

## LOAN AGREEMENT

This LOAN AGREEMENT (this "Loan Agreement"), dated as of December 1, 2012, is between the BANK OF MARIN, a banking corporation duly organized and existing under the laws of the State of California, as lender (the "Bank"), and the CITY OF NOVATO, a municipal corporation duly organized and existing under the laws of the State of California, as borrower (the "City").

### BACKGROUND:

1. The City currently owns and operates a mobile home park known as the Marin Valley Mobile Country Club Park (the "Park").
2. The Park was initially acquired by the Novato Financing Authority (the "NFA") through the issuance, by the California Local Government Finance Authority ("CLGFA"), of its Senior Revenue Bonds, Series 1997A (Marin Valley Mobile Country Club Park Acquisition Project) (the "1997 Senior Bonds") and its Subordinate Revenue Bonds, Series 1997B (Marin Valley Mobile Country Club Park Acquisition Project) (the "1997 Subordinate Bonds" and, together with the 1997 Senior Bonds, the "1997 Bonds") pursuant to a Trust Indenture dated as of March 1, 1997 (the "1997 Indenture") between the CLGFA and First Trust of California, National Association, as succeeded by U.S. Bank National Association, as trustee (the "1997 Trustee").
3. The proceeds of the 1997 Senior Bonds and the 1997 Subordinate Bonds were loaned by the CLGFA to the NFA pursuant to a Loan Agreement dated as of March 1, 1997 (the "1997 Loan Agreement") among the CLGFA, the NFA and the Park Acquisition Corporation of the Marin Valley Mobile Country Club, and the NFA used the proceeds of such loan to, among other things, to acquire the Park and make certain improvements thereto.
4. The 1997 Subordinate Bonds have previously been paid in full, and no 1997 Subordinate Bonds remain outstanding.
5. On March 11, 2011, the NFA transferred title in the Park to the City, and the City now has fee simple title in the property comprising the Park.
6. In connection with such transfer, the City assumed all of the NFA's obligations under the 1997 Loan Agreement and the other Mortgage Loan Documents (as such term is defined in the 1997 Indenture).
7. The City now desires to refinance its obligations under the 1997 Loan Agreement and to discharge its obligations under all of the Mortgage Loan Documents, as such obligations relate to the 1997 Senior Bonds, and, to that end, is entering into this Loan Agreement with the intent of applying the proceeds provided hereunder, together with certain other funds of the City, to establish an irrevocable escrow with the 1997 Trustee to redeem all of the outstanding 1997 Senior Bonds on or about January 22, 2013.
8. The City is authorized to enter into this Loan Agreement and to borrow amounts hereunder for the purpose of refunding and redeeming the 1997 Senior Bonds and to discharge

its obligations under the 1997 Loan Agreement and the Mortgage Loan Documents, as such obligations relate to the 1997 Senior Bonds.

## A G R E E M E N T :

In consideration of the foregoing and the material covenants hereinafter contained, the parties hereto covenant, agree and bind themselves as follows:

## ARTICLE I

### DEFINITIONS AND APPENDIX

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

"Act" means Articles 10 and 11 (commencing with Section 53570) of Chapter 3, Part 1, Division 2, Title 5 of the California Government Code.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Applicable Law" means (i) all applicable common law and principles of equity and (ii) all applicable provisions of all (A) constitutions, statutes, rules, regulations, directives, codes, ordinances and orders of all Governmental Authorities, and including without limitation all Environmental Laws and, (B) Governmental Approvals, and (C) orders, decisions, judgments and decrees of all courts (whether at law or in equity) and arbitrators.

"Applicable Usury Laws" means the state or federal laws that are applicable to the right or claim of a lender to contract for, charge, collect, reserve, or receive interest pursuant to or in connection with the payment obligations of the City under this Loan Agreement, either pursuant to the choice of laws provision in this Loan Agreement or under the laws of any other jurisdiction whose usury laws are mandatorily applicable notwithstanding the choice of laws provision in this Loan Agreement, each as from time to time in effect and applicable to such obligations.

"Authorized Officer" means the chief executive officer, president, chief financial officer, treasurer, debt manager, or controller of the Bank authorized to perform the specific acts or duties to be performed by resolution duly adopted by the Bank; provided, however, that in each case for which a certification or other statement of fact or condition is required to be submitted by an Authorized Officer pursuant to the terms of this Loan Agreement, such certificate or statement shall be executed only by an Authorized Officer in a position to know or to obtain knowledge of the facts or conditions that are the subject of such certificate or statement. Any document or certificate hereunder that is executed by an Authorized Officer shall be conclusively presumed to have been authorized by all necessary action by the Bank.

"Bank" means the Bank of Marin, a banking corporation duly organized and existing under the laws of the State of California.

"Bond Counsel" means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to obligations the interest on which is excludable from gross income for purposes of federal income taxation under Section 103 of the Tax Code.

"Business Day" means a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State of California are closed.

"Certificate of the City" means a written certificate or other document that has been executed by a City Representative.

"City" means the City of Novato, a municipal corporation organized and existing under the laws of the State of California.

"City of Novato - MVMCC Account" means the account (including any subaccounts therein) established and held by the City at the Bank with respect to the Park for the initial receipt and deposit of Gross Revenues.

"City Representative" means the City Manager, Assistant City Manager, Finance Manager or any other person authorized by resolution of the City Council of the City to act on behalf of the City under or with respect to this Loan Agreement.

"CLFGA" means the California Local Government Finance Authority, a joint exercise of powers agency duly organized under the laws of the State of California.

"Closing Date" means December 19, 2012, being the date of execution and delivery of this Loan Agreement.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person whether through the ability to exercise voting power, by contract or otherwise. "Controlled" shall have meaning correlative thereto.

"Default Rate" means, as of any date, a rate of interest equal to the interest rate then in effect with respect to Loan plus 5.0%.

"Determination of Taxability" means a determination that the interest payable on the Loan does not qualify as interest which is excludable from gross income of the recipient thereof for federal income tax purposes under Section 103 of the Tax Code ("Exempt Interest") for any reason, which determination shall be deemed to have been made upon the first to occur of any of the following:

- (a) the date on which (i) the Internal Revenue Service issues a proposed or final determination of taxability, a Notice of Proposed Issue (IRS Form 5701-TEB), a notice of deficiency or similar notice, or any other notice, determination or decision, in each case, to the effect that the interest payable on the Loan or any portion thereof does not qualify as Exempt Interest, or (ii) a court of competent jurisdiction has rendered any final ruling or decision to the effect that the interest payable on the Loan or any portion thereof does not qualify as Exempt Interest;

(b) the date when the City files any statement, supplemental statement, or other tax schedule, return or document, which is in any respect inconsistent with interest payable on the Loan or any portion thereof continuing to qualify as Exempt Interest;

(c) if upon sale, lease or other deliberate action within the meaning of Treas. Reg. § 1.141-2(d), the failure to receive an unqualified opinion of Bond Counsel to the effect that such action will not cause interest on the Loan to become includable in the gross income of the recipient for federal income tax purposes; or

(d) (i) the circumstances relating to the City or the Park or any portion thereof have occurred or changed, or any federal tax law or regulation, or any public or private final ruling, technical advice memorandum or any other written communication by the internal Revenue Service is adopted or issued, or any final ruling or decision of a court of competent jurisdiction is rendered or any other set of circumstances has occurred, in any such case, which may adversely affect the excludability of the Exempt Interest from the gross income of the recipient for federal income tax purposes; and thereafter (ii) Bond Counsel is notified by the Bank in writing, with a copy to the City, or by the City, with a copy to the Bank, that Bond Counsel is requested to deliver an updated approving opinion relating to the treatment of the interest on of the Loan as Exempt Interest in form and substance acceptable to the Bank in its sole discretion ("Approving Opinion") during the 45-day period after receipt of the request and is assured as to the payment by the City of its fees and expenses for such services; and (iii) within 45 days after such notice has been received by Bond Counsel, either (A) the Bank and the City have received written communication from Bond Counsel to the effect that, based upon an analysis of the facts and applicable law, it is unable to render an updated Approving Opinion, or (B) Bond Counsel has not delivered an Approving Opinion.

"Environmental Claim" shall mean any and all administrative, regulatory or judicial actions, suits, demand letters, claims, liens, notices of noncompliance or violation, investigations or proceedings relating in any way to any Environmental Law ("claims") or any permit issued under any such Environmental Law, including without limitation (a) any and all claims by Governmental Authorities for enforcement, cleanup, removal, response, remedial, or other actions or damages pursuant to any applicable Environmental Law, and (b) any and all claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment.

"Environmental Law(s)" means any and all federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to air, water or land pollution, wetlands or the protection of the environment or to emissions, discharges or releases of Hazardous Materials into the environment, including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials or the clean-up or other remediation thereof.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the City directly or indirectly resulting from or based upon (a) violation of any Environmental Law with respect to the Park, (b) the generation, use, handling, presence, transportation, storage, treatment or disposal of any Hazardous Materials with respect to the Park, (c) exposure to any



Hazardous Materials with respect to the Park, (d) the release or threatened release of any Hazardous Materials with respect to the Park into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and all rules and regulations from time to time promulgated thereunder, or any successor statute.

"Excess Investment Earnings" means an amount required to be rebated to the United States of America under Section 148(f) of the Tax Code due to investment of gross proceeds of the Loan at a yield in excess of the yield on the Loan.

"Event of Default" means an event of default as described in Section 5.1.

"Federal Securities" means: (a) any direct non-callable 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), for which the full faith and credit of the United States of America are pledged; (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

"Fiscal Year" means the twelve-month period beginning on July 1 of any year and ending on June 30 of the next succeeding year, or any other twelve-month period selected by the City as its fiscal year.

