

INSTALLMENT PURCHASE AND SALE AGREEMENT

by and between

TRUCKEE TAHOE AIRPORT DISTRICT

and

MUNICIPAL FINANCE CORPORATION

Dated as of August 1, 2017

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INSTALLMENT PURCHASE AND SALE AGREEMENT

This INSTALLMENT PURCHASE AND SALE AGREEMENT, made and entered into as of August 1, 2017 by and between TRUCKEE TAHOE AIRPORT DISTRICT (the “District”), a public corporation organized and existing under the California Airport District Act (Part 2 of Division 9, commencing with Section 22001, of the California Public Utilities Code) (the “Act”), and MUNICIPAL FINANCE CORPORATION (the “Corporation”), a corporation duly organized and existing under and by virtue of the laws of the State of California.

WITNESSETH:

WHEREAS, the District proposes to acquire and construct certain capital improvements, as described in Exhibit B hereto (the “2017 Project”);

WHEREAS, the Corporation has agreed to assist the District in financing the acquisition and construction of the 2017 Project by causing to be deposited in the Acquisition Fund established pursuant to this Agreement the sum of seven million, eight hundred thousand dollars (\$7,800,000) on the terms and conditions set forth in this Agreement;

WHEREAS, the District is authorized by the Act, including but not limited to Section 22553 thereof, to acquire property for District purposes and to enter into contracts in connection therewith;

WHEREAS, the District and the Corporation have duly authorized the execution of this Agreement; and

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

NOW, THEREFORE, IN CONSIDERATION OF THESE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein.

Accountant’s Report. The term “Accountant’s Report” means a report signed by an Independent Certified Public Accountant.

Acquisition Fund. The term “Acquisition Fund” means the Acquisition Fund by that name created pursuant to Section 3.5 hereof.

Act. The term “Act” means the California Airport District Act (Part 2 of Division 9, commencing with Section 22001, of the California Public Utilities Code), and all laws amendatory thereof or supplemental thereto.

Agreement. The term “Agreement” means this Installment Purchase and Sale Agreement, dated as of August 1, 2017, by and between the District and the Corporation, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Airport. The term “Airport” means: the whole and each and every part of (a) Truckee Tahoe Airport, a public airport located east of and immediately adjacent to the Town of Truckee, California; (b) all land, buildings, structures and other facilities thereof or related thereto of whatsoever character and wherever situated, and all future enlargements thereof and improvements thereto and substitutions therefor; and (c) all properties, whether real, personal, mixed or otherwise, now owned or hereafter acquired by the District and used in connection therewith and in any way pertaining thereto.

Assignee. The term “Assignee” means Citizens Business Bank.

Bond Counsel. The term “Bond Counsel” means a firm of attorneys, selected by the District, who are nationally recognized as experts in the area of municipal finance and who are familiar with the transactions contemplated under this Agreement.

Bonds. The term “Bonds” means all revenue bonds or notes of the District authorized, executed, issued and delivered by the District, the payments of which are payable from Net Revenues on a parity with the Installment Payments and which are secured by a pledge of and lien on the Revenues as described in Section 5.1 hereof.

Business Day. The term “Business Day” means a day other than: a Saturday or Sunday or a day on which: (i) banks located in San Francisco are not required or authorized to remain closed; and (ii) the New York Stock Exchange is not closed.

Closing Date. The term “Closing Date” means August 8, 2017, provided that, if the District has failed to deliver to each of the Corporation and the Assignee on or before August 7, 2017 a copy of this Agreement duly executed by the District and such certifications and opinions with respect thereto as may be reasonably required by either the Corporation or the Assignee, said term means the Business Day following the day on which the District delivers said documents to each of the Corporation and the Assignee.

Code. The term “Code” means the Internal Revenue Code of 1986, as amended.

Contracts. The term “Contracts” means and is limited to: (1) this Agreement and any amendments and supplements hereto; and (2) all contracts of the District hereto or hereafter authorized, the Parity Installment Payments with respect to which are payable from Net Revenues on a parity with the Installment Payments and which are secured by a pledge and lien on the Revenues as described in Section 5.1 hereof.

Corporation. The term “Corporation” means Municipal Finance Corporation, a corporation duly organized and existing under and by virtue of the laws of the State of California. Whenever in this Agreement any reference is made to the Corporation and such reference concerns rights that the Corporation has assigned to the Assignee, such reference shall be deemed to refer to the Assignee.

Debt Service. The term “Debt Service” means, for any period of calculation, the sum of:

(1) the interest payable on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are prepaid or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized or is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to any program similar to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009));

(2) those portions of the principal amount of all outstanding serial Bonds maturing in such period;

(3) those portions of the principal amount of all outstanding term Bonds required to be prepaid or paid in such period; and

(4) those portions of the Contracts required to be paid during such period (except to the extent that the interest evidenced and represented thereby is capitalized or is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to any program similar to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009));

but less the earnings to be derived from the investment of moneys on deposit in debt service reserve funds established for Bonds or Contracts;

provided that, as to any such Bonds or Contracts bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall, for all purposes, be assumed to bear interest at a fixed rate equal to the higher of:

(i) the then current variable interest rate borne by such Bonds or Contracts plus one percentage point; and

(ii) the highest variable rate borne over the preceding 24 months by outstanding variable rate debt issued by the District or, if no such variable rate debt is at the time outstanding, by variable rate debt of which the interest rate is computed by reference to an index comparable to that to be utilized in determining the interest rate for the debt then proposed to be issued;

provided further that if any series or issue of such Bonds or Contracts have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year, Debt Service shall be determined for the period of determination as if the principal of and interest on such series or issue of such Bonds or Contracts were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty-five (25) years from the date of calculation; and

provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Bonds and Contracts for which such debt service reserve fund was established and to the extent the amount in such debt service reserve fund is in excess of such amount of principal, such excess shall be applied to the full amount of principal due, in each preceding year, in descending order, until such amount is exhausted.

