

SECOND AMENDMENT TO CONTINUING COVENANT AGREEMENT

This SECOND AMENDMENT TO CONTINUING COVENANT AGREEMENT (this "*Amendment*") is dated and, subject to Section 2 hereof, effective this [March __, 2017] (the "*Second Amendment Date*"), between CITY OF RIVERSIDE, a chartered city and municipal corporation under the laws of the State of California (the "*City*"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association (the "*Bank*"). All capitalized terms herein and not defined herein shall have the meanings set forth in the hereinafter defined Agreement.

WITNESSETH

WHEREAS, the City and the Bank have previously entered into that certain Continuing Covenant Agreement dated as of April 1, 2011, as amended by that certain First Amendment to Continuing Covenant Agreement dated April 28, 2014 (as amended, the "*Agreement*"), relating to the City's Variable Rate Refunding Electric Revenue Bonds, Issue of 2011A;

WHEREAS, pursuant to Section 9.02 of the Agreement, the Agreement may be amended by a written amendment thereto executed by the City and the Bank; and

WHEREAS, the City has requested that certain amendments be made to the Agreement, and the Bank has agreed to make such amendments to the Agreement subject to the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the premises, the parties hereto hereby agree as follows:

1. AMENDMENTS.

Upon the satisfaction of the conditions precedent set forth in Section 2 hereof, the Agreement is hereby amended as follows:

1.01. Section 1.01 of the Agreement is hereby amended by the addition of the following new defined terms in their appropriate places in the alphabetical sequence:

"Anti-Terrorism Laws" has the meaning set forth in Section 5.17 hereof.

"Executive Order" has the meaning set forth in Section 5.17 hereof.

"OFAC" has the meaning set forth in Section 5.17 hereof.

"Second Amendment Date" means [March __, 2017], which, subject to Section 2 hereof, is the effective date of this Amendment.

1.02. Section 1.01 of the Agreement is hereby further amended by amending and restating the definitions of the terms *"Agreement," "Base Rate," "Federal Funds Rate"* and *"Index Rate Scheduled Purchase Date"* to read as follows:

"Agreement" means this Continuing Covenant Agreement dated as of April 1, 2011, as amended by that certain First Amendment to Continuing Covenant Agreement dated and effective April 28, 2014, and that certain Second Amendment to Continuing Covenant Agreement dated and effective [March __, 2017], each between the City and the Bank, and as the same may be further amended, modified or supplemented pursuant to its terms.

"Base Rate" means, for any day, a fluctuating rate of interest per annum equal to the greatest of (i) the Prime Rate in effect at such time *plus* one percent (1.0%), (ii) the Federal Funds Rate in effect at such time *plus* two percent (2.0%), and (iii) seven percent (7.0%).

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that: (a) if such day is not a Business Day, then the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day; and (b) if no such rate is so published on such next succeeding Business Day, then the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of one-hundredth of one percent) charged to the Bank on such day on such transactions as determined by the Bank.

"Index Rate Scheduled Purchase Date" has the meaning assigned to such term in the Resolution; *provided* that, in no event shall the Index Rate Scheduled Purchase Date be a date later than [_____, 2020].

1.03. Section 1.01 of the Agreement is hereby amended by the deletion of the defined term "*SIFMA Municipal Swap Index*."

1.04. Section 3.01(d) of the Agreement is hereby amended and restated to read as follows:

(d) In the event the Bonds are redeemed in whole or in part, or the interest rate on any portion of the Bonds converted to a rate of interest other than the Index Interest Rate, prior to the first anniversary of the Second Amendment Date, the City shall pay to the Bank a fee for each such redemption or conversion equal to the product of (i) the Applicable LIBOR Spread in effect on the date of such redemption or conversion, (ii) the principal amount of Bonds so redeemed or converted and (iii) a fraction, the numerator of which is the number of days from and including the date of redemption or conversion to and including such first anniversary, and the denominator of which is 365. Each such fee shall be payable on the date that any portion of the Bonds are optionally redeemed or the interest rate on any portion of the Bonds is converted to bear interest at a rate other than the Index Interest Rate. Notwithstanding any provision of this Section 3.01(d), the fee provided for in this Section 3.01(d) shall not be payable by the City to the Bank to the extent that the City causes any such a redemption or conversion within 90 days following the Bank's request for any increased payment or increased costs pursuant to Section 3.02(a) of this Agreement.

