

FORM OF
REIMBURSEMENT AGREEMENT

Between

CITY OF PHILADELPHIA, PENNSYLVANIA
(PHILADELPHIA GAS WORKS)

and

Dated as of _____

[BONDS]

Table of Contents

	Page
ARTICLE I DEFINITIONS	1
Section 1.1 Definitions.....	1
Section 1.2 Interpretation.....	8
Section 1.3 Accounting Matters.....	8
ARTICLE II LETTER OF CREDIT AND REIMBURSEMENT	8
Section 2.1 Issuance of Letter of Credit.....	8
Section 2.2 Reimbursement and Other Payments.....	9
Section 2.3 Transfer: Reduction: Reinstatement.	12
Section 2.4 Obligations Absolute	13
Section 2.5 Indemnification	13
Section 2.6 Liability of Bank.....	14
ARTICLE III SECURITY	14
Section 3.1 Security and Subrogation.....	14
Section 3.2 Bank Bonds.....	15
Section 3.3 Financing Statements	16
ARTICLE IV CONDITIONS PRECEDENT TO ISSUANCE OF THE LETTER OF CREDIT.16	
Section 4.1 Delivery of Documents	16
Section 4.2 Representations	16
Section 4.3 Opinion of Counsel.....	17
Section 4.4 Opinion of Bond Counsel	17
Section 4.5 Certificates	17
Section 4.6 Fiscal Agent	17
Section 4.7 Rating.....	17
Section 4.8 Documents and Proceedings.....	17
Section 4.9 Fees	18
Section 4.10 Evidence of Payment of Prior Bank.....	18
Section 4.11 Bank Bond CUSIP	18
ARTICLE V REPRESENTATIONS AND WARRANTIES.....	18
Section 5.1 Existence and Standing	18
Section 5.2 Authorization and Validity	18
Section 5.3 Compliance with Laws and Contracts	19
Section 5.4 Priority	19
Section 5.5 Litigation.....	19
Section 5.6 No Default.....	20
Section 5.7 Liens.....	20
Section 5.8 Validity of Lien.....	20
Section 5.9 Financial Statements	20

Table of Contents (continued)

	Page
Section 5.10 1998 Ordinance and Bond Authorization	20
Section 5.11 Immunity.....	20
Section 5.12 Disclosure	21
Section 5.13 Representations in Related Documents	21
Section 5.14 Title to Properties.....	21
Section 5.15 Regulation U	21
 ARTICLE VI AFFIRMATIVE COVENANTS OF THE CITY	 21
Section 6.1 Reporting Requirements	21
Section 6.2 Ordinary Course of Business; Records	23
Section 6.3 Notices	23
Section 6.4 Inspection Rights	23
Section 6.5 Payment of Obligations.....	24
Section 6.6 Laws and Contracts.....	24
Section 6.7 Compliance with Related Documents.....	24
Section 6.8 Consents and Notices Under Related Documents	25
Section 6.9 Limitation on Optional Calls and Conversions.....	25
Section 6.10 Further Assurances.....	25
Section 6.11 Debt Service and Other Payments	26
Section 6.12 Remarketing Agent	26
Section 6.13 Obligations of the City/Ordinance Covenants	26
Section 6.14 Notice of Modification of Documents	26
Section 6.15 Rate Covenant Compliance.....	26
Section 6.16 Insurance	26
Section 6.17 Tax-Exempt Status.....	27
Section 6.18 Offering Documents.....	27
Section 6.19 Security	27
Section 6.20 Bank Bond Ratings	27
 ARTICLE VII NEGATIVE COVENANTS OF THE CITY	 27
Section 7.1 Indebtedness.....	27
Section 7.2 Sale of Assets.....	27
Section 7.3 Liens.....	28
Section 7.4 Amendment to Documents	28
Section 7.5 Tax Exemption.....	28
Section 7.6 Replacement of Letter of Credit	28
Section 7.7 Fiscal Agent	28
Section 7.8 Swap Termination Payments	28
Section 7.9 Optional Redemption.....	28
Section 7.10 Change in Business.....	28
 ARTICLE VIII DEFAULTS AND REMEDIES.....	 29

Table of Contents (continued)

	Page
Section 8.1 Defaults	29
Section 8.2 Remedies.....	31
Section 8.4 Judicial Proceedings.....	32
ARTICLE IX MISCELLANEOUS	33
Section 9.1 Notices	33
Section 9.2 Binding Effect; Assignment.....	33
Section 9.3 Survival of Covenants.....	34
Section 9.4 Counterparts	34
Section 9.5 Costs, Expenses and Taxes	34
Section 9.6 Amendments	34
Section 9.7 Severability	35
Section 9.8 Complete Agreement	35
Section 9.9 Consent to Jurisdiction: Venue	35
Section 9.10 Governing Law	35
Section 9.11 Headings	35
Section 9.12 Payment Due On A Day Other Than A Business Day	35
Section 9.13 Effect of Agreement.....	35
Section 9.14 No Personal Recourse	36
Section 9.15 Limited Liability	36
Section 9.16 Patriot Act	36
EXHIBIT A – FORM OF LETTER OF CREDIT	
EXHIBIT B – FORM OF NOTICE OF REDACTED INFORMATION	
SCHEDULE 6.11	

REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT, made as of _____, between THE CITY OF PHILADELPHIA, PENNSYLVANIA, a city of the first class and political subdivision existing under the laws of the Commonwealth of Pennsylvania (the "City"), and _____ (the "Bank").

W I T N E S S E T H

A. The City has issued its _____ (the "Bonds") pursuant to the _____ Supplement (as hereinafter defined) and that certain Bond Authorization (as hereinafter defined).