District. The term “District” means Truckee Tahoe Airport District, a public corporation organized and existing under the Act.

Event of Default. The term “Event of Default” means an event described in Section 8.1.

Finance Director. The term “Finance Director” means the District’s Director of Finance & Administration, or any other person designated by the Director of Finance & Administration to act on his or her behalf.

Fiscal Year. The term “Fiscal Year” means the twelve-month period selected and designated as the official Fiscal Year of the District (currently, the period beginning on October 1 of each year and ending on September 30 of the succeeding year, but expected to be changed to the period beginning on January 1 of each year and ending on December 31 of that year).

Independent Certified Public Accountant. The term “Independent Certified Public Accountant” means any firm of certified public accountants appointed by the District, each of whom is independent of the District and the Corporation pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

Independent Financial Consultant. The term “Independent Financial Consultant” means a financial consultant or firm of such consultants appointed by the District, and who, or each of whom: (1) is in fact independent and not under domination of the District; (2) does not have any substantial interest, direct or indirect, with the District; and (3) is not connected with the District as an officer or employee thereof, but who may be regularly retained to make reports thereto.

Installment Payment Date. The term “Installment Payment Date” means each anniversary of the Closing Date, or if said date is not a Business Day, then the preceding Business Day; or (ii) any other date upon which Installment Payments become due and payable, whether by acceleration, prepayment or otherwise.

Installment Payments; Parity Installment Payments. The term “Installment Payments” means the installment payments of interest and principal scheduled to be paid by the District under and pursuant hereto. The term “Parity Installment Payments” means the payments of interest and principal scheduled to be paid by the District under and pursuant to other Contracts.

Manager. The term “Manager” means the General Manager of the District, or any other person designated by the General Manager to act on behalf of the General Manager.

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

Operation and Maintenance Costs. The term “Operation and Maintenance Costs” means (a) all costs spent or incurred for the maintenance and operation of the Airport, calculated in

accordance with generally accepted accounting principles applicable to governmental agencies, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Airport in good repair and working order, (b) administrative costs of the District, including but not limited to salaries and wages of employees, payments to the District's pension plan (if any), overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys, consultants or engineers, and insurance premiums, and (c) all other reasonable and necessary costs of the District or charges (other than Debt Service and capital expenditures) required to be paid by it to comply with the terms of this Agreement or any other Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds; but excluding (x) any allowance for depreciation, (y) reserves for capital replacement, operations, maintenance and repairs, and (z) liabilities that are not based on the District's contracts.

Permitted Investments. The term "Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein and are authorized investments under the District's investment policy in effect at the time of such investment:

(a) for all purposes, including but not limited to discharge of Installment Payments in accordance with Section 9.1: (1) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in clause (2) hereof); or (2) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America; and

(b) for all purposes other than discharge of Installment Payments in accordance with Section 9.1: (1) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including the Export - Import Bank; Farmers Home Administration; General Services Administration; U.S. Maritime Administration; Small Business Administration; Government National Mortgage Association (GNMA); U.S. Department of Housing & Urban Development (PHAs); and Federal Housing Administration; (2) bonds, notes or other evidences of indebtedness rated "AAA" and "Aaa" by the applicable rating agency issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years; (3) U.S. dollar denominated deposit accounts, certificates of deposit, federal funds and banker's acceptances with domestic commercial banks (including the Corporation and its affiliates) which are either insured by the Federal Deposit Insurance Corporation or have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank); (4) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P and which matures not more than 270 days after the date of purchase; (5) investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including such funds for which the Corporation or an affiliate acts as investment advisor or provides other services; (6) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and which are rated, based on the escrow, in the highest rating category of S&P or any successor thereto; (7) the State of California Local Agency Investment Fund, (8) the Placer County Investment Pool or any similar investment pool managed by the Treasurer of Placer County and (9) any other investment approved in writing by

the Corporation; *provided* that amounts on deposit in the Acquisition Fund shall not be invested pursuant to clause (3) of this subparagraph (b) without the written permission of the Corporation.

Purchase Price. The term “Purchase Price” means the principal amount plus interest thereon owed by the District to the Corporation under the terms hereof as provided in Section 4.1.

Revenue Fund. The term “Revenue Fund” means the General Fund of the District, together with other accounts created in the future and designated by action of the Board of Directors as a part of the Revenue Fund by that name established pursuant to Section 5.2 hereunder.

Revenues. The term “Revenues” means (a) the proceeds of 1% *ad valorem* property taxes received by the District and any other revenues derived from the ownership and or operation of the Airport and (b) the earnings on and income derived from the investment of the amounts described in clause (a) hereof, and on the general unrestricted reserves of the District; but excluding (x) any proceeds of taxes or assessments restricted by law to be used by the District to pay obligations of the District other than Bonds or Contracts, (y) any Bond proceeds and any other money credited to the Acquisition Fund or any like account for financing the acquisition or construction of capital improvements to the Airport, and (z) grant proceeds the use of which is restricted to particular purposes by the grantor, including but not limited to grants from the Federal Aviation Administration related to annual projects funded by it.

2017 Project; The term “2017 Project” has the meaning ascribed thereto in the first WHEREAS clause herein.

Written Consent of the Corporation or District, Written Order of the Corporation or District, Written Request of the Corporation or District, Written Requisition of the Corporation or District. The terms “Written Consent of the Corporation or District,” “Written Order of the Corporation or District,” “Written Request of the Corporation or District,” and “Written Requisition of the Corporation or District” mean, respectively, a written consent, order, request or requisition signed by or on behalf of: (a) the Corporation by its Authorized Representative; or (b) the District by the President of its Board of Directors or its Manager.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations by the District. The District makes the following representations:

(a) The District is public corporation duly organized and existing under and pursuant to the Act and the laws of the State of California.

