

days; (ii) an order for relief shall be entered against LACMTA under the federal bankruptcy laws as now or hereafter in effect or pursuant to any other State or federal laws concerning insolvency or of similar purpose; (iii) there shall be commenced against LACMTA any case, proceeding or other action seeking issuance of a warrant of attachment, execution, restraint or similar process against all or any substantial part of its assets, which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within ninety (90) days from the entry thereof; (iv) LACMTA shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) a debt moratorium, debt adjustment, debt restructuring or comparable extraordinary restriction with respect to the payment of principal or interest on the indebtedness of LACMTA shall be declared or imposed pursuant to a finding or ruling by LACMTA, the United States of America, the State, any instrumentality thereof or any other governmental authority of competent jurisdiction over LACMTA; or

(d) The occurrence of (i) an Incipient Invalidity Event (defined below), or (ii) an Invalidity Event (defined below); or

(e) The existence of one or more final, non-appealable judgments, attachments or levies against LACMTA for the payment of money payable out of Pledged Revenues ranking senior to or on a parity with the Series 2008-A1 Bonds, the operation or result of which, individually or in the aggregate, equals or exceed \$15,000,000, and such judgment, attachment or levy shall remain unpaid or the lien created thereby shall remain unsatisfied, undischarged or unbonded (by property other than any of the Pledged Revenues) for a period of sixty (60) days; or

(f) Any other First Tier Senior Lien Bonds or other indebtedness issued by or on behalf of LACMTA pursuant to the Trust Agreement and secured by a lien on Pledged Revenues ranking senior to or on a parity with the Series 2008-A1 Bonds that constitutes a bond, note or other security (“Parity Security”) shall not be paid when and as the same shall become due and payable (whether by scheduled maturity, required redemption, or acceleration), other than First Tier Senior Lien Bonds or other Parity Security due solely as a result of acceleration caused by a provider of credit and/or liquidity support for such First Tier Senior Lien Bonds or such or other Parity Security, or any payment default shall occur under any First Tier Senior Lien Bonds or other Parity Security and such payment default shall continue for a period of time sufficient to permit the acceleration of the maturity of any such First Tier Senior Lien Bonds or other Parity Security (whether or not any such First Tier Senior Lien Bonds or other Parity Security is in fact accelerated); or

(g) Any material representation or warranty made by LACMTA under or in connection with Liquidity Facility (including representations and warranties incorporated therein by reference) shall prove to be untrue in any material respect on the date as of which it was made or deemed made; or

(h) Non-payment of any fees or other amounts payable under the Liquidity Facility or the letter agreement between the Liquidity Provider and LACMTA (the “Fee Letter”) entered into in connection with the Liquidity Facility (together with interest thereon at the default rate) within ten (10) days after written notice thereof to LACMTA and the Trustee by the Liquidity Provider; or

(i) The breach by LACMTA of certain enumerated covenants set forth in the Liquidity Facility; or

(j) The breach by LACMTA of any material terms or provisions of the Liquidity Facility (other than breaches addressed in paragraphs (a), (h), (i), (j), or (k) under this caption) which are

not remedied within thirty (30) days after written notice thereof shall have been received by LACMTA and the Trustee from the Liquidity Provider; or

(k) (i) The occurrence of any event of default under the Trust Agreement (which is not waived pursuant to the terms thereof); or (ii) the occurrence of any event of default or termination under any of the Series 2008-A1 Bonds, the Trust Agreement, each Remarketing Agreement, the Fee Letter, the custody agreement regarding Purchased Bonds between the Liquidity Provider and The Bank of New York Mellon Trust Company, N.A., as custodian for the Liquidity Provider, and all amendments and modifications to such documents (“Related Documents”) (which is not waived pursuant to the terms thereof) which is not otherwise described in any other paragraph under the caption “Events of Termination”, other than the failure of the Liquidity Provider to provide funds for the purchase of Series 2008-A1 Bonds when required by the terms and conditions of the Liquidity Facility; or

(l) Any lien created by the Liquidity Facility or the Trust Agreement in favor of the Trustee or the Liquidity Provider shall at any time for any reason (except as expressly permitted to be released by the terms of such governing document) not constitute a valid lien; or

(m) At any time, the long-term unenhanced rating of any First Tier Senior Lien Bond (i) is withdrawn or suspended for credit related reasons by either Moody’s or S&P or Fitch or (ii) that is publicly traded is rated “A3” or less by Moody’s or “A-” or less by S&P or “A-” or less by Fitch; or