"Governmental Authority" means any national, supra-national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, administrative, public or statutory instrumentality, authority, body, agency, department, commission, bureau, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other Person with authority to bind a party at law.

"Gross Revenues" means all amounts received by the City with respect to the Park, including, without limitation, rents, late fees, other operating revenues, non-operating revenues (including investment earnings) derived from the Park, and insurance and condemnation proceeds.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, contaminants, chemicals, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Independent Accountant" means any independent certified public accountant or firm of independent 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, with 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.

"Loan" means the loan made by the Bank to the City under Section 3.1.

"Loan Repayment Date" means each of the dates set forth in Appendix A hereto, on which installments of principal of and interest on the Loan come due and payable.

"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.

"Material Adverse Effect" means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the Park, (b) the ability of the City to carry out its business in the manner conducted as of the date of this Loan Agreement or to meet or perform its obligations under this Loan Agreement on a timely basis, (c) the validity or enforceability of this Loan Agreement, or (d) the rights of or benefits available to the Bank under this Loan Agreement or (e) the exclusion of interest with respect to the Loan Repayments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes.

"Material Litigation" means any action, suit, proceeding, inquiry or investigation against the City in any court or before any arbitrator of any kind or before or by any Governmental Authority, of which the City has notice or knowledge and which, (i) if determined adversely to the City, may have a Material Adverse Effect, (ii) seek to restrain or enjoin any of the transactions contemplated hereby or by this Loan Agreement, or (iii) may adversely affect (A) the exclusion of interest with respect to the Loan Repayments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes or (B) the ability of the City to perform its obligations under this Loan Agreement.

"Maximum Lawful Rate" means the respective maximum, non usurious, lawful rate of interest that may be contracted for, charged or received on Indebtedness under Applicable Usury Laws presently in effect or, to the extent permitted by law, under Applicable Usury Laws that may hereafter be in effect and that allow a higher maximum non usurious rate of interest than Applicable Usury Laws now allow.

"Negative Pledge Agreement" means the Negative Pledge Agreement dated as of December 1, 2012 between the City and the Bank.

"Net Revenues" means, for any period, an amount equal to all of the Gross Revenues received during such period minus the amount required to pay all Operation and Maintenance Costs becoming payable during such period.

"NFA" means the Novato Financing Authority, a joint exercise of powers agency duly organized under the laws of the State of California.

"1997 Bonds" means, collectively, the 1997 Senior Bonds and the 1997 Subordinate Bonds.

"1997 Indenture" means the Trust Indenture, dated as of March 1, 1997, between the CLFGA and the Trustee.

"1997 Loan Agreement" means the Loan Agreement, dated as of March 1, 1997, among the CLFGA, the NFA and the Park Acquisition Corporation of the Marin Valley Mobile Country Club.

"1997 Senior Bonds" means the California Local Government Finance Authority Senior Revenue Bonds, Series 1997A (Marin Valley Mobile Country Club Park Acquisition Project).

"1997 Subordinate Bonds" means the California Local Government Finance Authority Subordinate Revenue Bonds, Series 1997B (Marin Valley Mobile Country Club Park Acquisition Project).

"1997 Trustee" means U.S. Bank National Association, its successors and assigns, as trustee for the 1997 Bonds.

"Operation and Maintenance Costs" means the reasonable and necessary costs and expenses paid by the City to maintain and operate the Park, including but not limited to (a) management fees and expenses, (b) costs of utilities supplied to the Park, (c) the reasonable expenses of repair and other costs and expenses necessary to maintain and preserve the Park in good repair and working order (but not including any costs properly chargeable to the capital account for the Park), and (d) the reasonable administrative costs of the City attributable to the operation and maintenance of the Park (but not in excess of \$25,000 in any Fiscal Year). Operation and Maintenance Costs shall not include (i) Loan Repayments and payments on any Parity Debt, (ii) depreciation, replacement and obsolescence charges or reserves therefor, and (iii) amortization of intangibles or other bookkeeping entries of a similar nature.

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Loan Agreement.

"Parity Debt" means any bonds, notes or other obligations of the City payable from and secured by a pledge of and lien on a parity with the Loan Repayments, which are hereafter issued or incurred by the City in accordance with Section 4.8.

"Parity Debt Documents" means, collectively, the indenture of trust, trust agreement or other document authorizing the issuance of any Parity Debt or any securities which evidence Parity Debt.

"Park" means the Marin Valley Mobile Country Club Park owned and operated by the City, including but not limited to all facilities, properties, lands, rights, entitlements and other property useful or necessary in connection therewith, together with all extensions thereof and improvements thereto at any time acquired, constructed or installed by the City.

"Permitted Investments" means any of the following:

- (a) Interest and non-interest bearing deposit accounts with the Bank;
- (b) Interest bearing savings accounts with the Bank;
- (c) Certificates of deposit issued by the Bank;

(d) Money market funds available through the Bank; and

(e) any other investments which are authorized for the investment of City funds under the laws of the State of California for which the City receives written approval from the Bank.

"Person" means any natural or legal person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any "employee pension benefit plan" which is maintained by the City which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code.

"Refunding Instructions" means the Irrevocable Refunding Instructions dated as of December 19, 2012, given by the City to the 1997 Trustee and consented to by Assured Guaranty Municipal Corp., as successor to Financial Security Assurance Inc.

"Reportable Event" shall have the meaning given to such term in Section 4043 of ERISA and the regulations thereunder.

"Tax Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official guidance published, under the Tax Code.

"Taxable Rate" means, from and after the occurrence of a Determination of Taxability, 4.25%%.

"Taxes" has the meaning assigned to such term in Section 3.4(d)(ii).

"Term" means the time during which this Loan Agreement is in effect, as provided in Section 3.3.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

## ARTICLE II

### REPRESENTATIONS, COVENANTS AND WARRANTIES

SECTION 2.1. *Representations, Covenants and Warranties of the City.* The City represents, covenants and warrants to the Bank as follows:

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



(b) Authorization. The laws of the State of California, including the Act, authorize the City to enter into this Loan Agreement, 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. This Loan Agreement constitutes the legal, valid and binding agreement of the City enforceable against the City in accordance with its terms.

(c) No Violations. Neither the execution and delivery of this Loan Agreement, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions 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 encumbrance whatsoever upon any of the property or assets of the City, other than as set forth herein.

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

(e) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state or other governmental authority pending or, to the knowledge of the City after reasonable investigation, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a Material Adverse Effect, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Loan Agreement or the financial conditions, assets, properties or operations of the City.

(f) No Prior Indebtedness. The City has not issued or incurred any obligations which are currently outstanding that are payable out of the Gross Revenues or the Net Revenues on a senior or parity basis to or with the Loan Repayments.

(g) No Default. The City is not in default under the terms of any agreement or instrument to which the City is a party or by which the City is bound, which default would have a Material Adverse Effect.

(h) Compliance with Environmental Laws. The City (i) has not become subject to any Environmental Liability with respect to the Park nor does the City know of any basis for any Environmental Liability with respect to the Park, (ii) has not received notice of any Environmental Claim with respect to the Park or of any failure or alleged failure to comply with applicable federal, state or local health and safety statutes or regulations in connection with its operation of

the Park, and (iii) to the best of the knowledge of the City, is in material compliance with all Environmental Laws and has obtained and maintains and materially complies with any permit, license or other approval required under any Environmental Law, in each case with respect to the Park and the City's operation thereof.

(i) ERISA. The City does not maintain or contribute to, and has not maintained or contributed to, any Plan that is subject to Title IV of ERISA.

(j) Usury. The terms of this Loan Agreement regarding the calculation, payment, collection and receipt of interest and fees do not violate any Applicable Usury Laws.

(k) Fee Title. The City is owner in fee title to the Park.

(l) Flooding Risk. The Park, other than as previously disclosed by the City to the Bank, is not located in a flood hazard area and has never been subject to material damage from flooding.

(m) Financial Statements. The statement of financial position of the City as of June 30, 2011, 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 Bank, 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. Since the period of such statements, there has been no (i) change which would have a Material Adverse Effect and (ii) no material increase in the indebtedness of the City.

(n) No Material Adverse Change. Since the most current date of the information, financial or otherwise, supplied by the City to the Bank:

(i) There has been no change in the assets, liabilities, financial position or results of operations of the City that might reasonably be anticipated to cause a Material Adverse Effect.

(ii) The City has not incurred any obligations or liabilities that might reasonably be anticipated to cause a Material Adverse Effect.

(iii) The City has not (A) incurred any material indebtedness payable from Gross Revenues other than the Loan Repayments and trade accounts payable arising in the ordinary course of the City's business and not past due, or (B), from Gross Revenues, guaranteed the indebtedness of any other person.

(o) Accuracy of Information. All information, reports and other papers and data furnished by the City to the Bank were, at the time the same were so furnished, complete and accurate in all material respects and insofar as necessary to give the Bank a true and accurate knowledge of the subject matter and were provided in expectation of the Bank's reliance thereon in entering into

the transactions contemplated by this Loan Agreement. No fact is known to the City which has had or, so far as the City can now reasonably foresee, may in the future have a Material Adverse Effect, which has not been set forth in the financial statements previously furnished to the Bank or in other such information, reports, papers and data or otherwise disclosed in writing to the Bank prior to the Closing Date. Any financial, budget and other projections furnished to the Bank by the City or its or their agents were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of the conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent the City's best estimate of its future financial performance. No document furnished nor any representation, warranty or other written statement made to the Bank in connection with the negotiation, preparation or execution of this Loan Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state (as of the date made or furnished) any material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were or will be made, not misleading.