(b) The District has full legal right, power and authority to enter into this Agreement and carry out its obligations hereunder, to carry out and consummate all other transactions contemplated by this Agreement, and the District has complied with the provisions of the Act in all matters relating to such transactions.

(c) By proper action, the District has duly authorized the execution, delivery and due performance of this Agreement.

(d) The District will not take or, to the extent within its power, permit any action to be taken which results in the interest paid for the installment purchase of the 2017 Project under the terms of this Agreement being included in the gross income of the Corporation for purposes of federal income taxation or not being exempt from California income taxation.

(e) The District has determined that it is necessary and proper for District uses and purposes within the terms of the Act that the District acquire and construct the 2017 Project in the manner provided for in this Agreement.

Section 2.2. Representations and Warranties by the Corporation. The Corporation represents, warrants and covenants to the District as follows:

(a) The Corporation is a corporation duly organized and existing under the laws of the State of California.

(b) The Corporation is entering into this Agreement as an arm's length commercial transaction and is not acting as a fiduciary or a "Municipal Advisor" as such term is defined in Section 15B(e)(4) of the Securities Exchange Act of 1934, as amended.

(c) The laws of the State of California authorize the Corporation to enter into this Agreement, to enter into the transactions contemplated hereby and thereby and to carry out its obligations under this Agreement; and the Board of Directors of the Corporation has duly authorized the execution and delivery of this Agreement.

(d) Neither the execution and delivery of this Agreement nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Corporation is now a party or by which the Corporation 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 Corporation.

(e) The Corporation will not assign this Agreement, its right to receive Installment Payments from the District or its duties and obligations hereunder to any person, firm or corporation other than the Assignee.

ARTICLE III

ACQUISITION AND CONSTRUCTION OF THE 2017 PROJECT

Section 3.1. Acquisition and Construction of the 2017 Project. On the Closing Date the Corporation will transfer, or cause to be transferred, to the District for deposit in the Acquisition fund the sum of seven million, eight hundred thousand dollars (\$7,800,000); and the Corporation will cause the 2017 Project and any additions or modifications thereto to be constructed, acquired and installed by the District as the Corporation's agent. The District shall enter into contracts and provide for, as agent for the Corporation, the complete construction, acquisition and installation of the 2017 Project. The District hereby agrees that it will cause the construction, acquisition and installation of the 2017 Project to be diligently performed after the deposit of funds into the Acquisition Fund, unforeseeable delays beyond the reasonable control of the District only excepted.

It is hereby expressly understood and agreed that the Corporation shall be under no liability of any kind or character whatsoever for the payment of any cost of the 2017 Project and that all such costs and expenses shall be paid by the District.

Section 3.2. Changes to the Project. The District may substitute other improvements for those listed as components of the 2017 Project in Exhibit B hereto, but only if the District first files with the Corporation a statement of the District in the form attached as Exhibit D:

(a) identifying the improvements to be substituted and the improvements to District facilities they replace in the 2017 Project; and

(b) stating that the estimated costs of construction, acquisition and installation of the substituted improvements are not less than such costs for the improvements previously planned.

Section 3.3. Purchase and Sale of 2017 Project. In consideration for the Installment Payments, the Corporation agrees to sell, and hereby sells, to the District, and the District agrees to purchase, and hereby purchases, from the Corporation, the 2017 Project at the purchase price specified in Section 4.1 hereof and otherwise in the manner and in accordance with the provisions of this Agreement.

Section 3.4. Title. All right, title and interest in each component of the 2017 Project shall vest in the District immediately upon acquisition or construction thereof. Such vesting shall occur without further action by the Corporation or the District; and the Corporation shall, if requested by the District or if necessary to assure such automatic vesting, deliver any and all documents required to assure such vesting.

Section 3.5. Acquisition Fund. There is hereby established with the District the Acquisition Fund, and the District shall deposit therein the amount received by it pursuant to Section 3.1. The moneys in the Acquisition Fund shall be held by the District in trust and applied to the payment of the costs of acquisition and construction of the 2017 Project and of expenses incidental thereto, costs incurred by the District in connection with the execution and delivery of this Agreement. As long as there is any balance remaining on deposit in the Acquisition Fund, the District shall pay for such costs and expenses solely from the Acquisition Fund and not from any other funds of the District, provided that the District may advance any such other funds to pay for such costs and expenses and reimburse itself therefor from the Acquisition Fund.

Before any payment is made from the Acquisition Fund by the Finance Director, the Manager, acting as agent of the Corporation, shall cause to be filed with the Finance Director a Written Requisition of the District in the form set forth in Exhibit C hereto.

Upon receipt of each such Written Requisition, the Finance Director will pay the amount set forth in such Written Requisition as directed by the terms thereof. The Finance Director need not make any such payment if he or she has received notice of any lien, right to lien or attachment upon or claim affecting the right to receive payment of any of the moneys to be so paid which has not been released or will not be released simultaneously with such payment.

When the 2017 Project shall have been constructed and acquired in accordance with this Installment Purchase Agreement, a statement of the District stating the fact and date of such acquisition, construction and acceptance and stating that all of such costs of acquisition and

incidental expenses have been determined and paid (or that all of such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the Acquisition Fund is to be maintained in the full amount of such claims until such dispute is resolved), shall be delivered to the Finance Director by the Manager. Upon the receipt of such statement, the Finance Director shall transfer any remaining balance in the Acquisition Fund not needed for Acquisition Fund purposes (but less the amount of any such retention which shall be certified to the Finance Director by the Manager) to the Corporation, which shall apply such amounts as either as a credit against the next succeeding Installment Payment or as prepayment of Installment Payments in accordance with Section 7.1(b), as directed by the District.