(n) Any governmental authority of competent jurisdiction shall declare a financial emergency or similar declaration with respect to LACMTA and shall appoint or designate, with respect to LACMTA, an entity such as an organization, a board, a commission, an authority, an agency or any other similar body to manage the affairs and operations of LACMTA and such appointed entity has the authority to intercept or direct all or substantially all of the Proposition A Sales Tax; or

(o) Any default or other event shall occur under any indenture, agreement or other instrument pursuant to which any First Tier Senior Lien Bonds or other indebtedness issued by or on behalf of LACMTA pursuant to the Trust Agreement and secured by a lien on Pledged Revenues ranking senior to or on a parity with the Series 2008-A1 Bonds and the other First Tier Senior Lien Bonds (“Parity Debt”) were issued and such default or other event shall continue for a period of time sufficient to permit the acceleration of the maturity or mandatory tender for purchase (resulting in the same being due and payable on the purchase date) or mandatory redemption of such First Tier Senior Lien Bonds or other Parity Debt prior to maturity (whether or not any such First Tier Senior Lien Bonds or other Parity Debt are in fact accelerated or subject to mandatory tender for purchase or mandatory redemption); or

(p) A Tax Event shall have occurred. A “Tax Event” means, with respect to the Series 2008-A1 Bonds, (i) the entry of any decree or judgment by a court of competent jurisdiction (whether or not such decree or judgment is appealable or deemed to be final under applicable procedural law, or by operation of law) that interest on any of the Series 2008-A1 Bonds is includable in the gross income of the owners thereof for Federal income tax purposes or (ii) the issuance by the Internal Revenue Service of a Letter 4413 Notice of Proposed Adverse Determination to the effect that all or any portion of the interest on the Series 2008-A1 Bonds is not excluded from gross income for Federal income tax purposes or (iii) delivery to the Trustee, LACMTA and the Liquidity Provider of an unqualified legal opinion (which opinion shall not be a reasoned opinion and shall be subject to only customary assumptions and exclusions) of nationally recognized bond counsel reasonably acceptable to LACMTA and the Liquidity Provider to the effect that the interest borne by the Series 2008-A1 Bonds is includable in the gross income of the recipients thereof for Federal income tax purposes (including by reason of such Series 2008-A1 Bonds being declared invalid, illegal or unenforceable by a court of competent

jurisdiction, whether or not such declaration is appealable or deemed to be final under applicable procedural law or by operation of law).

As used in paragraph (d) above, “Incipient Invalidity Event” means (i) the validity or enforceability of any provision of the LACMTA Act or Ordinance No. 16 that impacts (A) LACMTA’s ability or obligation to levy the Proposition A Sales Tax in the incorporated and unincorporated territory of the County of Los Angeles in accordance with the provisions of the LACMTA Act and Ordinance No. 16 which affects LACMTA’s ability or obligation to make payments of principal or interest on the Series 2008-A1 Bonds (including the Purchased Bonds) or the pledge of and lien on Pledged Revenues securing the payments of principal or interest on the Series 2008 A-1 Bonds (including the Purchased Bonds) or (B) the Board of Equalization’s ability or obligation to collect the Proposition A Sales Tax or to pay the Pledged Tax to the Trustee, in each case, which affects LACMTA’s ability or obligation to make payments of principal or interest on the Series 2008-A1 Bonds (including the Purchased Bonds) or the pledge of and lien on Pledged Revenues securing the payments of principal or interest on the Series 2008-A1 Bonds (including the Purchased Bonds) is publicly contested or publicly repudiated by an authorized representative of LACMTA or (ii) the enforceability of any such provision described in clause (i)(A) or (i)(B) above is deemed to be invalid or unenforceable as a result of an authorized representative of LACMTA or the State or any instrumentality of the State or any other governmental authority with appropriate jurisdiction taking or being permitted to take any official action, or introducing or duly enacting any statute or legislation or issuing an executive order or (iii) any such provision described in clause (i)(A) or (i)(B) is determined by a court of competent jurisdiction or any instrumentality of the State or any other governmental authority with appropriate jurisdiction in a proceeding subject to further appeals to be invalid or unenforceable or (iv) the validity or enforceability of any Payment and Collateral Obligation (as defined within the term “Invalidity Event” below) is publicly contested or publicly repudiated by an authorized representative of LACMTA or (v) the validity or enforceability of any Payment and Collateral Obligation is deemed to be invalid or unenforceable as a result of an authorized representative of LACMTA or the State or any instrumentality of the State or any governmental authority with appropriate jurisdiction taking or being permitted to take any official action or introducing or duly enacting any statute or legislation or issuing an executive order or (vi) any Payment Collateral Obligation is declared invalid or unenforceable in a proceeding subject to further appeals by the State or any instrumentality of the State or any other governmental authority with appropriate jurisdiction or (vii) any provision of the LACMTA Act or Ordinance No. 16 is supplemented, modified or amended in a manner that makes invalid or unenforceable (A) LACMTA’s obligation to levy the Proposition A Sales Tax in the incorporated and unincorporated territory of the County of Los Angeles in accordance with the provisions of the LACMTA Act and Ordinance No. 16 which affects LACMTA’s ability or obligation to make payments of principal or interest on the Series 2008-A1 Bonds (including the Purchased Bonds) or the pledge of and lien on Pledged Revenues securing the payments of principal or interest on the Series 2008-A1 Bonds (including the Purchased Bonds) or (B) the Board of Equalization’s obligation to collect of the Proposition A Sales Tax or the Board of Equalization’s ability or obligation to make payment of the Pledged Tax to the Trustee, in each case, which affects LACMTA’s ability or obligation to make payments of principal or interest on the Series 2008-A1 Bonds (including the Purchased Bonds) or the pledge of and lien on Pledged Revenues securing the payments of principal or interest on the Series 2008-A1 Bonds (including the Purchased Bonds) or (viii) any provision of the Liquidity Facility, the Series 2008-A1 Bonds or the Trust Agreement relating to LACMTA’s ability or obligation to make payments of principal or interest on the Series 2008-A1 Bonds (including Purchased Bonds) or the pledge of and lien on the Pledged Revenues to secure the payment of principal and interest on the Series 2008-A1 Bonds (including the Purchased Bonds) is publicly contested or publicly repudiated by an authorized representative of LACMTA or (ix) the State or any instrumentality of the State or any other governmental authority with appropriate jurisdiction shall, by official action, make a finding or ruling or through the enactment of any statute or legislation or the issuance of an executive order determine that any provision of the Liquidity Facility, the Series 2008-A1 Bonds or the Trust Agreement relating to