(p) Anti-Terrorism Representation.

(i) The City is not in violation of any laws relating to terrorism or money laundering ("Anti Terrorism Laws"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "Executive Order"), and the USA Patriot Act, Title III of Pub. L. 107-56, 115 Stat. 272 (the "Patriot Act");

(ii) The City is not any of the following:

(A) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(B) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(C) a Person with which the Bank is prohibited from dealing or otherwise engaging in any transaction by any Anti Terrorism Law;

(D) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or

(E) a Person that is named as a "specially designated national and blocked person" on the most current list published by the Office of Foreign Asset Control ("OFAC") or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list;

(iii) The City does not (i) conduct any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (ii)(B) above, (ii) deal in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (iii) engage in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti Terrorism Law.

SECTION 2.2. *Representations, Covenants and Warranties of the Bank.* The Bank represents, covenants and warrants to the City as follows:

(a) Due Organization and Existence. The Bank is a banking corporation duly organized and existing under the laws of the State of California, and is authorized to enter into this Loan Agreement and to perform its obligations hereunder.

(b) Due Execution. The representatives of the Bank executing this Loan Agreement are fully authorized to do so.

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

(d) No Violations. Neither the execution and delivery of this Loan Agreement, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Bank is now a party or by which the Bank is bound, or constitutes a default under any of the foregoing.

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



## ARTICLE III

### TERMS OF LOAN

SECTION 3.1. *Obligation to Make Loan; Amount of Loan.* The Bank hereby agrees to lend to the City, and the City hereby agrees to borrow from the Bank, the amount of \$7,900,000 under the terms and provisions set forth in this Loan Agreement. The Loan shall be made by the Bank to the City in immediately available funds on the Closing Date. The Bank will fund the Loan through Old Republic Title Company (the "Title Company"). The proceeds of the Loan are \$7,880,188.00, constituting the principal amount of the Loan, less original issue discount in the amount of \$19,750.00 and the reimbursement of costs in the amount of \$62.00.

SECTION 3.2. *Application of Loan Proceeds.* On the Closing Date, the proceeds of the Loan shall be disbursed as follows:

(a) the Bank shall cause the Title Company to transfer the amount of \$7,440,421.38 to the 1997 Trustee, to be held and administered under the Refunding Instructions for the purpose of defeasing and redeeming the outstanding 1997 Senior Bonds, thereby discharging the City's obligations under the 1997 Loan Agreement and the other Mortgage Loan Documents, as they relate to the 1997 Senior Bonds;

(b) the Bank shall cause the Title Company to transfer \$294,829.00 to Assured Guaranty Municipal Corp., as successor to Financial Security Assurance Inc., representing all amounts owed to Assured Guaranty Municipal Corp. under the Insurance Agreement (as such term is defined in the 1997 Indenture) or otherwise with respect to the Park, the 1997 Senior Bonds or the 1997 Loan Agreement, and \$8,292.62 to Kutak Rock LLP, as counsel to Assured Guaranty Municipal Corp.; and

(c) the Bank and the City shall direct the Title Company to use the remaining proceeds of the Loan, being \$136,645.00, to pay the various costs related to the execution and delivery of this Loan Agreement and the defeasance and redemption of the 1997 Senior Bonds, as set forth in instructions provided to the Title Company.

In connection with the disbursement of the amounts set forth above, the Title Company shall record a reconveyance to the Mortgage (as such term is defined in the 1997 Indenture) executed by the 1997 Trustee and properly notarized, and in form and substance satisfactory to the Bank, and the Negative Pledge Agreement, properly notarized.

Additionally, immediately upon release of amounts held under the 1997 Indenture, the City shall deposit \$8,002.04 in the City of Novato - MVMCC Account, as described in the last paragraph of Section 4 of the Refunding Instructions.

In the event that it is determined that the City owes a fee to the California Debt and Investment Advisory Committee ("CDIAC"), the City agrees that it will pay such fee upon receipt of a notification from CDIAC.

SECTION 3.3. *Term.* The Term of this Loan Agreement commences on the Closing Date, and ends on December 1, 2027 or sooner if provision for such payment is made as provided herein.

SECTION 3.4. *Loan Repayments.*

(a) Obligation to Pay. The City hereby agrees to repay the Loan in the aggregate principal amount of \$7,900,000 together with interest on the unpaid principal balance thereof at the rate of 2.805%, payable in monthly Loan Repayments in the respective amounts and on the respective Loan Repayment Dates specified in Appendix A. The portion of the Loan Repayments representing interest shall be calculated at the rate of 2.805% per annum on a 365/360 basis (that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding). All interest payable under this Loan Agreement shall be computed using this method. In the event that a Determination of Taxability occurs, the Loan will bear interest, from and after the date of such Determination of Taxability, at the Taxable Rate, and the Bank shall provide the City a revised Appendix A recalculated to amortize the remaining term of the Loan on a level debt service basis at the Taxable Rate. In addition, the City shall make, within 30 days of a receiving a demand of the Bank, a payment to the Bank sufficient to indemnify the Bank and supplement the interest component of prior Loan Repayments to an interest rate equal to the Taxable Rate to the extent such prior interest amounts are determined to be taxable, and such obligation shall survive the termination of this Loan Agreement.

The Bank shall have the right to debit the City of Novato - MVMCC Account on each Loan Repayment Date to make the payments described in this Section 3.4(a) without further permission of the City.

(b) Effect of Prepayment. If the City prepays the Loan Repayments in full under Article VI, and all payments required to be made to the Bank pursuant to Section 3.4(c), Section 3.4(d) and Section 4.1 hereof have been made, 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; subject however, to the provisions of Section 6.3 in the case of prepayment by application of a security deposit.

(c) Rate on Overdue Payments. If the City fails to make any of the payments required in Section 3.4(a) and (b), 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 Default Rate.

(d) Additional Payments.

(i) The City agrees to pay the reasonable out-of-pocket expenses and disbursements of the Bank and the necessary and reasonable fees, expenses and disbursements of counsel to the Bank in connection with (A) obtaining any waiver or consent under this Loan Agreement (whether or not the transactions contemplated thereby shall be consummated) or any Event of Default or alleged Event of Default hereunder, (B) the preparation, execution, delivery, administration and enforcement or preservation of rights in connection with a workout, restructuring or waiver with respect

to this Loan Agreement and (C) the occurrence of an Event of Default and collection and other enforcement proceedings resulting therefrom.

(ii) Any and all payments to the Bank by the City hereunder shall be made free and clear of, and without deduction for, any and all taxes, levies, imposts, deductions, charges or withholdings imposed, including but not limited to as a result of a change in, law, rule, treaty, or regulation, or any policy, guideline, or directive of, or any change in the interpretation, implementation, or administration thereof by, any Governmental Authority, and all liabilities with respect thereto, excluding taxes imposed on or measured by the net income or capital of the Bank by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a result of a connection between the Bank and such jurisdiction or political subdivision, other than a connection resulting solely from executing, delivering or performing its obligations or receiving a payment under, or enforcing, this Loan Agreement (all such non excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes").

(iii) In addition, the City shall pay or cause to be paid on demand, any present or future stamp, recording, or Other Taxes and fees payable or determined to be payable under Applicable Law in connection with the execution, delivery, filing and recording of this Loan Agreement and agrees to save the Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

#### SECTION 3.5. *Nature of City's Obligations.*

(a) Special Obligation. The City's obligation to pay the Loan Repayments is a special obligation of the City limited solely to amounts available from Gross Revenues. Under no circumstances is the City required to advance moneys derived from any source of income other than the Gross Revenues and other sources specifically identified herein for the payment of the Loan Repayments, and no other funds or property of the City are liable for the payment of the Loan Repayments. Notwithstanding the foregoing provisions of this Section, however, nothing herein prohibits the City voluntarily from making any payment hereunder from any source of available funds of the City.

(b) Obligations Absolute. The obligation of the City to pay the Loan Repayments from the Gross Revenues and the obligation of the City to perform and observe the other covenants and agreements contained herein, are absolute and unconditional and are not subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach of the City or the Bank of any obligation to the City or otherwise with respect to the Park, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the City by the Bank. Until such time as all of the Loan Repayments have been fully paid or prepaid, the City:

- (i) will not suspend or discontinue payment of any Loan Repayments,
- (ii) will perform and observe all other agreements contained in this Loan Agreement, and
- (iii) will not terminate this Loan 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 Park, sale of the Park, the taking by eminent domain of title to or temporary use of any component of the Park, commercial frustration of purpose, any change in the tax or 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 Bank to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement.

SECTION 3.6. *Pledge and Application of Gross Revenues.*

(a) Pledge. All of the Gross Revenues, whether on deposit in the City of Novato - MVMCC Account or elsewhere, are hereby irrevocably pledged to secure the Loan Repayments and all Parity Debt, on a parity basis. The Gross Revenues and such other funds may not be used for any other purpose so long as the Loan Repayments remain unpaid; except that out of the Gross Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by this Section 3.6.

(b) Deposit and Application of Gross Revenues. The City has heretofore established the City of Novato - MVMCC Account, which the City agrees to continue to hold and maintain for the purposes and uses set forth herein. The City shall initially deposit all Gross Revenues in the City of Novato - MVMCC Account, and all Gross Revenues, whether on deposit in the City of Novato - MVMCC Account or otherwise, are hereby pledged for the payment of the Loan Repayments and Parity Debt. Gross Revenues, wherever deposited, shall be applied by the City to pay when due the following amounts in the following order of priority:

- (i) all Operation and Maintenance Costs, when due;
- (ii) the Loan Repayments and all payments of principal of and interest on any Parity Debt;
- (iii) any other payments required to comply with the provisions of this Loan Agreement and any Parity Debt Documents, including amounts payable pursuant to Section 3.4(c), Section 3.4(d) and Section 4.1 hereof;
- (iv) any other purposes authorized under subsection (c) of this Section 3.6.