B. In order to provide credit enhancement and liquidity for the Bonds, the City initially requested _____ (the "Prior Bank") to issue its irrevocable letter of credit (the "Prior Letter of Credit") to the Fiscal Agent (as hereinafter defined) for the account of the City.

C. The City is replacing the Prior Letter of Credit with an Irrevocable Letter of Credit (together with any substitute letter of credit issued pursuant to the terms hereof, the "Letter of Credit") issued by the Bank for the account of the City authorizing the Fiscal Agent to make one or more draws under the Letter of Credit up to an aggregate of \$_____ (as reduced and reinstated from time to time in accordance with the provisions of the Letter of Credit), of which initially (i) \$_____ shall be in respect of principal of the Bonds, and (ii) \$_____ shall be in respect of accrued interest on the Bonds.

D. The Bank is willing to issue the Letter of Credit upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing and the undertakings herein set forth and intending to be legally bound, the City and the Bank hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Terms capitalized herein and not defined herein shall have the meaning given such terms in the Bond Authorization or the 1998 Ordinance, as applicable. In addition, the following terms shall have the meanings specified in this Article, unless the context otherwise requires:

"Act" means The First Class City Revenue Bond Act approved October 18, 1972 (Act No. 234, 53 P.S. 15901 to 15244), as from time to time amended.

"A Drawing" means a drawing under the Letter of Credit with respect to the portion of the purchase price which corresponds to the principal amount of the Bonds delivered or deemed delivered to the Fiscal Agent pursuant to Sections 1.7 and 1.8 of Exhibit A to the Bond Authorization, pursuant to a certificate in the form of Certificate A to the Letter of Credit.

“Agreement Relating to Bonds” means the Agreement Relating to _____, dated as of _____, by and between the City and the Fiscal Agent.

“Anti-Corruption Laws” means all laws, rules and regulations of any jurisdiction applicable to the City from time to time concerning or relating to bribery or corruption.

“Bank” has the meaning assigned to such term in the introductory paragraph of this Reimbursement Agreement.

“Bank Bonds” has the meaning given such term in Section 3.2 hereof.

“Bank Rate” means, for any Liquidity Advance, a rate per annum equal to (i) during the period from the date of the Liquidity Advance to and including the 180th day thereafter, the Base Rate, and (ii) during the period from and including the first to occur of (i) the 181st day after the date of the Liquidity Advance and (ii) the Termination Date, the Term Loan Rate; provided, however, that (a) from and after the occurrence and during the continuance of an Event of Default hereunder, Bank Rate means the Default Rate, and (b) at no time will the Bank Rate exceed the Maximum Interest Rate.

“Base Rate” means, for any day, a rate per annum equal to the highest of (a) the Prime Rate in effect on such day; (b) the sum of the Federal Funds Open Rate in effect on such day plus _____ basis points (____%) per annum; (c) _____% per annum; and (d) during periods of time when there are Bonds outstanding that are not Bank Bonds, the highest interest rate accruing on Bonds that are not Bank Bonds, not to exceed, in the case of any of clauses (a), (b), (c) and (d), the Maximum Interest Rate.

“B Drawing” means a drawing under the Letter of Credit with respect to the payment of the principal of the Bonds payable upon maturity, redemption or acceleration, pursuant to a certificate in the form of Certificate B to the Letter of Credit.

“Bond Authorization” means the Bond Authorization of the Bond Committee of the City dated _____ between the City and the Fiscal Agent.

“Bonds” has the meaning assigned to such term in the recitals to this Reimbursement Agreement.

“Business Day” means any day other than (a) a Saturday or Sunday, (b) a day on which commercial banking institutions in the State or the State of New York, or in any other city where the designated office of the Fiscal Agent or the Remarketing Agent or the Bank is located are required or authorized by law (including executive order) to close or on which the designated office of the Fiscal Agent, the Remarketing Agent or the Bank is closed for a reason not related to financial condition, or (c) a day on which the New York Stock Exchange is closed.

“C Drawing” means any drawing under the Letter of Credit with respect to the portion of the purchase price which corresponds to the interest amount of the Bonds delivered or deemed delivered to the Fiscal Agent pursuant to Sections 1.7 and 1.8 of Exhibit A to the Bond Authorization, equal to the amount of accrued and unpaid interest on such Bonds to the date of

such purchase, or the payment of interest on the Bonds, due and payable on an Interest Payment Date, pursuant to a certificate in the form of Certificate C to the Letter of Credit.

“Change of Law” means the adoption, after the Date of Issuance, of any rule, regulation, guideline, order, request (whether or not having the force of law) or statute of any Governmental Authority or the application or requirements thereof, or any change in the interpretation of any rule, regulation, guideline, order, request (whether or not having the force of law) or statute by any Governmental Authority.

“City” has the meaning assigned to such term in the introductory paragraph of this Reimbursement Agreement.

“City Controller” means the duly elected or validly appointed Controller of the City.

“City Solicitor” means the validly appointed City Solicitor of the City.

“Closing Date” means the date on which the Bonds were initially issued and delivered by the City.

“Code” means the Internal Revenue Code of 1986, as amended, and the rules and regulations thereunder, including any amendments and successor provisions thereto.

“Council” means the duly elected Council of the City of Philadelphia, Pennsylvania.

“Credit Facility” shall have the meaning given such term in the Bond Authorization.

“Date of Issuance” means the date of issuance and delivery of the Letter of Credit.

“Default” means any event which with the giving of notice or lapse of time, or both, would become an Event of Default.