Section 3.6. Disclaimer of Warranties. THE CORPORATION MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OF THE 2017 PROJECT OR ANY PART THEREOF, OR AS TO THE FITNESS FOR ANY PARTICULAR USE OF THE 2017 PROJECT OR ANY PART THEREOF OR AS TO THE FITNESS OF THE 2017 PROJECT OR ANY PART THEREOF FOR THE USE CONTEMPLATED BY THE DISTRICT, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT THERETO. THE DISTRICT ACKNOWLEDGES THAT THE CORPORATION IS NOT A CONTRACTOR OF THE 2017 PROJECT, THAT THE DISTRICT PURCHASES THE 2017 PROJECT "AS-IS," IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE DISTRICT. IN NO EVENT SHALL THE CORPORATION BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR THE ACQUISITION, CONSTRUCTION, EXISTENCE, FURNISHING, FUNCTIONING OR THE DISTRICT'S USE OF ANY ITEM OR PRODUCTS OR SERVICES PROVIDED FOR IN THIS AGREEMENT. THE DISTRICT ACKNOWLEDGES THAT IT IS SOLELY RESPONSIBLE FOR DETERMINING THE SUITABILITY OF THE 2017 PROJECT FOR ITS INTENDED USE.

ARTICLE IV

INSTALLMENT PAYMENTS

Section 4.1. Purchase Price.

(a) The Purchase Price with respect to the 2017 Project to be paid by the District hereunder to the Corporation is the sum of the principal amount of the District's obligations hereunder plus the interest to accrue on the unpaid balance of such principal amount from the effective date hereof over the term hereof, subject to prepayment as provided in Article VII.

(b) The principal amount of the payments to be made by the District hereunder is set forth in Exhibit A hereto.

(c) The interest to accrue on the unpaid balance of such principal amount shall accrue at a rate of 3.50% per annum, as specified in Section 4.2 and Exhibit A hereto, and shall be paid by the District as and constitute interest paid with respect to the principal amount of the District's obligations hereunder.

Section 4.2. Installment Payments. The District shall, subject to any rights of prepayment provided in Article VII, pay the Corporation the Purchase Price of the 2017 Project in installment payments of interest and principal in the amounts and on the Installment Payment Dates as set forth in Exhibit A hereto.

Each Installment Payment shall be paid to the Corporation in lawful money of the United States of America. In the event that the District fails to make any of the payments required to be made by it under this section, such payment shall continue as an obligation of the District until such amount shall have been fully paid; and the District agrees to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the remaining unpaid principal balance of the Installment Payments if paid in accordance with their terms.

Subject to Section 10.1 hereof, the obligation of the District to make the Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX), the District will not discontinue or suspend any Installment Payments required to be made by it under this section when due, whether or not the 2017 Project has been completed and whether or not any part thereof is operating or operable, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part; and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

ARTICLE V

SECURITY

Section 5.1. Pledge of Revenues. All Revenues and all amounts on deposit in the Revenue Fund are hereby irrevocably pledged to the payment of Operation and Maintenance Costs and the Installment Payments as provided herein, and the Revenues shall not be used for any other purpose while any of the Installment Payments remain unpaid; provided that out of the Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge, together with the pledge created by all other Contracts and Bonds, shall constitute a first lien on Revenues and, subject to application of Revenues and all amounts on deposit in the Revenue Fund as permitted herein, on the Revenue Fund and other funds and accounts created hereunder for the payment of Operation and Maintenance Costs and Installment Payments and all other Contracts and Bonds in accordance with the terms hereof.

Section 5.2. Allocation of Revenues. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants that all Revenues shall be received by the District in trust hereunder and shall be deposited when and as received in a special fund designated as the "Revenue Fund," which fund is hereby established and which fund the District agrees and covenants to maintain and to hold separate and apart from other funds so long as any Contracts or Bonds remain unpaid.

The District shall, from the moneys in the Revenue Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as such Operation and Maintenance Costs become due and payable. Thereafter, all remaining moneys in the Revenue Fund shall be applied by the District at the following times for the transfer to the following respective

special funds and accounts in the following order of priority; and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes set forth in this section.

(a) Installment Payments. On or before each Installment Payment Date, the District shall, from the moneys in the Revenue Fund, transfer (i) to the Corporation the portion of each Installment Payment due and payable on that Installment Payment Date and (ii) to the applicable trustee, fiscal agent or other applicable party for deposit in the respective payment fund any other Debt Service then due and payable in accordance with the provisions of any Bond or Contract, in each case without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference.

(b) Reserve Funds. On or before each Installment Payment Date, the District shall, from the remaining moneys in the Revenue Fund, thereafter, without preference or priority and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer for deposit to the applicable recipient for such other reserve funds and/or accounts, if any, as may have been established in connection with Bonds or Contracts other than this Agreement, the amount required to be deposited therein pursuant to such Bonds or Contracts, as applicable.

(c) Surplus. Moneys on deposit in the Revenue Fund on each Installment Payment Date not necessary to make any of the payments required above may be expended by the District at any time for capital expenditures or for any other purpose permitted by law.

Section 5.3. Additional Contracts and Bonds. The District may at any time execute any Contract or issue any Bonds, as the case may be, in accordance herewith; provided the Net Revenues for either: (i) the most recent audited Fiscal Year; or (ii) any twelve consecutive months occurring in the last eighteen months, in each case preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, as evidenced by a calculation prepared by the Manager or Finance Director and a report verifying the accuracy of such calculation prepared by an Independent Certified Public Accountant or Independent Financial Adviser, shall have produced a sum equal to at least one hundred fifteen percent (115%) of the Debt Service for such Fiscal Year or twelve month period, as the case may be, taking into account (a) all Contracts executed and Bonds issued subsequent to the first day of such Fiscal Year or twelve month period and (b) the Contract then proposed to be executed or the Bonds then proposed to be issued as if all such Contract and/or Bonds existed as of the first day of such Fiscal Year or twelve consecutive month period.

Notwithstanding the foregoing, Bonds or Contracts may be issued or incurred to refund outstanding Bonds or Contracts if, after giving effect to the application of the proceeds thereof, total Debt Service (including Bonds or Contracts outstanding on the date of issuance or incurrence of such refunding Bonds or Contracts, but excluding such refunded Bonds or Contracts) will not be increased in an amount in excess of ten percent (10%) in any Fiscal Year in which an Installment Payment will be payable.