LACMTA's ability or obligation to make payments of principal or interest on the Series 2008-A1 Bonds (including Purchased Bonds) or the pledge of and the lien on Pledged Revenues to secure the payment of principal or interest on the Series 2008-A1 Bonds (including Purchased Bonds) is not valid and binding on LACMTA.

As used in paragraph (d) above, "Invalidity Event" means (i) the LACMTA Act or Ordinance No. 16 is repealed, (ii) a Federal court or any other court with appropriate jurisdiction or the State or any instrumentality of the State or any other governmental authority with appropriate jurisdiction determines in a final nonappealable order or judgment, as the case may be, that a provision or provisions of the LACMTA Act or Ordinance No. 16 that have been supplemented, modified and/or amended in a manner that makes invalid or unenforceable (A) LACMTA's obligation to levy the Proposition A Sales Tax in the incorporated and unincorporated territory of the County of Los Angeles in accordance with the provisions of the LACMTA Act and Ordinance No. 16 which affects LACMTA's ability or obligation to make payments of principal or interest on the Series 2008-A1 Bonds (including the Purchased Bonds) or the pledge of and lien on Pledged Revenues securing the payments of principal or interest on the Series 2008-A1 Bonds (including the Purchased Bonds) or (B) the Board of Equalization's obligation to collect the Proposition A Sales Tax or the Board of Equalization's ability or obligation to make payment of the Pledged Tax directly to the Trustee, in each case, which affects LACMTA's ability or obligation to make payments of principal or interest on the Series 2008-A1 Bonds (including the Purchased Bonds) or the pledge of and lien on Pledged Revenues securing the payments of principal or interest on the Series 2008-A1 Bonds (including the Purchased Bonds), (iii) the LACMTA Act or Ordinance No. 16 is ruled to be null and void by a Federal court or any court with appropriate jurisdiction or the State or any instrumentality of the State or any other governmental authority with appropriate jurisdiction, (iv) any provision of the Liquidity Facility, any Series 2008-A1 Bond or the Trust Agreement relating to LACMTA's ability or obligation to make payments of the principal or interest on the Series 2008-A1 Bonds (including Purchased Bonds) or the pledge of and lien on the Pledged Revenues to secure the payment of principal and interest on the Series 2008-A1 Bonds (including the Purchased Bonds) (each such provision, a "Payment and Collateral Obligation") is ruled to be null and void by a Federal court or any other court with appropriate jurisdiction or the State or any instrumentality of the State or any other governmental authority with appropriate jurisdiction in a final nonappealable order or judgment by such court or the State or any instrumentality of the State, as applicable, or (v) an authorized representative of LACMTA publicly denies, contests or repudiates that LACMTA has any or further liability or obligation with respect to payments of principal or interest on the Series 2008-A1 Bonds (including the Purchased Bonds) under the LACMTA Act or Ordinance No. 16 or any Payment and Collateral Obligation.

Remedies.