“Default Rate” means _____

“Dodd-Frank Act” means the Dodd-Frank Wall Street Reform and Consumer Protection Act and all regulations, guidelines and directions in connection therewith, as the same may be amended from time to time.

“DTC” means The Depository Trust Company.

“Event of Default” shall have the meaning given such term in Section 8.1 hereof.

“Excess Interest” shall have the meaning given such term in Section 8.5 hereof.

“Facility Fee” means the facility fee payable pursuant to the Fee Agreement.

“Federal Funds Open Rate” means, for any day, the rate per annum (based on a year of 360 days and actual days elapsed) which is the daily federal funds open rate as quoted by ICAP North America, Inc. (or any successor) as set forth on the Bloomberg Screen BTMM for that day

opposite the caption “OPEN” (or on such other substitute Bloomberg Screen that displays such rate), or as set forth on such other recognized electronic source used for the purpose of displaying such rate as selected by the Bank (an “Alternate Source”) (or if such rate for such day does not appear on the Bloomberg Screen BTMM (or any substitute screen) or on any Alternate Source, or if there shall at any time, for any reason, no longer exist a Bloomberg Screen BTMM (or any substitute screen) or any Alternate Source, a comparable replacement rate determined by the Bank at such time (which determination shall be conclusive absent manifest error); provided, however, that if such day is not a Business Day, the Federal Funds Open Rate for such day shall be the “open” rate on the immediately preceding Business Day. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Federal Funds Open Rate without notice to the City.

“Fee Agreement” means that certain Fee Agreement dated June 22, 2016, between the City and the Bank, as the same may be amended, supplemented, modified or restated from time to time.

“Fiscal Agent” means U.S. Bank National Association, acting in its capacity as fiscal agent under the Fiscal Agent Agreement and the Bond Authorization, or any successor fiscal agent.

“Fiscal Agent Agreement” means the Fiscal Agent Agreement, dated as of January 1, 1993, between the Fiscal Agent and the City, as supplemented and amended from time to time, and any successor agreement thereto permitted by the Bond Authorization, the 1998 Ordinance and the _____ Supplement.

“Fiscal Year” means the period of twelve months beginning September 1 of each year and ending August 31 of the next succeeding year.

“Fitch” means Fitch Ratings, Inc., and its successors and assigns.

“GAAP” means generally accepted accounting principles applicable to the City as it applies to the Gas Works, as in effect at the time of application to the provisions hereof, consistently applied.

“Gas Commission” shall have the meaning assigned to such term in the 1998 Ordinance.

“Gas Works” shall have the meaning given to such term in the 1998 Ordinance.

“Gas Works Revenues” shall have the meaning given to such term in the 1998 Ordinance.

“Governmental Authority” means any national, state, city or other local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, tribunal, agency, bureau, court or entity (including the Federal Deposit Insurance Corporation or the Federal Reserve Board, any central bank or any comparable authority), or any arbitrator with authority to bind any of the parties to this Reimbursement Agreement at law.

“Governmental Immunity” shall have the meaning given such term in Section 5.11 hereof.

“Indebtedness” of the City means at any date, without duplication, any of the following obligations, but only to the extent payable from Gas Works Revenues, (a) all obligations of the City for borrowed money, (b) all obligations of the City evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of the City to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of the City as lessee under capital leases, (e) all obligations of the City to purchase securities (or other assets) that arise out of or in connection with the sale of the same or substantially similar securities or assets, (f) all obligations of the City to reimburse any bank or any other Person in respect of amounts paid under a letter of credit, liquidity facility or any other similar instrument, (g) all Indebtedness of others secured by a lien on any asset of the City, whether or not such Indebtedness is assumed by the City, and (h) all guarantees by the City of Indebtedness of other Persons.

“Interest Component” shall have the meaning given such term in the Letter of Credit.

“Investment Grade” means a long-term rating assigned by S&P and Fitch of at least “BBB-” (or any equivalent rating then in use by S&P or Fitch) or greater and a long-term rating assigned by Moody’s of at least “Baa3” (or any equivalent rating then in use by Moody’s) or greater.

“Letter of Credit” has the meaning assigned to such term in the recitals to this Reimbursement Agreement.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset.

“Liquidity Advance” means each advance under the Letter of Credit pursuant to a Liquidity Drawing.

“Liquidity Drawing” means (a) an A Drawing and (b) a simultaneous C Drawing, if any, to the extent the C Drawing is made under the Letter of Credit for the payment of the portion of the purchase price on Bonds tendered pursuant to Sections 1.7 and 1.8 of Exhibit A to the Bond Authorization, equal to the amount of accrued and unpaid interest on such Bonds to the date of such purchase.

“Liquidity Period” shall have the meaning given such term in Section 2.2(b) hereof.

“Maximum Interest Rate” means the lesser of (i) twenty-five percent (25%) per annum, and (ii) the Maximum Lawful Rate.

“Maximum Lawful Rate” means the maximum non-usurious rate of interest permitted by applicable law.

“Moody’s” means Moody’s Investors Service, Inc., and its successors and assigns.

“1998 Ordinance” means the General Gas Works Revenue Bond Ordinance of 1998, approved on May 30, 1998, Bill No. 980232, as supplemented, including as supplemented by, *inter alia*, the _____ Supplement.

“_____ Supplement” means the _____ Supplemental Ordinance to the 1998 Ordinance, approved on _____, Bill No. _____, as supplemented.

“Notice of Redacted Information” means a notice in the form of Exhibit B hereto. For purposes of Exhibit B attached to this Reimbursement Agreement, the form of such notice will not contain the information that is not required to be filed with the MSRB Short-term Obligation Rate Transparency System under MSRB Rule G-34(c). However, on the Date of Issuance, the Bank will deliver to the City, the Fiscal Agent and the Remarketing Agent the completed form of such notice.