1.05. Article V of the Agreement is hereby amended to include the following Section 5.17, in the appropriate sequential order thereto:

Section 5.17. Anti-Terrorism Laws. (a) 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 Patriot Act;

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

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

(ii) 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;

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

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

(v) 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;

(c) The City does not (i) conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (b)(ii) above, (ii) deal in, or otherwise engage 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.

2. CONDITIONS PRECEDENT.

This Amendment shall be effective as of the Second Amendment Date subject to the satisfaction of or waiver by the Bank of all of the following conditions precedent:

2.01. Delivery by the City to the Bank of an executed (i) counterpart of this Amendment and (ii) **[Resolution No. ____]**.

2.02. Receipt by the Bank of copies of the resolutions of the City approving the execution and delivery of this Amendment and the other matters contemplated hereby.

2.03. Receipt by the Bank of (i) a Favorable Opinion of Bond Counsel (as defined in the Resolution), on which the Bank is authorized to rely, and (ii) the opinion of counsel to the City as to the due execution and delivery of this Amendment and such other customary matters as the Bank may reasonably request, each addressed to the Bank and in form and substance satisfactory to the Bank.

2.04. Payment to the Bank on or before the Second Amendment Date of the reasonable legal fees and expenses of counsel to the Bank.

2.05. All other legal matters pertaining to the execution and delivery of this Amendment shall be reasonably satisfactory to the Bank and its counsel.

3. REPRESENTATIONS AND WARRANTIES OF THE CITY.

3.01. The City hereby represents and warrants that the following statements are true and correct as of the Second Amendment Date:

(a) the representations and warranties of the City contained in Article V of the Agreement are true and correct on and as of the Second Amendment Date as though made on and as of such date (except that the references to "June 30, 2010" in Section 5.05 of the Agreement shall be deemed to be "June 30, 2013" for purposes of this Section 3.01(a) or except to the extent that such representations and warranties of the City contained in Article V of the Agreement expressly relate to an earlier date); and

(b) no Default or Event of Default has occurred and is continuing or would result from the execution of this Amendment.

3.02 In addition to the representations given in Article V of the Agreement, the City hereby represents and warrants as follows:

(a) The execution, delivery and performance by the City of this Amendment and the Agreement, as amended hereby, are within its powers, have been duly authorized by all necessary action and do not contravene any law, rule or regulation, any judgment, order or decree or any contractual restriction binding on or affecting the City;

(b) no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the City of this Amendment or the Agreement, as amended hereby; and

(c) this Amendment and the original Agreement, as amended hereby, constitute legal, valid and binding obligations of the City enforceable against the City in accordance with their respective terms, except that (i) the enforcement thereof may be limited by bankruptcy, reorganization, insolvency, liquidation, moratorium and other laws relating to or affecting the enforcement of creditors' rights and remedies generally, as the same may be applied in the event of the bankruptcy, reorganization, insolvency, liquidation or similar situation of the City, and (ii) no representation or warranty is expressed as to the availability of equitable remedies.

4. MISCELLANEOUS.

4.01. Except as specifically amended herein, the Agreement shall continue in full force and effect in accordance with its terms. Reference to this Amendment need not be made in any note, document, agreement, letter, certificate, the Agreement or any communication issued or

made subsequent to or with respect to the Agreement, it being hereby agreed that any reference to the Agreement shall be sufficient to refer to, and shall mean and be a reference to, the Agreement, as hereby amended. In case any one or more of the provisions contained herein should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired hereby. THIS AMENDMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND FOR ALL PURPOSES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA.

4.02. This Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. For purposes hereof, "electronic signature" means a manually-signed original signature that is then transmitted by electronic means; "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a "pdf" (portable document format) or other replicating image attached to an e-mail message; and, "electronically signed document" means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the Second Amendment Date.

WELLS FARGO BANK, NATIONAL ASSOCIATION

By _____
Name: _____
Title: _____

CITY OF RIVERSIDE

By _____
Name: Scott Miller
Title: Treasurer

APPROVED AS TO FORM:

BY: *Jusan Wilson*
ASSISTANT CITY ATTORNEY