(c) Other Uses of Gross Revenues Permitted. The City shall manage, conserve and apply the Gross Revenues in such a manner that all payments required to be made pursuant to the preceding subsection (b) will be made at the times and in the amounts so required. Subject to the foregoing sentence, but only after release of the Gross Revenues as provided in the last sentence of this paragraph (c), so long as no Event of Default has occurred and is continuing hereunder, the City may use and apply Gross Revenues for (i) the payment of any subordinate obligations or any unsecured obligations, (ii) the acquisition and construction of improvements to the Park, (iii) the prepayment of any obligations of the City relating to the Park, or (iv) any other lawful purposes of the City, including but not limited to the payment or reimbursement to the City of administrative costs not otherwise reimbursed as part of Operation and Maintenance Costs. Any amounts on deposit in City of Novato - MVMCC Account in excess of \$180,000 on the day next succeeding a Loan Repayment Date may be withdrawn by the City and transferred to such other funds and accounts established by the City as the City may determine, provided



that amounts so withdrawn shall still be considered Gross Revenues and pledged to the payment of Operation and Maintenance Costs and Loan Repayments.

(d) Budget and Appropriation of Loan Repayments. During the Term of this Loan Agreement, the City shall adopt all necessary budgets and make all necessary appropriations of the Loan Repayments from the Gross Revenues. The covenants on the part of the City contained in this subsection (d) shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the City to take such actions and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in this subsection (d).

(e) No Preference or Priority. Payment of the Loan Repayments and the principal of and interest on any Parity Debt shall be made without preference or priority. In the event that the amount of Gross Revenues on deposit in the City of Novato - MVMCC Account is at any time insufficient to enable the City to pay in full, after payment of Operation and Maintenance Costs, the Loan Repayments and the principal of and interest on any Parity Debt, such payments shall be made on a pro rata basis.

(f) Moneys on deposit in the City of Novato - MVMCC Account and any other account relating to the Park maintained at Bank shall be invested in Permitted Investments. In the event the City does not provide the Bank with written instructions regarding the investment of such amounts, the Bank shall invest such amounts in investments identified in paragraph (d) of the definition of Permitted Investments. Gross Revenues released pursuant to (c) above shall be invested in any investments which are authorized for the investment of City funds under the laws of the State of California.

SECTION 3.7. *Late Charges.* If the City fails to make any Loan Repayment and such failure results in the untimely payment of principal and interest on the Loan, or if the City fails to make any other payment when due, in each case, taking into account any grace period allowed for such payment, the City shall pay to the Bank a late charge equal to 5.00% of the past due payment.

## ARTICLE IV

### COVENANTS OF THE CITY

SECTION 4.1. *Release and Indemnification Covenants.* The City shall indemnify the Bank, its Affiliates, and their officers, agents, employees, successors and assigns harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of the following:

(a) the use, maintenance, condition or management of, or from any work or thing done on or about the Park by the City or its employees, agents, directors, contractors or officers,

(b) any Environmental Claim or Environmental Liability with respect to the Park,

(c) any breach or default on the part of the City in the performance of any of its obligations under this Loan Agreement,

(d) any intentional misconduct or negligence of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Park,

(e) any intentional misconduct or negligence of any lessee of the City with respect to the Park, and

(f) any income taxes paid by the Bank as a result of a Determination of Taxability for any period prior to the effective date of the Taxable Rate.

No indemnification is made under this Section 4.1 or elsewhere in this Loan Agreement for willful misconduct, gross negligence, or breach of duty under this Loan Agreement by the Bank and its officers, agents, employees, successors or assigns.

**SECTION 4.2. *Sale or Eminent Domain of Park.*** Except as provided herein, the City covenants that the Park will not be encumbered, sold, leased, pledged, any charge placed thereon, or otherwise disposed of, as a whole or substantially as a whole or in part. The City shall not enter into any agreement that impairs the operation of the Park or any part of it necessary to secure adequate Net Revenues to pay the Loan Repayments, or which otherwise would impair the rights of the Bank with respect to the Net Revenues. If the whole of the Park or any substantial part of the Park is sold, the payment therefor must be applied to prepay the Loan Repayments or any Parity Debt in whole.

If all or any part of the Park shall be taken by eminent domain proceedings, the net proceeds realized by the City therefrom shall be deposited by the City in a special fund with the Bank and applied to the prepayment of the Loan Repayments or, with the written consent of the Bank, by the City to the cost of acquiring and constructing additions, betterments, extensions or improvements to the Park. Pending such application, such proceeds shall be invested by the Bank in Permitted Investments that mature not later than such times as shall be necessary to provide moneys when needed.

**SECTION 4.3. *Insurance.*** The City shall at all times maintain with responsible insurers all such insurance on the Park as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Park, in a coverage amount which is not less than the unpaid principal balance of the Loan (being the amount of \$7,900,000.00 on the Closing Date). 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 Bank. The Bank shall be listed as a loss payee and an additional insured with respect to any policy or policies of casualty insurance and public liability insurance. Any insurance required to be maintained hereunder may be maintained by the City in the form of self-insurance or in the form of participation by the City in a program of pooled insurance, subject to the prior written approval of the Bank.

Additionally, the City shall maintain business interruption insurance against loss of rental income in an amount equal to the amount payable under the Loan during a [24-month period.

The City shall apply any insurance proceeds as set forth in Section 4.16.

SECTION 4.4. *Records and Accounts.* The City shall keep proper books of records and accounts of the Park, separate from all other records and accounts, in which complete and correct entries are made of all transactions relating to the Park. Said books shall, upon prior request, be subject to the reasonable inspection of the Bank and its representatives authorized in writing, upon not less than two Business Days' prior notice to the City.

The City shall cause the books and accounts of the Park to be audited annually, in accordance with the standards prescribed by GASB, by an Independent Accountant, not more than 180 days after the close of each Fiscal Year, and when available shall furnish a copy of such report to the Bank. The audit of the accounts of the Park may be included as part of a general City-wide audit.

SECTION 4.5. *Rates and Charges.* The City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Park during each Fiscal Year which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Gross Revenues sufficient to pay the following amounts in the following order of priority:

(a) All Operation and Maintenance Costs estimated by the City to become due and payable in such Fiscal Year;

(b) The Loan Repayments and the principal of and interest on any Parity Debt as they become due and payable during such Fiscal Year, without preference or priority, except to the extent payable from capitalized interest;

(c) All payments required to meet any other obligations of the City which are charges, liens, encumbrances upon, or which are otherwise payable from, the Gross Revenues or the Net Revenues during such Fiscal Year.

In addition, the City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Park during each Fiscal Year which are sufficient to yield Net Revenues that are at least equal to 200% of the amount described in the preceding clause (b) for such Fiscal Year.

SECTION 4.6. *Operation and Maintenance Costs.* The City covenants and agrees that it will pay, but only out of Gross Revenues, all Operation and Maintenance Costs on a timely basis.

SECTION 4.7. *No Priority for Additional Obligations; Compliance With Parity Debt Documents.* The City may not issue or incur any bonds or other obligations having any priority in payment of principal or interest out of the Net Revenues over the Loan Repayments other than pursuant to Section 4.8 hereof. The City shall observe and perform all of the covenants, agreements and conditions on its part required to be observed and performed under the Parity Debt Documents. The City shall not take or omit to take any action within its control which would, or which if not corrected with the passage of time would, constitute an event of default under any Parity Debt Documents.

SECTION 4.8. *Issuance of Parity Debt.* The City may issue or incur Parity Debt at any time and from time to time during the Term hereof, provided that all of the following conditions precedent shall be satisfied prior to the issuance of such Parity Debt:

(a) No Event of Default has occurred and is continuing;

(b) The Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the City for the most recent completed Fiscal Year for which audited financial statements for the Park are available, or for any more recent consecutive 12-month period selected by the City, in either case verified by an Independent Accountant or a Fiscal Consultant or shown in the audited financial statements of the City, at least equal 200% of the maximum amount of Loan Repayments and payments on outstanding Parity Debt (including the Parity Debt then proposed to be issued) coming due and payable in the current or any future Fiscal Year;

(c) The principal amount of the Loan outstanding at the time of the issuance or delivery of such Parity Debt, plus the principal amount of such Parity Debt, will not exceed sixty five percent (65%) of the value of the Park, such value to be determined by the City obtaining an appraisal of the Park from a State of California certified appraiser acceptable to the Bank.

(d) The Bank, the City and, if applicable, the lender or the trustee for the Parity Debt, enter into an intercreditor agreement in form and substance reasonably satisfactory to the Bank.

SECTION 4.9. *Assignment by the Bank.* The Bank has the right to assign any or all of its interests herein, but no such assignment will be effective as against the City unless and until the Bank files written notice thereof with the City. The City shall pay all Loan Repayments pursuant to the written direction of the Bank named in the most recent assignment or notice of assignment filed with the City. During the Term of this Loan Agreement, the City will keep a complete and accurate record of all such notices of assignment.

