with the Loan Agreement; 2) the Lender's assignee is an "Approved Institutional Investor", as defined in the Loan Agreement; and 3) such assignee executes and delivers an "Investor Letter" in substantially the form attached hereto as Exhibit B. The City shall pay all Loan Repayments hereunder under the written direction of the Lender or its assignee named in the most recent assignment or notice of assignment filed with the City.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Promissory Note do exist, have happened or have been performed in due and regular time, form and manner as required by the Law and the laws of the State of California and that the amount of this Promissory Note, together with all other indebtedness of the City, does not exceed any limit prescribed by the Law or any laws of the State of California.

IN WITNESS WHEREOF, the City of Sunnyvale has caused this Promissory Note to be executed in its name and on its behalf with the signature of its City Manager attested to by the signature of its Secretary, all as of the Dated Date above.

CITY OF SUNNYVALE

By _____
_____, City Manager

Attest:

_____, Secretary

Approved as to Form:

_____, City Attorney

Financial Approval:

Grace Leung, Director of Finance

Exhibit A

LOAN REPAYMENTS

Loan Payment Date	Principal	Interest	Total Loan Repayment
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APPENDIX C

SCHEDULE OF PARTICIPANTS' PROPORTIONATE SHARES