Section 5.4. Investments. All moneys held by the District in the Revenue Fund and the Acquisition Fund shall be invested in Permitted Investments, and the investment earnings thereon shall remain on deposit in such fund, except as otherwise provided herein.

ARTICLE VI

COVENANTS OF THE DISTRICT

Section 6.1. Compliance with Installment Purchase and Sale Agreement and Ancillary Agreements. The District will punctually pay the Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the 2017 Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Corporation to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Corporation or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

The District will faithfully observe and perform all of the agreements, conditions, covenants and terms required to be observed and performed by it pursuant to all outstanding Contracts and Bonds as such may from time to time be executed or issued, as the case may be.

Section 6.2. Against Encumbrances. The District will not make any pledge of or place any lien on the Revenues except as provided in Sections 5.1 and 5.3 hereof. The District will not make any pledge of or place any lien on any other Revenues or the moneys in the Revenue Fund prior to the lien created in Section 5.1 hereof. The District will not make any pledge of or place any lien on any other Revenues or the moneys in the Revenue Fund on a parity with the lien created in Section 5.1 hereof except as provided in Section 5.3. The District may at any time, or from time to time: (i) incur evidences of indebtedness or incur other obligations for any lawful purpose which are payable from and secured by a pledge of or lien on Revenues or any moneys in the Revenue Fund as may from time to time be deposited therein, provided that such pledge and lien shall be subordinate in all respects to the pledge of and lien thereon provided herein; or (ii) execute Contracts or issue Bonds as permitted herein.

Section 6.3. Against Sale or Other Disposition of Property. The District will not enter into any agreement for the sale or lease of the Airport or any portion thereof which would reasonably foreseeably impair its ability to pay Debt Service as the same becomes due. Any real or personal property which is part of any of the Airport and which has become inoperative or which is not needed for the efficient and proper leasing or other operation of the Airport, or any material or equipment which has become worn out, may be sold if (i) such sale will not would reasonably foreseeably impair the ability of the District to pay Debt Service as it becomes due and (ii) the proceeds of such sale are deposited in the Revenue Fund.

Nothing herein shall restrict the ability of the District to sell or lease any portion of the Airport if such portion is immediately repurchased or leased back by the District and if such arrangement cannot by its terms result in: (i) the purchaser or lessee of such portion of the Airport exercising any remedy which would deprive the District of or otherwise interfere with its right to

own and operate such portion of the Airport; or (ii) the creation of a payment obligation of the District structurally or contractually senior to the obligation to make Installment Payments.

Section 6.4. Against Competitive Facilities. To the extent permitted by law, the District covenants that it will not acquire, construct, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate any other airport facility within the District; provided that nothing contained herein shall prevent the District from acquiring or constructing enlargements of or additional improvements or other betterments to, the Airport.

Section 6.5. Tax Covenants. Notwithstanding any other provision of this Agreement, absent an opinion of Bond Counsel that the exclusion from gross income of the interest component of the Installment Payments will not be adversely affected for federal income tax purposes, the District and the Corporation covenant to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenant, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The District and the Corporation will not take or omit to take any action or make any use of the moneys deposited in the Acquisition Fund or of any other moneys or property which would cause the Installment Payments to be “private activity bonds” within the meaning of Section 141 of the Code. In particular, the District will not enter into any lease of space within any structure included in the 2017 Project that cannot be terminated without penalty or cause at the option of the District upon not less than fifty (50) days’ notice unless such lease is (i) to a natural person or to the State of California or any department of agency or political subdivision thereof, (ii) prohibits the use of any such space for private business purposes and (iii) cannot be assigned or sublet to any person or entity other than one described in clause (i) above.

(b) Arbitrage. The District and the Corporation will make no use of the moneys deposited in the Acquisition Fund or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause the Installment Payments to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(c) Federal Guarantee. The District and the Corporation will make no use of the moneys deposited in the Acquisition Fund or take or omit to take any action that would cause the Installment Payments to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(d) Information Reporting. The District and the Corporation will take or cause to be taken all necessary action to comply with the informational reporting requirements of Section 149(e) of the Code.

(e) Hedge Bonds. The District and the Corporation will make no use of the moneys deposited in the Acquisition Fund or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Installment Payments to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of the interest component of the Installment Payments for federal income tax purposes.

(f) Bank Qualified. The District hereby designates this Agreement as “bank-qualified” for purposes of paragraph (3) of Section 265(b) of the 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 Code) from gross income for federal income tax purposes (excluding: (i) private activity bonds, as defined in Section 141 of the Code, except qualified 501(c)(3) bonds as defined in Section 145 of the Code; and (ii) current funding obligations to the extent that the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), including this Agreement, has been or will be issued by the District, including all subordinate entities of the District, during the calendar year 2017.

(g) Miscellaneous. The District and the Corporation will take no action, or omit to take any action, inconsistent with the expectations stated in any tax certificate executed in connection with the Installment Payments and will comply with the covenants and requirements stated therein and incorporated by reference herein.

This section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the District and the Corporation from causing to be executed and delivered Contracts or to issue Bonds, the interest with respect to which has been determined by nationally recognized bond counsel not to be subject to federal income taxation.

Section 6.6. Maintenance and Operation of the Airport. The District will maintain and preserve the Airport in good repair and working order at all times and will operate the Airport in an efficient and economical manner and will pay all Operation and Maintenance Costs as they become due and payable. In addition, the District will use its best efforts to operate the Airport in such a manner (consistent with its covenants set forth in Section 6.5 of this Agreement) as it reasonably believes will result in Net Revenues in any Fiscal Year at least equal to 1.15 times the Debt Service in such Fiscal Year or, if it determines that it will not be possible to produce Net Revenues in such amount, then in the highest amount reasonably practicable. Solely for the purposes of this Section, “Net Revenues” for any Fiscal Year shall be deemed to include, in addition to all other Net Revenues, the District’s unrestricted cash at the beginning of such Fiscal Year

Section 6.7. Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or the funds or accounts created hereunder or on any funds in the hands of the District pledged to pay the Installment Payments or to the Owners prior or superior to the lien of the Installment Payments or which might impair the security of the Installment Payments.