In connection with the assignment of any or all of its rights hereunder, the Bank may request the City to execute and deliver such documentation as is necessary, in the reasonable opinion of the Bank, to effectuate such assignment. The City understands and acknowledges that in connection with such an assignment, it may be required to make Loan Repayments to other than the Bank, or to provide the notices and other materials set forth in Section 4.13 hereof or otherwise required hereby to an assignee of the Bank, provided that the City shall not be required to make Loan Repayments to more than one Person at a time, or to send notices and other materials to more than one Person at a time. In such event, the Bank shall notify the City to which assignee the City should make Loan Repayments and send notices and other materials.

SECTION 4.10. *Assignment by the City.* Neither the Loan nor this Loan Agreement may be assigned by the City without the written consent of the Bank.

SECTION 4.11. *Amendment of this Loan Agreement.* This Loan Agreement may be amended pursuant to written agreement between the City and the Bank.

SECTION 4.12. *Tax Covenants.*

(a) Generally. The City may not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, the



interest components of the Loan Repayments to become includable in gross income for federal income tax purposes.

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

(c) Federal Guarantee Prohibition. The City may 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 Repayments to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(d) No Arbitrage. The City may not take, or permit or suffer to be taken, any action with respect to the proceeds of the Loan Repayments which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Loan Repayments to be "arbitrage bonds" within the meaning of Section 148(a) of the Tax Code.

(e) Small Issuer Exemption from Bank Nondeductibility Restriction. The City hereby designates the Loan as a "qualified tax-exempt obligation" for purposes of paragraph (3) of Section 265(b) of the Tax Code and represents that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Tax Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in Section 141 of the Tax Code, except qualified 501(c)(3) bonds as defined in Section 145 of the Tax Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), including the Loan Repayments, has been or will be issued by the City, including all subordinate entities of the City, during the calendar year 2012.

(f) Arbitrage Rebate. The City shall take any and all actions necessary to assure compliance with section 148(f) of the Tax 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.

(g) Acquisition, Disposition and Valuation of Investments. Except as otherwise provided in the following sentence, the City covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Loan Agreement, or otherwise containing gross proceeds of the Loan (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Loan Agreement or the Tax Code) at Fair Market Value (as defined below). Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code shall be valued at their present value (within the meaning of section 148 of the Tax Code).

For purposes of this subsection (g), the term "Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal

or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security – State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

SECTION 4.13. *Reporting and Filing Requirements.* During the Term of this Loan Agreement, the City shall make the following filings with the Bank:

(a) Audited Financial Statements. The City shall file with the Bank its audited financial statements for each Fiscal Year, including audited financial statements for the Park which are prepared in accordance with Section 4.4, not more than 180 days after the close of such Fiscal Year.

(b) Annual Budgets. The City shall file with the Bank the adopted annual budget for the Park in each Fiscal Year, not more than 30 days after the commencement of such Fiscal Year.

(c) Certificate of Compliance with Rate Covenant. The City shall file with the Bank a Certificate of the City stating that it is in compliance with the covenants set forth in Section 4.5 relating to the amount of Net Revenues being equal to 200% of the Loan Repayments and the principal and interest on Parity Debt for the Park for each Fiscal Year, not more than 210 days after the close of such Fiscal Year.

(d) Event of Default. The City shall immediately notify the Bank by telephone, promptly confirmed in writing, of any event, action or failure to take any action that constitutes an Event of Default under this Loan Agreement, together with a detailed statement by a City Representative of the steps being taken by the City to cure the effect of such Event of Default.

(e) Action, Suit or Proceeding. The City shall promptly notify the Bank in writing (i) of any action, suit or proceeding or any investigation, inquiry or similar proceeding by or before any court or other governmental authority, domestic or foreign, against the City or any of the Park, the Gross Revenues or the Net Revenues which involve claims equal to or in excess of \$500,000 or that seeks injunctive relief or (ii) of any loss or destruction of or damage to any portion of the Park in excess of \$500,000.

(f) Material Litigation. The City shall promptly notify the Bank in writing of any Material Litigation, or any investigation, inquiry or similar proceeding by any Governmental Authority with respect to any matter that relates to or could impact any of the Gross Revenues or Net Revenues.

(g) Cancellation of Insurance or Loss. The City shall promptly notify the Bank in writing in the event of any termination or cancellation of any insurance policy that the City is required to maintain, or any uninsured or partially uninsured loss through liability or property damage, or through fire, theft or any other cause affecting the Park property in excess of an aggregate of \$500,000.

(h) Additional Information. The City shall file with the Bank such additional information as the Bank may reasonably request in writing, within a reasonable period of time after the receipt of such written request by the City.

SECTION 4.14. *Collection of Charges, Fees and Rates.* The City will have in effect at all times protocols requiring each tenant of the Park to pay all applicable rents, charges, fees and rates and providing for the billing thereof. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the City will take necessary actions to enforce the collection procedures contained in such protocols.

SECTION 4.15. *Against Encumbrances.* The City will not mortgage or otherwise encumber, pledge or place any charge or lien upon any of the Park (including any deed or trust or mortgage on all or any part thereof), the Gross Revenues or the Net Revenues except as expressly provided in this Loan Agreement and, except for Parity Debt, will not issue any obligations secured by Gross Revenues or Net Revenues on a parity with, or senior to, the Loan Repayments and Parity Debt; provided, that the City may issue subordinate obligations.

SECTION 4.16. *Reconstruction of System; Application of Insurance Proceeds.* If any useful portion of the Park shall be damaged or destroyed, the City shall, as expeditiously as possible, continuously and diligently pursue or cause to be pursued the reconstruction or replacement thereof, unless the City shall file with the Bank a written certificate of an engineer qualified to render such certificate to the effect that such reconstruction or replacement is not in the best interests of the City and the Bank. The proceeds of any insurance paid on account of such damage or destruction, other than public liability insurance, shall be deposited by the City with the Bank, for the benefit of the Bank, to be held in a special account, and shall be made available for, and to the extent necessary applied to, (a) the cost of such reconstruction or replacement, if any, or (b) the prepayment of the principal components of the Loan Payments as determined by the Bank. Pending such application, such proceeds may be invested by the Bank in Permitted Investments that mature not later than such times as shall be necessary to provide moneys when needed to pay such cost of reconstruction or replacement. Any balance of such proceeds of insurance not required by the City for the purposes aforesaid shall be deemed to constitute Gross Revenues, and shall be transferred by the Bank to the City for deposit into the City of Novato - MVMCC Account.

SECTION 4.17. *Compliance with Laws.* The City shall comply with all laws, rules and regulations, and with all final orders, writs, judgments, injunctions, decrees or awards to which it may be subject, and any failure of the City to comply with any such law, rule, regulation, final order, writ, judgment, injunction, decree or award, shall constitute a breach of this covenant unless and insofar as in the reasonable opinion of the Bank such failure to comply has not had and could not have, singly or in the aggregate with other such failures, a Material Adverse Effect; provided, however, that the City may contest the validity or application thereof and appeal or otherwise seek relief therefrom, and exercise any and all of the rights and remedies which it may have with regard thereto, so long as such acts do not affect the City's power and authority to execute this Loan Agreement or to perform its obligations and pay all amounts payable by it hereunder and thereunder, or otherwise result in a Event of Default, or would result in an Event of Default but for the giving of notice or the passage of time, hereunder.

SECTION 4.18. *Plans.* In the event the City establishes a Plan, it shall maintain and administer it such that it is in full compliance with in all material respects with all Applicable Laws, including but not limited to ERISA and the Tax Code, and it shall not permit any such

Plan to experience unfunded liabilities; nor shall such it permit a condition to exist or a transaction to occur with respect to any Plan maintained by it which could reasonably be expected to result in the incurrence by it of any material liability, fine or penalty. The City shall not, with regard to any such Plan (i) engage in or permit any other party to engage in any "prohibited transaction" (as defined in Section 4975 of the Tax Code) with respect to such a Plan, which could reasonably be expected to result in the incurrence by it of any material liability, fine or penalty, (ii) permit any such Plan to incur any "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA) whether or not waived, which could reasonably be expected to result in the incurrence by it of any material liability, fine or penalty, (iii) either directly or indirectly, cause any such Plan to terminate, either under Section 4041 or 4042 of ERISA, in a manner that could result in the imposition of a material lien or encumbrance on the assets of it pursuant to Section 4068 of ERISA or (iv) take or permit any action that could result in a withdrawal or partial withdrawal from such a Plan and result in the assessment of any Withdrawal Liability against it; provided, that in the case of this clause (iv), said withdrawal or partial withdrawal shall be permissible if the resultant liability would not reasonably be expected to have a Material Adverse Effect with respect to the ability to repay, when due, the obligations of the City under this Loan Agreement.

SECTION 4.19. *Park's Bank Accounts.* The City will maintain the City of Novato - MVMCC Account and the account out of which it will pay the Operation and Maintenance Costs at the Bank.

SECTION 4.20. *Notices.* During the term of this Loan Agreement, the City shall provide to the Bank:

(a) immediate notice by telephone, promptly confirmed in writing, of any event, action or failure to take any action which constitutes an Event of Default under this Loan Agreement, together with a detailed statement by a City representative of the steps being taken by the City to cure the effect of such Event of Default;

(b) prompt written notice of any Material Litigation, or any investigation, inquiry or similar proceeding by any Governmental Authority; and

(c) with reasonable promptness, such other information respecting the City and the Park, and the operations, affairs and financial condition of the City and the Park as the Bank may from time to time reasonably request.

## 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 within ten (10) days of the due date thereof.

(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 Bank.

(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.

(d) The occurrence of any event of default under and as defined in any Parity Debt Documents.

(e) Any statement, representation or warranty made or deemed to be made by or on behalf of the City in this Loan Agreement or in any certificate, financial or other statement furnished by or on behalf of the City to the Bank pursuant hereto or thereto shall prove to have been inaccurate, misleading or incomplete in any material respect when made or deemed to have been made.