“Obligations” means all loans, advances, Reimbursement Obligations, term loans, debts, liabilities, obligations, fees and interest owing by the City to the Bank of any kind and description, direct or indirect, absolute or contingent and due or to become due, arising out of this Reimbursement Agreement, the Fee Agreement and any other Related Documents, by law or otherwise, including all interest and other costs and expenses (including reasonable attorneys’ fees) for which the City is obligated under this Reimbursement Agreement and the Fee Agreement.

“Participants” has the meaning set forth in Section 9.2 hereof.

“Patriot Act” has the meaning set forth in Section 9.16 hereof.

“Person” means an individual, corporation, partnership, association, joint venture, trust, unincorporated organization or any other juridical entity, or a limited liability company, foreign state or any agency or political subdivision thereof.

“Prime Rate” means the rate of interest publicly announced by the Bank from time to time as the Prime Rate of the Bank effective in Pittsburgh, Pennsylvania adjusted as of the date of an announcement in Pittsburgh, Pennsylvania, of any change in such Prime Rate. The Prime Rate is determined from time to time by the Bank as a means of processing some loans to its borrowers and neither is tied to any external rate of interest or index, nor necessarily reflects the lowest rate of interest actually charged by the Bank to any particular class or category of customers.

“Principal Component” shall have the meaning given such term in the Letter of Credit.

“Prior Bank” has the meaning assigned to such term in the recitals to this Reimbursement Agreement.

“Prior Letter of Credit” has the meaning assigned to such term in the recitals to this Reimbursement Agreement.

“Rating Agency” means any of Fitch, Moody’s or S&P, as the context requires.

“Reimbursement Agreement” means this Reimbursement Agreement and any amendments and supplements thereto.

“Reimbursement Obligations” means all unreimbursed drawings under the Letter of Credit and Term Loans owing by the City to the Bank under this Reimbursement Agreement, including all interest thereon for which the City is obligated under this Reimbursement Agreement and the Fee Agreement.

“Related Documents” means this Reimbursement Agreement, the Bond Authorization, the 1998 Ordinance including, without limitation, the _____ Supplement, the Bonds, the Agreement Relating to Bonds, the Fiscal Agent Agreement and the Remarketing Agreement, as the same may be amended or modified from time to time in accordance with their respective terms and the terms hereof.

“Remarketing Agent” means with respect to the Bonds, _____ and its successors and assigns, or any alternate remarketing agent appointed for the Bonds with the prior written consent of the Bank.

“Remarketing Agreement” means the Remarketing Agent’s agreement with the City to perform its duties as Remarketing Agent under the Bond Authorization with respect to the Bonds, as amended or supplemented, and if the Remarketing Agent has been replaced by a successor remarketing agent, any similar agreement between the City and such successor remarketing agent.

“Remarketing Circular” means the Remarketing Circular dated _____ (including any appendices, exhibits or attachments thereto and any amendments thereof or supplements thereto), prepared in connection with the remarketing of the Bonds and the execution and delivery of this Reimbursement Agreement.

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State.

“S&P” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and its successors and assigns.

“Senior Bonds” shall have the meaning given to such term in the 1998 Ordinance.

“Senior Management” means any of the Chief Executive Officer, Chief Financial Officer or Treasurer of the Gas Works or any other officer so authorized to perform the related action or with actual knowledge of the event.

“Sinking Fund” shall have the meaning assigned to such term in the 1998 Ordinance.

“State” means the Commonwealth of Pennsylvania.

“Stated Amount” has the meaning assigned to such term in the Letter of Credit.

“Stated Expiration Date” means the date the Letter of Credit expires in accordance with its terms.

“Swaps” means Qualified Swaps and Exchange Agreements, which relate to Senior Bonds or Subordinate Bonds, as such terms are defined in the 1998 Ordinance, and any other swap contract entered into by the City which relates to any bonds issued pursuant to the 1998 Ordinance.

“Termination Date” means the last day a drawing is available in accordance with the terms of the Letter of Credit.

“Term Loan” and “Term Loans” has the meaning given such terms in Section 2.2(b) hereof.

“Term Loan Rate” means a floating rate of interest equal at all times to _____, not to exceed the Maximum Interest Rate.

“Weekly Rate” shall have the meaning given to such term in the Bond Authorization.

Section 1.2 Interpretation. In this Reimbursement Agreement, (i) the singular includes the plural and the plural the singular; (ii) words importing any gender include the other genders; (iii) references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; (iv) the word “including” shall be deemed to be followed by the words “without limitation”; (v) a reference to a Person includes its permitted successors and permitted assigns; (vi) a reference to an agreement, instrument or document shall include such agreement, instrument or document as the same may be amended, modified or supplemented from time to time in accordance with its terms and as permitted hereby; and (vii) all references to time means Eastern time, unless otherwise specified. All references to Sections shall be deemed references to Sections of this Reimbursement Agreement unless the context shall otherwise require.

Section 1.3 Accounting Matters. All accounting terms used herein without definition shall be interpreted in accordance with GAAP, and except as otherwise expressly provided herein all accounting determinations required to be made pursuant to this Reimbursement Agreement shall be made in accordance with GAAP.

ARTICLE II

LETTER OF CREDIT AND REIMBURSEMENT

Section 2.1 Issuance of Letter of Credit.