Section 6.8. Compliance with Contracts. The District will neither take nor omit to take any action under any contract, if the effect of such act or failure to act would in any manner materially adversely impair the ability of the District to pay Installment Payments; and the District will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all other contracts affecting or involving the Airport to the extent that the District is a party thereto.

Section 6.9. Insurance.

(a) The District will procure and maintain or cause to be procured and maintained insurance on the Airport with responsible insurers in such amounts and against such risks (including damage to or destruction of the Airport or any portion thereof) as are usually covered in

connection with structures similar to the Airport so long as such insurance is available from reputable insurance companies.

In the event of any damage to or destruction of the Airport or any portion thereof caused by the perils covered by such insurance, the net proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the Airport. The District shall begin such reconstruction, repair or replacement promptly after such damage or destruction shall occur, and shall continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such net proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the Airport shall be free and clear of all claims and liens.

(b) The District will procure and maintain such other insurance as it shall deem advisable or necessary to protect its interests, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with structures similar to the Airport.

(c) Any insurance required to be maintained by paragraph (a) above and, if the District determines to procure and maintain insurance pursuant to paragraph (b) above, such insurance, may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with structures similar to the Airport and is, in the opinion of an accredited actuary, actuarially sound.

(d) On the Closing Date and at least once in each Fiscal Year thereafter the District will deliver to the Corporation evidence of the insurance coverage then maintained by the District pursuant to this Section.

Section 6.10. Accounting Records; Financial Statements and Other Reports.

(a) The District will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the District, which records shall be available for inspection by the Corporation at reasonable hours and under reasonable conditions.

(b) The District will prepare and file with the Corporation annually within two hundred seventy (270) days after the close of each Fiscal Year (commencing with the first Fiscal Year ending subsequent to the execution and delivery of this Agreement by the District) financial statements of the District for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles, together with an Accountant's Report thereon.

(c) The District will deliver a copy of its operating budget, or evidence of the District's appropriation of moneys sufficient to pay the Installment Payments due in such Fiscal Year, to the Corporation annually within thirty (30) days after adoption of the District's operating budget.

Section 6.11. Protection of Security and Rights of the Corporation. The District will preserve and protect the security hereof and the rights of the Corporation to the Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 6.12. Payment of Taxes and Compliance with Governmental Regulations. The District will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Airport or any part thereof or upon the Revenues when the same shall become due. The District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the leasing or other operation of the Airport or any part thereof, but the District shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

Section 6.13. Further Assurances. The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Corporation of the rights and benefits provided to it herein.

Section 6.14. Enforcement of Contracts. The District will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with any contracts previously or hereafter entered into, if such rescission or amendment would result in a default by the District in the payment of Installment Payments.

Section 6.15. Observance of Laws and Regulations. To the extent necessary to assure its performance hereunder, the District will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America, or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the District, respectively, including its right to exist and carry on its business, to the end that such contracts, rights and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

ARTICLE VII

PREPAYMENT OF INSTALLMENT PAYMENTS

Section 7.1. Prepayment.

(a) The District may prepay the Installment Payments as a whole or in part, in the order of payment date as directed by the District, on any date on or after the fourth anniversary of the Closing Date, at a prepayment price equal to the principal amount of the Installment Payments to be prepaid plus accrued interest thereon to the date of prepayment, without premium. Notwithstanding any such prepayment, the District shall not be relieved of its obligations hereunder, including its obligations under Article IV, until the Purchase Price shall have been fully paid (or provision for payment thereof shall have been provided to the written satisfaction of the Corporation).

(b) The District may prepay the Installment Payments in part up to an aggregate principal amount of \$2,000,000 on any date from unspent construction proceeds at a prepayment price equal to the principal amount of the Installment Payments to be prepaid plus accrued interest thereon to the date of prepayment, without premium. Any such prepayment shall be applied in such a manner as to result in substantially equal future Installment Payments. Notwithstanding any such prepayment, the District shall not be relieved of its obligations hereunder, including its obligations under Article IV, until the Purchase Price shall have been fully paid (or provision for payment thereof shall have been provided to the written satisfaction of the Corporation).

Section 7.2. Method of Prepayment. Before making any prepayment pursuant to Section 7.1, the District shall give written notice to the Corporation specifying the date on which the Installment Payments will be paid, which date shall be not less than thirty (30) days from the date such notice is given.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE CORPORATION

Section 8.1. Events of Default and Acceleration of Installment Payments. If one or more of the following Events of Default shall happen:

(a) if default shall be made by the District in the due and punctual payment of any Installment Payment or any Contract or Bond when and as the same shall become due and payable;

(b) if default shall be made by the District in the performance of any of the other agreements or covenants required herein or in any Contract or Bond to be performed by it, and such default shall have continued for a period of thirty (30) days after the District shall have been given notice in writing of such default by the Corporation;

(c) if the District shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the District seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property;

(d) if payment of the principal of any Contract or Bond is accelerated in accordance with its terms; or

(e) if any representation, warranty or certification of the District shall have been false in any material respect when made;

then and in each and every such case during the continuance of such Event of Default specified above, the Corporation may, by notice in writing to the District, declare the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding. This section however, is subject to the condition that, if at any time after the entire principal amount of the unpaid Installment Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the District shall deposit with the Corporation a sum sufficient to pay the unpaid principal amount of the Installment Payments and/or the unpaid payment of any other Contract or Bond referred to in clause (a) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Installment Payments or such Contract or Bond if paid in accordance with their terms, and the

reasonable expenses of the Corporation, and any and all other defaults known to the Corporation (other than in the payment of the entire principal amount of the unpaid Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Corporation, or provision deemed by the Corporation to be adequate shall have been made therefor, then and in every such case the Corporation, by written notice to the District, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 8.2. Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in Section 8.1, all Revenues thereafter received shall be applied to the payment of Installment Payments in accordance with Sections 5.1 and 5.2 hereof and all Revenues thereafter received shall be applied in the following order:

First, to the payment of the Operation and Maintenance Costs;

Second, to the payment of the fees, costs and expenses of the Corporation, if any, including reasonable compensation to its accountants and counsel; and

Third, to the payment of the entire principal amount of the unpaid Installment Payments and the unpaid principal amount of all Bonds and Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the Installment Payments and such Bonds and Contracts if paid in accordance with their respective terms.