(f) This Loan Agreement or any material provision of this Loan Agreement shall at any time for any reason cease to be the legal, valid and binding obligation of the City or shall cease to be in full force and effect, or shall be declared to be unenforceable, invalid or void, or the validity or enforceability thereof shall be contested by the City, or the City shall renounce the same or deny that it has any further liability hereunder.

(g) The dissolution, termination of existence, insolvency or business failure of the City.

(h) If any court of competent jurisdiction with jurisdiction to rule on the validity of any provision of this Loan Agreement shall find or rule that this Loan Agreement is not valid or not binding on the City.

(i) Any Material Adverse Effect shall exist.

SECTION 5.2. *Remedies on Default.* Upon the occurrence and during the continuation of an Event of Default, the Bank 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 at the rate set forth in Section 3.4(c) 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; *provided, however,* that if, at any time after the principal components and interest on the unpaid Loan Repayments has been so declared due and payable and before any judgment or decree for the payment of the money due has been obtained or entered, the City deposits with the Bank a sum sufficient to pay all principal components and interest currently due on the unpaid Loan Repayments, and the expenses of the Bank, including attorneys' fees, together with interest on any such amounts advanced, and any and all



other defaults known to the Bank (other than in the payment of interest and principal components on the unpaid Loan Repayments due and payable solely by reason of such declaration) have been made good or cured or provision has been made therefor, then, and in every such case, the Bank may rescind and annul such declaration and its consequences; except that no such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

(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.

SECTION 5.3. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the Bank 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 Bank 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.

## ARTICLE VI

### PREPAYMENT OF LOAN

SECTION 6.1. *Optional Prepayment.* The City may prepay the unpaid principal components of the Loan Repayments in whole or in part, on any date by paying a prepayment price equal to the principal components of the Loan Repayments to be prepaid, together with the interest required to be paid on such Loan Repayment Date, with a premium as set forth below:

Prepayment Period  
(dates inclusive)

Prepayment Premium

December 20, 2012 through December 19, 2013	5%
December 20, 2013 through December 19, 2014	4%
December 20, 2014 through December 19, 2015	3%
December 20, 2015 through December 19, 2016	2%
December 20, 2016 through December 19, 2022	1%
Any time after December 20, 2022	0%

Notwithstanding the foregoing, the City may, on any Loan Repayment Date, prepay up to twenty percent (20%) of the principal amount of the Loan outstanding during any one year period from December 20 of one year through and including December 19, of the next year without incurring any prepayment penalty. The amount received by the Bank shall be applied to the principal amount of the Loan in inverse order of maturity.

The City shall give the Bank written notice of its intention to exercise its option not less than 30 days in advance of the date of exercise.

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 Park for such purpose under Sections 4.2 or 4.16 at a price equal to the principal amount to be prepaid plus accrued interest through the date set for prepayment, together with a prepayment premium equal to the amount of the prepayment premium that would be charged if such prepayment were made pursuant to Section 6.1. The amount received by the Bank shall be applied to the principal amount of the Loan in inverse order of maturity.

The amount received by the Bank shall be applied to the principal amount of the Loan in inverse order of maturity.

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 or in part, by either:

(a) irrevocably depositing with the Bank an amount of cash that is sufficient to pay all such Loan Repayments, including the principal and interest components thereof, when due under Section 3.4(a), or

(b) irrevocably depositing with the Bank Federal Securities in such amounts as will, in the opinion of an Independent Accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay all such 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, (i) the City grants a first priority security interest in and lien on the security deposit and all proceeds thereof in favor of the Bank, and (ii) the pledge of Net Revenues and all other security provided by this Loan Agreement for said obligations (other than the security deposit), 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 Bank and the City 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 Novato  
75 Rowland Way, #200  
Novato, California 94945  
Attention: City Manager  
Telephone: (415) 899-8900  
Fax: (415) 899-8213

*If to the Bank:* Bank of Marin  
345 California Street, Suite 1150  
San Francisco, California 94104  
Attention: San Francisco Commercial Banking  
Telephone: (415) 403-5580  
Fax: (415) 677-9141

Notwithstanding the foregoing, the City will provide the Bank with new contact information immediately upon moving to its new City Administrative Office Building.

SECTION 7.2. *Binding Effect.* This Loan Agreement inures to the benefit of and is binding upon the Bank 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 Bank, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 7.5. *Further Assurances and Corrective Instruments.* The Bank 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.

SECTION 7.9. *Dispute Resolution.* (a) *Judicial Reference.* In the event of any action, proceeding or hearing (hereinafter, a "Claim") based upon or arising out of, directly or indirectly, this Loan Agreement or any of the related documents, any dealings between the City or the Bank relating to the subject matter of the transactions contemplated by this Loan Agreement or any related transactions, and/or the relationship that is being established between the City and the Bank, the City and the Bank hereby agree that each Claim shall be determined by a consensual general judicial reference (the "Reference") pursuant to the provisions of Section 638 et seq. of the California Code of Civil Procedure, as such statutes may be amended or modified from time to time. Upon a written request, or upon an appropriate motion by either the Bank or the City, as applicable, any pending action relating to any Claim and every Claim shall be heard by a single Referee (as defined below) who shall then try all issues (including any and all questions of law and questions of fact relating thereto), and issue findings of fact and conclusions of law and report a statement of decision. The Referee's statement of decision will constitute the conclusive determination of the Claim. The City and the Bank agree that the Referee shall have the power to issue all legal and equitable relief appropriate under the circumstances before the Referee. The City and the Bank shall promptly and diligently cooperate with one another, as applicable, and the Referee, and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of all Claims in accordance with the terms of this Section 7.9. Either the City or the Bank, as applicable, may file the Referee's findings, conclusions and statement with the clerk or judge of any appropriate court, file a motion to confirm the Referee's report and have judgment entered thereon. If the report is deemed incomplete by such court, the Referee may be required to complete the report and resubmit it. The City and the Bank, as applicable, will each have such rights to assert such objections as are set forth in Section 638 et seq. of the California Code of Civil Procedure and all proceedings shall be closed to the public and confidential, and all records relating to the Reference shall be permanently sealed when the order thereon becomes final.

(b) *Selection of Referee; Powers.* The parties to the Reference proceeding shall select a single neutral referee (the "Referee"), who shall be a retired judge or justice of the courts of the State of California, or a federal court judge, in each case, with at least ten (10) years of judicial experience in civil matters. The Referee shall be appointed in accordance with Section 638 of the California Code of Civil Procedure (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts). If within ten (10) days after the request or motion for the Reference, the parties to the Reference proceeding cannot agree upon a Referee, then any party to such proceeding may request or move that the Referee be appointed by the Presiding Judge of the Marin County Superior Court, or of the U.S. District Court for the Northern District of California. The Referee shall determine all issues relating to the applicability, interpretation, legality and enforceability of this Section 7.9(b).



(c) *Provisional Remedies and Self Help.* No provision of this Section 7.9 shall limit the right of either the City or the Bank as the case may be, to (i) exercise such self-help remedies as might otherwise be available under applicable law, or (ii) obtain or oppose provisional or ancillary remedies, including without limitation injunctive relief, writs of possession, the appointment of a receiver, and/or additional or supplementary remedies from a court of competent jurisdiction before, after, or during the pendency of any Reference. The exercise of, or opposition to, any such remedy does not waive the right of the City or the Bank to the Reference pursuant to this Section 7.9(c).

(d) *Costs and Fees.* Promptly following the selection of the Referee, the parties to such Reference proceeding shall each advance equal portions of the estimated fees and costs of the Referee. In the statement of decision issued by the Referee, the Referee shall award costs, including reasonable attorneys' fees, to the prevailing party, if any, and may order the Referee's fees to be paid or shared by the parties to such Reference proceeding in such manner as the Referee deems just.

SECTION 7.10. *Usury.* (a) Notwithstanding anything herein to the contrary, if at any time the amount of interest required to be paid on any Loan Repayment Date calculated in accordance with the terms of this Loan Agreement (together with any fees, charges and other amounts which are treated as interest on the Loan under Applicable Usury Laws (collectively the "Charges")), exceeds the amount of interest that would have been payable for the applicable period had interest for such period been calculated at the Maximum Lawful Rate, then the rate of interest payable in respect of the Loan hereunder for such period (together with any Charges payable in respect thereof) shall be limited to the Maximum Lawful Rate. Any interest (and Charges) that would have been due and payable under any provision hereof but for the operation of the preceding sentence, shall accrue and be payable as provided in subsections (b) and (c) and shall constitute, less interest actually paid to the Bank on such Loan Repayment Date, the "Excess Interest Amount."

(b) If there is any accrued and unpaid Excess Interest Amount as of any interest payment date, then, on the current and each subsequent Loan Repayment Date, interest shall be paid at the Maximum Lawful Rate rather than the otherwise applicable rate until the earliest of (i) payment to the Bank of the entire accrued Excess Interest Amount, (ii) the final Loan Repayment Date or (iii) the date on which no principal amount hereunder remains unpaid.

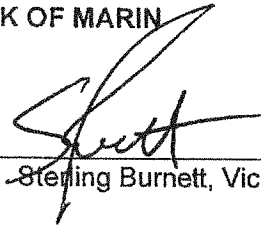
(c) Notwithstanding the foregoing, all unpaid Excess Interest Amount shall be, to the fullest extent permitted by Applicable Law, due and payable by the City as a fee on the earlier of (i) the final payment date on the Loan or (ii) the date on which no principal amount hereunder remains unpaid.



IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed in its corporate name by their duly authorized officer officers, as of the date first above written.

BANK OF MARIN

By



\_\_\_\_\_  
Sterling Burnett, Vice President

CITY OF NOVATO

By

\_\_\_\_\_  
Michael S. Frank, City Manager

ATTEST:

By

\_\_\_\_\_  
City Clerk

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed in its corporate name by their duly authorized officer officers, as of the date first above written.

**BANK OF MARIN**

By \_\_\_\_\_  
Sterling Burnett, Vice President

**CITY OF NOVATO**

By   
Michael S. Frank, City Manager

ATTEST:

By   
City Clerk

APPENDIX A  
AMORTIZATION SCHEDULE

<b>Principal</b> \$7,900,000.00	<b>Loan Date</b> 12-01-2012	<b>Maturity</b> 12-01-2027	<b>Loan No</b> 605010032	<b>Call / Coll</b> 54	<b>Account</b>	<b>Officer</b>	<b>Initials</b>
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

**Borrower:** City of Novato  
75 Rowland Way, #200  
Novato, CA 94945

**Lender:** BANK OF MARIN  
Novato Office  
P.O. Box L  
Novato, CA 94948

**Disbursement Date:** December 19, 2012  
**Interest Rate:** 2.805

**Repayment Schedule:** Installment  
**Calculation Method:** 365/360 U.S. Rule

Payment Number	Payment Date	Payment Amount	Interest Paid	Principal Paid	Remaining Balance
1	02-01-2013	54,264.36	27,083.83	27,180.53	7,872,819.47
2	03-01-2013	54,264.36	17,175.87	37,088.49	7,835,730.98
3	04-01-2013	54,264.36	18,926.56	35,337.80	7,800,393.18
4	05-01-2013	54,264.36	18,233.42	36,030.94	7,764,362.24
5	06-01-2013	54,264.36	18,754.17	35,510.19	7,728,852.05
6	07-01-2013	54,264.36	18,066.19	36,198.17	7,692,653.88
7	08-01-2013	54,264.36	18,580.96	35,683.40	7,656,970.48
8	09-01-2013	54,264.36	18,494.77	35,769.59	7,621,200.89
9	10-01-2013	54,264.36	17,814.56	36,449.80	7,584,751.09
10	11-01-2013	54,264.36	18,320.33	35,944.03	7,548,807.06
11	12-01-2013	54,264.36	17,645.34	36,619.02	7,512,188.04
<b>2013 TOTALS:</b>		<b>596,907.96</b>	<b>209,096.00</b>	<b>387,811.96</b>	
12	01-01-2014	54,264.36	18,145.06	36,119.30	7,476,068.74
13	02-01-2014	54,264.36	18,057.82	36,206.54	7,439,862.20
14	03-01-2014	54,264.36	16,231.30	38,033.06	7,401,829.14
15	04-01-2014	54,264.36	17,878.50	36,385.86	7,365,443.28
16	05-01-2014	54,264.36	17,216.72	37,047.64	7,328,395.64
17	06-01-2014	54,264.36	17,701.13	36,563.23	7,291,832.41
18	07-01-2014	54,264.36	17,044.66	37,219.70	7,254,612.71
19	08-01-2014	54,264.36	17,522.91	36,741.45	7,217,871.26
20	09-01-2014	54,264.36	17,434.17	36,830.19	7,181,041.07
21	10-01-2014	54,264.36	16,785.68	37,478.68	7,143,562.39
22	11-01-2014	54,264.36	17,254.68	37,009.68	7,106,552.71
23	12-01-2014	54,264.36	16,611.57	37,652.79	7,068,899.92
<b>2014 TOTALS:</b>		<b>651,172.32</b>	<b>207,884.20</b>	<b>443,288.12</b>	
24	01-01-2015	54,264.36	17,074.34	37,190.02	7,031,709.90
25	02-01-2015	54,264.36	16,984.51	37,279.85	6,994,430.05
26	03-01-2015	54,264.36	15,259.52	39,004.84	6,955,425.21
27	04-01-2015	54,264.36	16,800.25	37,464.11	6,917,961.10
28	05-01-2015	54,264.36	16,170.73	38,093.63	6,879,867.47
29	06-01-2015	54,264.36	16,617.75	37,646.61	6,842,220.86
30	07-01-2015	54,264.36	15,993.69	38,270.67	6,803,950.19
31	08-01-2015	54,264.36	16,434.38	37,829.98	6,766,120.21
32	09-01-2015	54,264.36	16,343.00	37,921.36	6,728,198.85
33	10-01-2015	54,264.36	15,727.17	38,537.19	6,689,661.66
34	11-01-2015	54,264.36	16,158.32	38,106.04	6,651,555.62
35	12-01-2015	54,264.36	15,548.01	38,716.35	6,612,839.27
<b>2015 TOTALS:</b>		<b>651,172.32</b>	<b>195,111.67</b>	<b>456,060.65</b>	
36	01-01-2016	54,264.36	15,972.76	38,291.60	6,574,547.67
37	02-01-2016	54,264.36	15,880.27	38,384.09	6,536,163.58
38	03-01-2016	54,264.36	14,769.01	39,495.35	6,496,668.23
39	04-01-2016	54,264.36	15,692.16	38,572.20	6,458,096.03
40	05-01-2016	54,264.36	15,095.80	39,168.56	6,418,927.47
41	06-01-2016	54,264.36	15,504.38	38,759.98	6,380,167.49
42	07-01-2016	54,264.36	14,913.64	39,350.72	6,340,816.77
43	08-01-2016	54,264.36	15,315.71	38,948.65	6,301,868.12
44	09-01-2016	54,264.36	15,221.64	39,042.72	6,262,825.40
45	10-01-2016	54,264.36	14,639.35	39,625.01	6,223,200.39
46	11-01-2016	54,264.36	15,031.62	39,232.74	6,183,967.65
47	12-01-2016	54,264.36	14,455.02	39,809.34	6,144,158.31
<b>2016 TOTALS:</b>		<b>651,172.32</b>	<b>182,491.36</b>	<b>468,680.96</b>	
48	01-01-2017	54,264.36	14,840.70	39,423.66	6,104,734.65
49	02-01-2017	54,264.36	14,745.48	39,518.88	6,065,215.77
50	03-01-2017	54,264.36	13,232.28	41,032.08	6,024,183.69
51	04-01-2017	54,264.36	14,550.91	39,713.45	5,984,470.24
52	05-01-2017	54,264.36	13,988.70	40,275.66	5,944,194.58