(a) The City hereby requests the Bank to issue the Letter of Credit to the Fiscal Agent. Subject to the conditions precedent hereinafter set forth, the Bank will issue to the Fiscal Agent pursuant to the request of the City, on the date of execution and delivery of this Reimbursement Agreement, the Letter of Credit in the Stated Amount. The Interest Component of the Stated Amount has been established on the basis of 52 days interest on the Bonds and a 365-day year at an assumed maximum interest rate of 12% per annum. Subject to the provisions

of the Letter of Credit and Section 2.1(b) hereof, the Letter of Credit is scheduled to expire on the Stated Expiration Date. The Bank shall have no obligation to grant any such extension. The Letter of Credit is subject to automatic prior termination as provided for therein.

(b) Upon the Bank's receipt of a written request by the City to extend the Stated Expiration Date, such request being made no earlier than 150 days but not later than 120 days prior to the Stated Expiration Date, the Bank agrees to advise the City within 60 days of receipt of such written request whether or not the Bank will extend the Stated Expiration Date, and, if so, of the proposed terms of the extension (the "Proposal"). The failure of the Bank to deliver the Proposal within such 60 day period means that the Bank has determined not to extend the Stated Expiration Date. The Bank may or may not, in its sole and absolute discretion, extend the Letter of Credit. If the City does not timely request an extension of the Letter of Credit, as set forth in this paragraph, then (i) the Letter of Credit shall automatically terminate, in accordance with its terms, unless otherwise extended in the sole and absolute discretion of the Bank, and (ii) the Bank shall not be obligated to consider such request for extension or give notice of its decision to extend the Letter of Credit, as the case may be, as provided in this paragraph. The City shall have the right to accept the Proposal by written notice to the Bank not later than 30 days prior to the Stated Expiration Date. In the event the Bank does not extend the Letter of Credit or should the City fail to request an extension of the Stated Expiration Date in a timely manner as set forth above, the City hereby agrees to use its best efforts to refinance or defease the Bonds, provide a substitute Letter of Credit (such replacement to occur on or before the then existing Stated Expiration Date) or convert the interest rate on the Bonds to another mode which does not require the provision of a letter of credit.

(c) The Letter of Credit shall be in the form of Exhibit "A" attached hereto and made a part hereof with only such insertions as to amounts, dates, notices, addresses and related matters as shall be consistent with this Reimbursement Agreement. The City unconditionally promises to pay the Bank the amount of any draft drawn on the Letter of Credit, and any extensions thereof on or before the dates indicated in Section 2.2 hereof.

Section 2.2 Reimbursement and Other Payments.

(a) Reimbursement of Drawings. The City hereby agrees to pay or cause to be paid to the Bank:

(i) a sum equal to each amount drawn under the Letter of Credit by a C Drawing, on the same Business Day that such drawing is honored; and

(ii) a sum equal to each amount drawn under the Letter of Credit by a B Drawing, on the same Business Day that such drawing is honored.

All sums payable to the Bank under this Section 2.2(a) shall bear interest, from the date the corresponding drawing is honored under the Letter of Credit until such sums are paid in full (it being understood and agreed that any sum paid after 3:00 p.m. on a Business Day shall bear interest as if it was paid at 9:00 a.m. on the next following Business Day), at the Default Rate. Interest accruing pursuant to this Section 2.2(a) shall be due and payable on demand. All payments under this Section 2.2(a) shall be applied first to the payment of interest due and

payable under this Section 2.2(a) and then to the reduction of the principal balance of sums due and payable under this Section 2.2(a).

(b) Liquidity Drawing for Principal. The City hereby agrees to pay or cause to be paid to the Bank a sum equal to each amount drawn against the Principal Component of the Letter of Credit by an A Drawing, on the same Business Day that such drawing is honored; provided, however, that if the Bonds purchased with a Liquidity Drawing cannot be remarketed, or if a draw on the Letter of Credit by a Liquidity Drawing is due to the expiration of the Letter of Credit without replacement, and provided, that, if no Default or Event of Default has occurred and is continuing, the difference between the amount of the Liquidity Drawing and the amount reimbursed by the City to the Bank (the "Unreimbursed Principal Drawing"), shall be converted to a term loan (each a "Term Loan" and collectively, the "Term Loans") on the earlier of one hundred eighty (180) days after the date of such Liquidity Drawing or the date of the expiration of the Letter of Credit (the "Liquidity Period"). The outstanding principal balance of each Term Loan shall be payable in ten (10) equal or nearly equal installments together with interest thereon payable semi-annually in arrears beginning on the date six months after the date such Term Loan is made and each six month anniversary thereof, with all principal and interest due on the fifth anniversary of the date each such Term Loan was made. In the event that a Default or an Event of Default has occurred and is continuing on the date the related Term Loan is made, such Liquidity Drawing shall be due and payable immediately.

(i) Prepayment. Under the terms of the Bond Authorization and the Remarketing Agreement, the Remarketing Agent shall be required to continue to use its best efforts to sell the Bonds that were not remarketed and for which a Term Loan was made. All proceeds of any successful remarketing of the Bonds shall be applied to the principal balance of the Term Loan to which such remarketed Bonds relate. Term Loans may be repaid at any time at the option of the City and shall become immediately due and payable on (i) the date the Bonds purchased by the Bank to which such Term Loan relates have been remarketed, (ii) the date the Bonds are refinanced, redeemed, prepaid or canceled pursuant to the terms of the Related Documents, (iii) the date on which the interest rate on the Bonds is converted to a rate other than the Weekly Rate, (iv) the date there is delivered to the Fiscal Agent a substitute Letter of Credit, and (v) upon the occurrence of an Event of Default under this Reimbursement Agreement which is not waived by the Bank.