Section 8.3. Other Remedies of the Corporation. The Corporation shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the District or any director, officer or employee thereof, and to compel the District or any such director, officer or employee to perform and carry out its or his duties under the Act and the agreements and covenants required to be performed by it or him contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Corporation; or

(c) by suit in equity upon the happening of an Event of Default to require the District and its directors, officers and employees to account as the trustee of an express trust.

Notwithstanding anything contained herein, the Corporation shall have no security interest in or mortgage on the 2017 Project or any other asset of the District, and no default hereunder shall result in the loss of the 2017 Project or any other asset of the District.

Section 8.4. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the Installment Payments to the Corporation at the respective due dates or upon prepayment from the Net Revenues, the Revenue Fund and any other funds herein pledged for such payment, or shall affect or impair the right of the Corporation, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Corporation shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such

subsequent default or breach of duty or contract. No delay or omission by the Corporation to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Corporation by the Act or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Corporation.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned, the District and the Corporation shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 8.5. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

If any remedial action is discontinued or abandoned, the Corporation shall be restored to their former positions.

ARTICLE IX

DISCHARGE OF OBLIGATIONS

Section 9.1. Discharge of Obligations.

(a) When all or any portion of the Installment Payments shall have become due and payable in accordance herewith or a written notice of the District to prepay all or any portion of the Installment Payments shall have been filed with the Corporation; and

(b) there shall have been deposited with the Corporation at or prior to the Installment Payment Dates or date (or dates) specified for prepayment, in trust for the benefit of the Corporation or its assigns and irrevocably appropriated and set aside to the payment of all or any portion of the Installment Payments, sufficient moneys and non-callable Permitted Investments, issued by the United States of America and described in clause (a) of the definition thereof, the principal of and interest on which when due will provide money sufficient, without reinvestment, to pay all principal, prepayment premium, if any, and interest of such Installment Payments to their respective Installment Payment Dates or prepayment date or dates as the case may be, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Financial Consultant addressed to the Corporation and the Corporation has received an opinion addressed to it in form and substance satisfactory to the Corporation in its sole discretion of qualified counsel to the effect that such deposit and prepayment will not cause the interest component of Installment Payments to be included in gross income for federal income tax purposes;

then and in that event, the right, title and interest of the Corporation herein and the obligations of the District hereunder shall, with respect to all or such portion of the Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Corporation and the obligation of the District to have such moneys and

such Permitted Investments applied to the payment of such Installment Payments, and the obligation of the District to pay any deficiency in such moneys and Permitted Investments).

Upon payment in full of the principal component of all Installment Payments plus interest thereon to the date of payment, the Corporation shall pay over to the District as an overpayment of Installment Payments, all such moneys or such Permitted Investments held by it pursuant hereto other than such moneys and such Permitted Investments as are required for the payment or prepayment of the Installment Payments, which moneys and Permitted Investments shall continue to be held by the Corporation in trust for the payment of the Installment Payments and shall be applied by the Corporation to the payment of the Installment Payments of the District.

ARTICLE X

MISCELLANEOUS

Section 10.1. Liability of District Limited. The obligation of the District to make the Installment Payments is a special obligation of the District payable solely from Net Revenues, and does not constitute a debt of the District or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction. Notwithstanding anything contained herein, the District shall not be required to advance any moneys derived from any source of income other than the Revenues and the Revenue Fund for the payment of amounts due hereunder or for the performance of any agreements or covenants required to be performed by it contained herein. The District may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

Section 10.2. Benefits of Installment Purchase and Sale Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the District and the Corporation any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the District or the Corporation shall be for the sole and exclusive benefit of the other party.

Section 10.3. Successor Is Deemed Included in all References to Predecessor. Whenever either the District or the Corporation is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District or the Corporation, and all agreements and covenants required hereby to be performed by or on behalf of the District or the Corporation shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 10.4. Waiver of Personal Liability. No director, officer or employee of the District shall be individually or personally liable for the payment of the Installment Payments, but nothing contained herein shall relieve any director, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 10.5. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections,

subdivisions or clauses hereof; and the words “hereby”, “herein,” “hereof,” “hereto,” “herewith” and other words of similar import refer to this Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 10.6. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the District or the Corporation shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The District and the Corporation hereby declare that they would have executed this Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 10.7. Net Contract. This Agreement shall be deemed and construed to be a net contract, and the District shall pay absolutely net during the term hereof the Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

Section 10.8. California Law. THIS AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 10.9. Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the District: Truckee Tahoe Airport District
 10356 Truckee Tahoe Airport Road
 Truckee, CA 96161
 Attention: General Manager

If to the Corporation: Municipal Finance Corporation
 2945 Townsgate Road, Suite 200
 Westlake Village, California 91361

Section 10.10. Effective Date. This Agreement shall become effective upon its execution and delivery, and shall terminate when the Purchase Price shall have been fully paid (or provision for the payment thereof shall have been made to the written satisfaction of the Corporation).