**AMORTIZATION SCHEDULE  
(Continued)**

53	06-01-2017	54,264.36	14,357.71	39,906.65	5,904,287.93
54	07-01-2017	54,264.36	13,801.27	40,463.09	5,863,824.84
55	08-01-2017	54,264.36	14,163.58	40,100.78	5,823,724.06
56	09-01-2017	54,264.36	14,066.72	40,197.64	5,783,526.42
57	10-01-2017	54,264.36	13,518.99	40,745.37	5,742,781.05
58	11-01-2017	54,264.36	13,871.21	40,393.15	5,702,387.90
59	12-01-2017	54,264.36	13,329.33	40,935.03	5,661,452.87
<b>2017 TOTALS:</b>		<b>651,172.32</b>	<b>168,466.88</b>	<b>482,705.44</b>	
60	01-01-2018	54,264.36	13,674.77	40,589.59	5,620,863.28
61	02-01-2018	54,264.36	13,576.73	40,687.63	5,580,175.65
62	03-01-2018	54,264.36	12,174.08	42,090.28	5,538,085.37
63	04-01-2018	54,264.36	13,376.78	40,887.58	5,497,197.79
64	05-01-2018	54,264.36	12,849.70	41,414.66	5,455,783.13
65	06-01-2018	54,264.36	13,177.99	41,086.37	5,414,696.76
66	07-01-2018	54,264.36	12,656.85	41,607.51	5,373,089.25
67	08-01-2018	54,264.36	12,978.25	41,286.11	5,331,803.14
68	09-01-2018	54,264.36	12,878.53	41,385.83	5,290,417.31
69	10-01-2018	54,264.36	12,366.35	41,898.01	5,248,519.30
70	11-01-2018	54,264.36	12,677.36	41,587.00	5,206,932.30
71	12-01-2018	54,264.36	12,171.20	42,093.16	5,164,839.14
<b>2018 TOTALS:</b>		<b>651,172.32</b>	<b>154,558.59</b>	<b>496,613.73</b>	
72	01-01-2019	54,264.36	12,475.24	41,789.12	5,123,050.02
73	02-01-2019	54,264.36	12,374.30	41,890.06	5,081,159.96
74	03-01-2019	54,264.36	11,085.40	43,178.96	5,037,981.00
75	04-01-2019	54,264.36	12,168.82	42,095.54	4,995,885.46
76	05-01-2019	54,264.36	11,677.88	42,586.48	4,953,298.98
77	06-01-2019	54,264.36	11,964.28	42,300.08	4,910,998.90
78	07-01-2019	54,264.36	11,479.46	42,784.90	4,868,214.00
79	08-01-2019	54,264.36	11,758.77	42,505.59	4,825,708.41
80	09-01-2019	54,264.36	11,656.10	42,608.26	4,783,100.15
81	10-01-2019	54,264.36	11,180.50	43,083.86	4,740,016.29
82	11-01-2019	54,264.36	11,449.11	42,815.25	4,697,201.04
83	12-01-2019	54,264.36	10,979.71	43,284.65	4,653,916.39
<b>2019 TOTALS:</b>		<b>651,172.32</b>	<b>140,249.57</b>	<b>510,922.75</b>	
84	01-01-2020	54,264.36	11,241.15	43,023.21	4,610,893.18
85	02-01-2020	54,264.36	11,137.23	43,127.13	4,567,766.05
86	03-01-2020	54,264.36	10,321.25	43,943.11	4,523,822.94
87	04-01-2020	54,264.36	10,926.92	43,337.44	4,480,485.50
88	05-01-2020	54,264.36	10,473.14	43,791.22	4,436,694.28
89	06-01-2020	54,264.36	10,716.47	43,547.89	4,393,146.39
90	07-01-2020	54,264.36	10,268.98	43,995.38	4,349,151.01
91	08-01-2020	54,264.36	10,505.01	43,759.35	4,305,391.66
92	09-01-2020	54,264.36	10,399.32	43,865.04	4,261,526.62
93	10-01-2020	54,264.36	9,961.32	44,303.04	4,217,223.58
94	11-01-2020	54,264.36	10,186.35	44,078.01	4,173,145.57
95	12-01-2020	54,264.36	9,754.73	44,509.63	4,128,635.94
<b>2020 TOTALS:</b>		<b>651,172.32</b>	<b>125,891.87</b>	<b>525,280.45</b>	
96	01-01-2021	54,264.36	9,972.38	44,291.98	4,084,343.96
97	02-01-2021	54,264.36	9,865.39	44,398.97	4,039,944.99
98	03-01-2021	54,264.36	8,813.81	45,450.55	3,994,494.44
99	04-01-2021	54,264.36	9,648.37	44,615.99	3,949,878.45
100	05-01-2021	54,264.36	9,232.84	45,031.52	3,904,846.93
101	06-01-2021	54,264.36	9,431.83	44,832.53	3,860,014.40
102	07-01-2021	54,264.36	9,022.78	45,241.58	3,814,772.82
103	08-01-2021	54,264.36	9,214.27	45,050.09	3,769,722.73
104	09-01-2021	54,264.36	9,105.45	45,158.91	3,724,563.82
105	10-01-2021	54,264.36	8,706.17	45,558.19	3,679,005.63
106	11-01-2021	54,264.36	8,886.33	45,378.03	3,633,627.60
107	12-01-2021	54,264.36	8,493.60	45,770.76	3,587,856.84
<b>2021 TOTALS:</b>		<b>651,172.32</b>	<b>110,393.22</b>	<b>540,779.10</b>	
108	01-01-2022	54,264.36	8,666.17	45,598.19	3,542,258.65
109	02-01-2022	54,264.36	8,556.03	45,708.33	3,496,550.32
110	03-01-2022	54,264.36	7,628.31	46,636.05	3,449,914.27
111	04-01-2022	54,264.36	8,332.98	45,931.38	3,403,982.89
112	05-01-2022	54,264.36	7,956.81	46,307.55	3,357,675.34
113	06-01-2022	54,264.36	8,110.19	46,154.17	3,311,521.17
114	07-01-2022	54,264.36	7,740.68	46,523.68	3,264,997.49
115	08-01-2022	54,264.36	7,886.33	46,378.03	3,218,619.46
116	09-01-2022	54,264.36	7,774.31	46,490.05	3,172,129.41
117	10-01-2022	54,264.36	7,414.85	46,849.51	3,125,279.90
118	11-01-2022	54,264.36	7,548.85	46,715.51	3,078,564.39

**AMORTIZATION SCHEDULE  
(Continued)**

119	12-01-2022	54,264.36	7,196.14	47,068.22	3,031,496.17
<b>2022 TOTALS:</b>		<b>651,172.32</b>	<b>94,811.65</b>	<b>556,360.67</b>	
120	01-01-2023	54,264.36	7,322.33	46,942.03	2,984,554.14
121	02-01-2023	54,264.36	7,208.94	47,055.42	2,937,498.72
122	03-01-2023	54,264.36	6,408.64	47,855.72	2,889,643.00
123	04-01-2023	54,264.36	6,979.69	47,284.67	2,842,358.33
124	05-01-2023	54,264.36	6,644.01	47,620.35	2,794,737.98
125	06-01-2023	54,264.36	6,750.46	47,513.90	2,747,224.08
126	07-01-2023	54,264.36	6,421.64	47,842.72	2,699,381.36
127	08-01-2023	54,264.36	6,520.13	47,744.23	2,651,637.13
128	09-01-2023	54,264.36	6,404.81	47,859.55	2,603,777.58
129	10-01-2023	54,264.36	6,086.33	48,178.03	2,555,599.55
130	11-01-2023	54,264.36	6,172.84	48,091.52	2,507,508.03
131	12-01-2023	54,264.36	5,861.30	48,403.06	2,459,104.97
<b>2023 TOTALS:</b>		<b>651,172.32</b>	<b>78,781.12</b>	<b>572,391.20</b>	
132	01-01-2024	54,264.36	5,939.76	48,324.60	2,410,780.37
133	02-01-2024	54,264.36	5,823.04	48,441.32	2,362,339.05
134	03-01-2024	54,264.36	5,337.90	48,926.46	2,313,412.59
135	04-01-2024	54,264.36	5,587.86	48,676.50	2,264,736.09
136	05-01-2024	54,264.36	5,293.82	48,970.54	2,215,765.55
137	06-01-2024	54,264.36	5,352.00	48,912.36	2,166,853.19
138	07-01-2024	54,264.36	5,065.02	49,199.34	2,117,653.85
139	08-01-2024	54,264.36	5,115.02	49,149.34	2,068,504.51
140	09-01-2024	54,264.36	4,996.30	49,268.06	2,019,236.45
141	10-01-2024	54,264.36	4,719.97	49,544.39	1,969,692.06
142	11-01-2024	54,264.36	4,757.63	49,506.73	1,920,185.33
143	12-01-2024	54,264.36	4,488.43	49,775.93	1,870,409.40
<b>2024 TOTALS:</b>		<b>651,172.32</b>	<b>62,476.75</b>	<b>588,695.57</b>	
144	01-01-2025	54,264.36	4,517.82	49,746.54	1,820,662.86
145	02-01-2025	54,264.36	4,397.66	49,866.70	1,770,796.16
146	03-01-2025	54,264.36	3,863.29	50,401.07	1,720,395.09
147	04-01-2025	54,264.36	4,155.47	50,108.89	1,670,286.20
148	05-01-2025	54,264.36	3,904.29	50,360.07	1,619,926.13
149	06-01-2025	54,264.36	3,912.80	50,351.56	1,569,574.57
150	07-01-2025	54,264.36	3,668.88	50,595.48	1,518,979.09
151	08-01-2025	54,264.36	3,668.97	50,595.39	1,468,383.70
152	09-01-2025	54,264.36	3,546.76	50,717.60	1,417,666.10
153	10-01-2025	54,264.36	3,313.79	50,950.57	1,366,715.53
154	11-01-2025	54,264.36	3,301.19	50,963.17	1,315,752.36
155	12-01-2025	54,264.36	3,075.57	51,188.79	1,264,563.57
<b>2025 TOTALS:</b>		<b>651,172.32</b>	<b>45,326.49</b>	<b>605,845.83</b>	
156	01-01-2026	54,264.36	3,054.45	51,209.91	1,213,353.66
157	02-01-2026	54,264.36	2,930.75	51,333.61	1,162,020.05
158	03-01-2026	54,264.36	2,535.14	51,729.22	1,110,290.83
159	04-01-2026	54,264.36	2,681.82	51,582.54	1,058,708.29
160	05-01-2026	54,264.36	2,474.73	51,789.63	1,006,918.66
161	06-01-2026	54,264.36	2,432.13	51,832.23	955,086.43
162	07-01-2026	54,264.36	2,232.51	52,031.85	903,054.58
163	08-01-2026	54,264.36	2,181.25	52,083.11	850,971.47
164	09-01-2026	54,264.36	2,055.45	52,208.91	798,762.56
165	10-01-2026	54,264.36	1,867.11	52,397.25	746,365.31
166	11-01-2026	54,264.36	1,802.78	52,461.58	693,903.73
167	12-01-2026	54,264.36	1,622.00	52,642.36	641,261.37
<b>2026 TOTALS:</b>		<b>651,172.32</b>	<b>27,870.12</b>	<b>623,302.20</b>	
168	01-01-2027	54,264.36	1,548.91	52,715.45	588,545.92
169	02-01-2027	54,264.36	1,421.58	52,842.78	535,703.14
170	03-01-2027	54,264.36	1,168.73	53,095.63	482,607.51
171	04-01-2027	54,264.36	1,165.70	53,098.66	429,508.85
172	05-01-2027	54,264.36	1,003.98	53,260.38	376,248.47
173	06-01-2027	54,264.36	908.80	53,355.56	322,892.91
174	07-01-2027	54,264.36	754.76	53,509.60	269,383.31
175	08-01-2027	54,264.36	650.67	53,613.69	215,769.62
176	09-01-2027	54,264.36	521.17	53,743.19	162,026.43
177	10-01-2027	54,264.36	378.74	53,885.62	108,140.81
178	11-01-2027	54,264.36	261.21	54,003.15	54,137.66
179	12-01-2027	54,264.36	126.70	54,137.66	0.00
<b>2027 TOTALS:</b>		<b>651,172.32</b>	<b>9,910.95</b>	<b>641,261.37</b>	
<b>TOTALS:</b>		<b>9,713,320.44</b>	<b>1,813,320.44</b>	<b>7,900,000.00</b>	



**AMORTIZATION SCHEDULE  
(Continued)**

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**NOTICE:** This is an estimated loan amortization schedule. Actual amounts may vary if payments are made on different dates or in different amounts.

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