(ii) Interest. Interest shall accrue on the outstanding principal of each Liquidity Drawing during the Liquidity Period at the Bank Rate. Each Term Loan shall accrue interest equal at all times to the Term Loan Rate. Upon and during the continuance of an Event of Default, interest shall accrue at the Default Rate. Interest on such amounts shall be calculated on the basis of the actual days elapsed and a 360-day year, and, shall be payable on the first Business Day of each month and on the maturity date of the related Term Loan, and shall change simultaneously and automatically upon the Bank's designation of any change in the Base Rate.

(c) Facility Fees and Other Fees. The City shall pay to the Bank the fees and expenses in the amounts and on the dates and at the times set forth in the Fee Agreement. The terms of the Fee Agreement are incorporated herein by reference and any reference herein or in any other document to fees and/or other amounts or obligations payable hereunder will include

all fees and other amounts or obligations payable pursuant to the Fee Agreement, and any reference to this Agreement includes a reference to the Fee Agreement.

(d) Increased Costs. (i) If the Bank determines in good faith that a Change of Law will (A) change the basis of taxation of payments to the Bank of any amounts payable hereunder or under the Fee Agreement (except for taxes on the overall net income of the Bank), (B) impose, modify or deem applicable any reserve, special deposit or similar requirement against making or maintaining its obligations under this Agreement or the Letter of Credit or assets held by, or deposits with or for the account of, the Bank or (C) impose on the Bank any other condition regarding this Agreement or the Letter of Credit, and the result of any event referred to in clause (A), (B) or (C) above will be to increase the cost to the Bank of making or maintaining its obligations hereunder or under the Letter of Credit, or to reduce the amount of any sum received or receivable by the Bank hereunder or under the Fee Agreement, then the City shall pay to the Bank, at such time as is set forth in Section 2.2(d)(iv) hereof, such additional amount or amounts as will compensate the Bank for such increased costs or reduction in amount received or receivable as reasonably relates to the Letter of Credit, this Agreement and the Fee Agreement.

(ii) If the Bank determines in good faith that a Change of Law will impose, modify or deem applicable any capital adequacy, liquidity or similar requirement (including a request or requirement that affects the manner in which the Bank allocates capital resources or liquidity to its commitments, including its obligations under letters of credit) that either (A) affects or would affect the amount of capital or liquidity to be maintained by the Bank or (B) reduces or would reduce the rate of return on the Bank's capital or liquidity to a level below that which the Bank could have achieved but for such circumstances (taking into consideration the Bank's policies with respect to capital adequacy and liquidity), then the City shall pay to the Bank at such time as is set forth in Section 2.2(d)(iv) hereof, such additional amount or amounts as will compensate the Bank for such cost of maintaining such increased capital or liquidity or such reduction in the rate of return (i) on the Bank's capital or liquidity as reasonably relates to the Letter of Credit, this Agreement and the Fee Agreement.

(iii) Notwithstanding the foregoing, for purposes of this Section 2.2(d), (i) all requests, rules, guidelines or directives issued by a Governmental Authority in connection with the Dodd-Frank Act are deemed to be a Change of Law, regardless of the date enacted, adopted or issued, and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or any Governmental Authority are deemed a Change of Law regardless of the date enacted, adopted or issued.

(iv) All payments of amounts referred to in Sections 2.2(d)(i) and (ii) hereof are due and payable in full on the next quarterly payment date referred to in the Fee Agreement that is at least ten (10) Business Days after the City's receipt of notice thereof. Interest on the sums due as described in Sections 2.2(d)(i) and (ii) hereof and in the preceding sentence will begin to accrue on the date when the payments were first due at a rate per annum equal to the Default Rate until such delinquent payments have been paid in full. A certificate as to such increased cost, increased capital or liquidity or reduction in return incurred by the Bank as a

result of any event mentioned in Section 2.2(d)(i) or (ii) hereof setting forth, in reasonable detail, the basis for calculation and the amount of compensation due to the Bank shall be submitted by the Bank to the City and will be conclusive (absent manifest error) as to the amount thereof. In making the determinations contemplated by such certificate, the Bank may make such reasonable estimates, assumptions, allocations and the like as the Bank in good faith determines to be appropriate.

(v) The obligations of the City under this Section 2.2 will survive the termination of this Agreement.

(e) General Interest Accrual; Place of Payment. Except as otherwise provided herein, all payments to the Bank under this Reimbursement Agreement shall be accompanied by interest thereon, from the date such payments become due until they are paid in full, at a fluctuating rate per annum (computed for the actual number of days elapsed, based on a 360-day year) equal to the Default Rate. Each determination by the Bank of a rate of interest hereunder shall be deemed conclusive absent manifest error. Unless the Bank shall otherwise direct, all such payments shall be made by means of wire transfer of funds through the Federal Reserve Wire System to the address set forth in the Notice of Redacted Information or such other address or wiring instructions as the Bank may specify to the City in writing from time to time. The City agrees that it shall wire to the Bank all payments coming due for draws under the Letter of Credit under this Reimbursement Agreement on the date any such payments are due. The Bank shall invoice the City for the Facility Fee and for all other fees and other expenses coming due under this Reimbursement Agreement, provided the failure of the Bank to provide any such invoice shall not relieve the City of its obligations to pay such fees, transaction charges and other expenses.

Section 2.3 Transfer; Reduction; Reinstatement.

(a) Transfer. The Letter of Credit may be transferred in accordance with the provisions of the Letter of Credit. As required by the Letter of Credit upon any transfer thereof, the City shall pay the Bank a transfer fee in the amount of \$_____.