Section 10.11. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 10.12. Indemnification of Corporation. The District hereby agrees to indemnify and hold harmless the Corporation, its shareholders, owners, officers, directors, and assigns if and to the extent permitted by law, from and against all claims, advances, damages and losses, including legal fees and expenses, arising out of or in connection with the acceptance or the performance of its duties

hereunder; provided that no indemnification will be made for willful misconduct, negligence or breach of an obligation hereunder by the Corporation.

Section 10.13. Transfer. This Agreement is not subject to transfer or assignment by the District. The District acknowledges the assignment of this Agreement by the Corporation to the Assignee. The District further acknowledges that the Assignee may transfer or assign this Agreement in whole and not in part provided that:

(a) the transferring holder thereof shall first have complied with all applicable state and federal securities laws and regulations; and

(b) the transferring holder thereof can transfer this Agreement only to a transferee who executes and delivers to the Issuer a letter of the transferee substantially to the effect of this letter and who qualifies as an:

(i) a qualified institutional buyer pursuant to Rule 144A of the 1933 Securities Act; or

(ii) an “accredited investor” within the meaning of Section 2(15) of the 1933 Securities Act; and

(iii) the transferring holder thereof will not prepare or furnish, or cause to be prepared or furnished, any disclosure regarding the District without the prior review and written consent of the District, in the District’s sole discretion.

Section 10.14. Amendments Permitted. This Agreement and the rights and obligations of the Corporation and the District may be modified or amended at any time by an amendment hereto which shall become binding when the written consents of the Corporation and the District.

IN WITNESS WHEREOF, the parties hereto have executed and attested this Agreement by their officers thereunto duly authorized as of the day and year first written above.

TRUCKEE TAHOE AIRPORT DISTRICT

President

ATTEST

Secretary of the Board of Directors

MUNICIPAL FINANCE CORPORATION

President

EXHIBIT A
PURCHASE PRICE

1. The principal amount of payments to be made by the District hereunder is \$7,800,000.

2. The installment payments of principal and interest are payable in the amounts and on the Installment Payment Dates as follows:

<i>Installment Payment Date (Anniversary Date)</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total</i>
2018	\$ 275,816	\$ 273,000	\$ 548,816
2019	285,470	263,346	548,816
2020	295,461	253,355	548,816
2021	305,803	243,014	548,816
2022	316,506	232,311	548,816
2023	327,583	221,233	548,816
2024	339,049	209,768	548,816
2025	350,915	197,901	548,816
2026	363,198	185,619	548,816
2027	375,909	172,907	548,816
2028	389,066	159,750	548,816
2029	402,684	146,133	548,816
2030	416,778	132,039	548,816
2031	431,365	117,452	548,816
2032	446,462	102,354	548,816
2033	462,089	86,728	548,816
2034	478,262	70,555	548,816
2035	495,001	53,815	548,816
2036	512,326	36,490	548,816
2037	<u>530,257</u>	<u>18,559</u>	<u>548,816</u>
TOTAL	\$ 7,800,000	\$ 3,176,328	\$10,976,328

EXHIBIT B
THE 2017 PROJECT

The 2017 Project comprises the following:

<i>Project Component</i>	<i>Approximate Cost</i>
Site work & utilities	\$1,900,000
Hangar structures	4,900,000
Contingency	<u>1,000,000</u>
Total	\$7,800,000

EXHIBIT C

FORM OF REQUISITION NO. ____ FOR
DISBURSEMENT FROM ACQUISITION FUND

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting Director of Finance & Administration of the Truckee Tahoe Airport District (the “District”), a public corporation organized and existing under the California Airport District Act (Part 2 of Division 9, commencing with Section 22001, of the California Public Utilities Code), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that, pursuant to Section 3.5 of that certain Installment Purchase and Sale Agreement dated as of August 1, 2017 (the “Installment Purchase and Sale Agreement”), by and between the District and Municipal Finance Corporation, the undersigned hereby requests the General Manager of the District to disburse this date the following amounts from the Acquisition Fund established under the Installment Purchase and Sale Agreement, to the payees designated on the attached Exhibit 1;

(iii) that each obligation mentioned herein has been incurred by the District and is a proper charge against the Acquisition Fund;

(iv) that any approval required under the California Environmental Quality Act, as amended (Division 13 of the California Public Resources Code), prior to the expenditure of such amount for the purpose set forth on the attached Exhibit 1 has been received and is final;

(v) that there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the payees named on the attached Exhibit 1, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen’s or mechanics’ liens accruing by mere operation of law.

TRUCKEE TAHOE AIRPORT DISTRICT

Director of Finance & Administration

EXHIBIT 1

ACQUISITION FUND DISBURSEMENTS

<i>Item Number</i>	<i>Payee Name and Address</i>	<i>Purpose of Obligation</i>	<i>Amount</i>
_____			_____
_____			_____
_____			_____
_____			_____
_____			_____

EXHIBIT D

[FORM OF SUBSTITUTION STATEMENT]

Truckee Tahoe Airport District
10356 Truckee Tahoe Airport Road
Truckee, CA 96161
Attention: General Manager

Municipal Finance Corporation
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361

The undersigned General Manager of the Truckee Tahoe Airport District (the “District”) hereby states pursuant to Section 3.2 of the Installment Purchase and Sale Agreement, dated as of August 1, 2017 (the “Installment Purchase and Sale Agreement”), by and between Municipal Finance Corporation and the District, that each component of the 2017 Project (as defined in the Installment Purchase and Sale Agreement) described in the first column of Exhibit 1 attached hereto, with an estimated cost set forth in the second column of Exhibit 1, will be replaced by the corresponding improvement described in the third column of Exhibit 1 with an estimated cost set forth in the fourth column of Exhibit 1.

Dated: _____, 20__

General Manager

EXHIBIT 1

<i>Components of 2017 Project to be Replaced</i>	<i>Cost of Each Component of 2017 Project to be Replaced</i>	<i>Improvements to be Substituted</i>	<i>Cost of Each Improvement to be Substituted</i>
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