If any Event of Termination (without regard to any specified grace period) shall have occurred and be continuing:

Immediate Termination. In the case of an Event of Termination specified in paragraph (a), (b), (c), (d)(ii), (e) or (f) above under the caption "Events of Termination" (each, an "Immediate Termination Event"), the Available Commitment and Purchase Period and the obligation of the Liquidity Provider to purchase Series 2008-A1 Bonds shall immediately terminate without notice or demand, and thereafter the Liquidity Provider shall be under no obligation to purchase Series 2008-A1 Bonds. Upon the Trustee's receipt of notice of any Immediate Termination Event from the Liquidity Provider, the Trustee shall provide prompt notice of such Immediate Termination Event to either (i) at least one Nationally Recognized Municipal Securities Information Repository or (ii) the Electronic Municipal Market Access System.

Termination with Notice. In the case of an Event of Termination specified in paragraph (g), (h), (i), (j), (k), (l), (m), (n), (o) or (p) above under the caption “Events of Termination” or any event of termination or event of default incorporated in the Liquidity Facility, the Liquidity Provider may terminate the Available Commitment and Purchase Period by giving written notice (a “Notice of Termination”) to the Tender Agent, the Trustee, LACMTA and the Remarketing Agent, specifying the date on which the Available Commitment and Purchase Period shall terminate, which shall be not less than thirty (30) days from the date of receipt of such notice by the Trustee, and from and after the date on which the Liquidity Provider has purchased all of the Series 2008-A1 Bonds subject to mandatory tender as a result of a Notice of Termination, the Liquidity Provider shall be under no further obligation to purchase Series 2008-A1 Bonds under the Liquidity Facility.

Suspensions. During the pendency of an Event of Termination pursuant to paragraph (c)(i) above under the caption “Events of Termination” (prior to the expiration of the ninety (90) day grace period specified in paragraph (c)(i) above under the caption “Events of Termination”) or paragraph (d)(i) above under the caption “Events of Termination” (each a “Suspension Event”), the Liquidity Provider’s obligations to purchase Series 2008-A1 Bonds shall be immediately suspended without notice or demand and thereafter the Liquidity Provider shall be under no obligation to purchase Series 2008-A1 Bonds until the Available Commitment is reinstated as described below. In the event such Suspension Event is cured, the Liquidity Provider’s obligations shall be automatically reinstated and the terms of the Liquidity Facility will continue in full force and effect (unless the Liquidity Facility shall otherwise have terminated or been suspended by its terms). If such Suspension Event becomes an Immediate Termination Event (through expiration of the ninety (90) day grace period specified above or otherwise) the Immediate Termination Event remedy shall apply. Upon the Trustee’s receipt of notice of any Suspension Event from the Liquidity Provider, the Trustee shall provide prompt notice of such Suspension Event to either (i) at least one Nationally Recognized Municipal Securities Information Repository or (ii) the Electronic Municipal Market Access System.

Redemption. From and after the occurrence of an Event of Termination, the Liquidity Provider may deliver written notice to the Trustee (with a copy to LACMTA) demanding that all outstanding Purchased Bonds be redeemed in full. The Authority shall provide to the Trustee no later than the applicable mandatory redemption date established by the Trustee an amount sufficient to pay the redemption price of all outstanding Purchased Bonds. The Trustee shall apply all amounts received from LACMTA pursuant to the preceding sentence to the redemption of the Purchased Bonds on the mandatory redemption date established for such purpose.

Other Remedies. In addition to the rights and remedies set forth above, (i) in the case of any Event of Termination specified in paragraph (k)(i) above under the caption “Events of Termination”, upon the election of the Liquidity Provider, all amounts payable under the Liquidity Facility (including but not limited to principal of and interest on any Purchased Bonds), shall, upon notice to LACMTA, become immediately due and payable without presentment, demand, protest or further notice of any kind, all of which have been waived by LACMTA in the Liquidity Facility; and (ii) in the case of any Event of Termination, the Liquidity Provider shall have all the rights and remedies available to it under the Liquidity Facility, the Related Documents or otherwise pursuant to law or equity.

The obligation of the Liquidity Provider to purchase Series 2008-A1 Bonds is subject to the conditions and limitations set forth in the Liquidity Facility. The Liquidity Facility is not a letter of credit or guaranty. The Liquidity Facility is a general contract, subject to certain conditions and limitations, including but not limited to disputes (whether valid or not) regarding the authority of any party to enter into or perform the Liquidity Facility. More of such defenses are allowed by laws regarding contracts than by laws regarding letters of credit. The Liquidity Provider may seek to have any future dispute resolved in court and appealed to final judgment before it performs under the Liquidity Facility. Further,