(b) Reduction and Reinstatement. The Stated Amount and the respective Principal Component and Interest Component thereof shall be automatically reduced as specified in the Letter of Credit. In the event of a drawing under the Letter of Credit with a C Drawing, the Interest Component of the Stated Amount shall, as provided in f the Letter of Credit and subject to the conditions therein set forth, be automatically reinstated by an amount equal to the amount of such drawing. In the event of a drawing under the Letter of Credit with a Liquidity Drawing, the Principal Component and Interest Component of the Stated Amount shall, as provided in the Letter of Credit, be reinstated with respect to such drawing automatically when and to the extent that (i) the Bank has received reimbursement for such drawing in immediately available funds (or the Fiscal Agent has received immediately available funds which, pursuant to the Bond Authorization, the Fiscal Agent will immediately remit to the Bank as reimbursement for such drawing) and (ii) the Fiscal Agent has delivered a certificate to the Bank in respect of such reinstatement in the form required by the Letter of Credit.

Section 2.4 Obligations Absolute. The obligations of the City under this Article shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Reimbursement Agreement, under all circumstances whatsoever, including without limitation the following circumstances: (i) any lack of validity or enforceability of the Letter of Credit, the other Related Documents or any other agreement or document relating thereto; (ii) any amendment or waiver of or any consent to or departure from the Letter of Credit, the other Related Documents or any document relating thereto; (iii) the existence of any claim, set-off, defense or other right which the City may have at any time against the Fiscal Agent (or any persons or entities for whom the Fiscal Agent may be acting), the Remarketing Agent, the Bank or any other person or entity, whether in connection with this Reimbursement Agreement, the transactions described herein or any unrelated transaction; (iv) the occurrence of an Event of Default by the City hereunder (including without limitation, the failure on the part of the City to repay the Bank upon the occurrence of a draw under the Letter of Credit); (v) the surrender or impairment of any security for the performance or observance of any of the agreements or terms of this Reimbursement Agreement; or (vi) any of the circumstances contemplated in clauses (1) through (7), inclusive, of Section 2.6(a). The City understands and agrees that no payment by it under any other agreement (whether voluntary or otherwise) shall constitute a defense to its obligations hereunder, except to the extent that the Bank has been indefeasibly paid in full.

Section 2.5 Indemnification. To the extent permitted by applicable law, the City hereby indemnifies and holds harmless the Bank (and its directors, officers, employees and agents) from and against any and all claims, damages, losses, liabilities, costs or expenses (including reasonable attorneys' fees for counsel of the Bank's choice) whatsoever which the Bank may incur (or which may be claimed against the Bank by any person or entity whatsoever) by reason of or in connection with (a) the issuance or a transfer of, or payment or failure to pay under, the Letter of Credit, (b) any breach by the City of any representation, warranty, covenant, term or condition in, or the occurrence of any default under, this Reimbursement Agreement or the other Related Documents, including all reasonable fees or expenses resulting from the settlement or defense of any claims or liabilities arising as a result of any such breach or default, and (c) involvement of the Bank in any legal suit, investigation, proceeding, inquiry or action as a consequence, direct or indirect, of the Bank's issuance of the Letter of Credit, its entering into this Reimbursement Agreement or any other event or transaction contemplated by any of the foregoing, and (d) any invalidity or alleged invalidity of the Bonds or the failure of the interest on the Bonds to be exempt from Federal income tax; provided the City shall not be required to indemnify the Bank for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (i) the willful misconduct or gross negligence of the Bank, (ii) the Bank's willful failure to pay under the Letter of Credit after the presentation to it by the Fiscal Agent of a draft and certificate strictly complying with the terms and conditions of the Letter of Credit, unless the Bank in good faith and without gross negligence, believes that it is prohibited by law or other legal authority from making such payment, or (iii) any omission or alleged omission regarding the Bank in any offering document prepared for the Bonds. Nothing in this Section is intended to limit the City's reimbursement obligations contained in Section 2.2. The obligations of the City under this Section shall survive the termination of this Reimbursement Agreement.

Section 2.6 Liability of Bank.

(a) As between the City and the Bank, the City assumes all risks of the acts or omissions of the Fiscal Agent with respect to the Fiscal Agent's use of the Letter of Credit. Neither the Bank nor any of its officers or directors shall be liable or responsible for: (1) the use which may be made of the Letter of Credit or for any acts or omissions of the Fiscal Agent in connection therewith; (2) the form, validity, sufficiency, accuracy or genuineness of any documents (including without limitation any documents presented under the Letter of Credit), or of any statement therein or endorsement thereon, even if any such documents, statements or endorsements should in fact prove to be in any or all respects invalid, insufficient, fraudulent, forged, inaccurate or untrue; (3) the payment by the Bank against presentation of documents which do not comply with the terms of the Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit, or any other failure by the Fiscal Agent to comply fully with conditions required in order to effect a drawing under the Letter of Credit; (4) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign the Letter of Credit or the rights or benefit thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (5) errors, omissions, interruptions, losses or delays in transmission or delivery of any messages by mail, cable, telegraph, telex, telephone or otherwise; (6) any loss or delay in the transmission or otherwise of any document or draft required in order to make a drawing under the Letter of Credit; or (7) any other circumstances whatsoever in making or failing to make payment under the Letter of Credit; except only that the City shall have a claim against the Bank, and the Bank shall be liable to the City, to the extent, but only to the extent, of any direct, as opposed to consequential, damages suffered by the City which the City proves were caused solely by (i) the Bank's willful misconduct or gross negligence or (ii) the Bank's willful failure to pay under the Letter of Credit after the presentation to it by the Fiscal Agent of a draft and certificate strictly complying with the terms and conditions of the Letter of Credit, unless the Bank in good faith and without gross negligence, believes that it is prohibited by law or other legal authority from making such payment. In furtherance and not in limitation of the foregoing, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

(b) The Bank shall have no liability to the City or any other Person as a result of any reduction of any credit rating of the Bank or any deterioration in the Bank's financial condition. No reduction of the credit rating of the Bank or deterioration in the Bank's financial condition shall reduce or in any way diminish the obligations of the City to the Bank under this Reimbursement Agreement, including without limitation, except as provided herein, the City's obligation to pay the fees to the Bank and to reimburse the Bank for any drawing under the Letter of Credit.

ARTICLE III

SECURITY

Section 3.1 Security and Subrogation. The City and the Bank intend that (i) the Bank will have the security and benefit provided in each of the Related Documents and (ii) in the event of one or more draws under the Letter of Credit and the application thereof to the

payment of Bonds, the Bank will be subrogated pro tanto to the rights of the Fiscal Agent and the holders of such Bonds to the extent of any subrogation rights to which the Bank may be entitled and deemed a Bondholder under the Related Documents and, subject to the priorities set forth in the 1998 Ordinance, as such Bondholder, shall be entitled to all security held by the Fiscal Agent under the Bond Authorization for the payment of the principal of and interest on such Bonds. Pursuant and subject to Section 4.02 of the 1998 Ordinance, the City hereby pledges to the Bank, for the security and payment of the Obligations, a security interest to the Bank, in the Gas Works Revenues, all accounts, contract rights and general intangibles constituting the Gas Works Revenues, and all funds and accounts established under the 1998 Ordinance, and in each case the proceeds of the foregoing. No filing registering, recording or publication of the 1998 Ordinance or any other instrument is required to establish, perfect, protect or maintain the Lien created hereby on the Gas Work Revenues other than the filing of uniform commercial code financing statement filed with the Secretary of State naming the City, as debtor, and the Bank, as secured party.

Section 3.2 Bank Bonds. (a) Upon honoring any Liquidity Drawing, the Bank shall be deemed to have purchased the unremarketed tendered Bonds (the “Bank Bonds”) in respect of which such Liquidity Drawing is made, and the City shall cause the Fiscal Agent to hold such Bank Bonds for the benefit of, and in trust for, the Bank, and register such Bank Bonds in the name of the Bank, or its nominee, pursuant to Section 3 of the Agreement Relating to Bonds or to otherwise deliver such Bank Bonds as directed by the Bank pursuant to the Bond Authorization. During such time as the Bank is the owner of any Bonds, in addition to the rights of the Bank under this Reimbursement Agreement, the Bank shall have all the rights granted to a Bondholder under the 1998 Ordinance, the Act, the Bonds and under the Bond Authorization and such additional rights as may be granted to the Bank hereunder. To the extent that the Bank actually receives payment in respect to principal of or interest on any Bank Bond held by the Bank, the Liquidity Advance made in connection with the purchase of such Bank Bond shall be deemed to have been reduced pro tanto, with the Bank crediting any payment on such Bank Bond received by the Bank, first to the payment of any outstanding interest accrued on the related Liquidity Advance, and second to the payment of the principal of such Liquidity Advance. Any such payment or prepayment to be applied to principal of Liquidity Advances hereunder shall be applied to the prepayment of related Liquidity Advances in chronological order of their issuance hereunder, and within each Liquidity Advance in inverse order of the principal installments payable thereon. Following the occurrence and during the continuance of an Event of Default, any payments received by the Bank hereunder shall be applied by the Bank to the payment of the Obligations in such order as the Bank shall determine. Any principal of, premium on and interest on Bank Bonds which becomes due and payable shall be paid to the Bank. All sums of money so paid to the Bank in respect of Bank Bonds shall be credited against the obligation of the City to reimburse the Bank, with interest, under Section 2.2 for the amount drawn with a Liquidity Drawing to fund the purchase of such Bank Bonds pursuant to the Bond Authorization. Bank Bonds shall bear interest at the Bank Rate and shall be payable at the times, and principal thereon shall be payable, as set forth in the corresponding Term Loan.

(b) Liability of Bank. The Bank shall not be liable for failure to collect or realize upon the obligations secured by the Bank Bonds or any collateral security or guarantee

therefor, or any part thereof, or for any delay in so doing, and the Bank shall not be under any obligation to take any action whatsoever with regard thereto.

(c) CUSIP Numbers and Rating. On or prior to the Date of Issuance, the City will provide, or cause to be provided, at its expense, a CUSIP number different from any CUSIP number assigned to the Bonds that are not Bank Bonds. Upon demand from the Bank, the City shall use reasonable efforts to obtain, at its expense, an Investment Grade rating to be assigned by a Rating Agency to the Bank Bonds bearing the CUSIP number referenced in the immediately preceding sentence. Furthermore, the City will ensure (at its expense) that, for so long as there remain any Bank Bonds outstanding, the long-term rating assigned to such Bank Bonds shall be available on the Bloomberg Municipal Bond Description Screen (or are otherwise available electronically to the Bank pursuant to a third-party provider of such information) so long as such information is made available by Bloomberg or another third party provider.

Section 3.3 Financing Statements. The City will execute and deliver, and cause the Fiscal Agent to execute and deliver, such financing statements and continuation statements under the Uniform Commercial Code of the State or other applicable law as the Bank may specify in order to perfect and maintain perfection of the Bank's security interests under this Reimbursement Agreement, and will pay the costs of filing the same in such public offices as the Bank may designate.

ARTICLE IV

CONDITIONS PRECEDENT TO ISSUANCE OF THE LETTER OF CREDIT

This Reimbursement Agreement shall become effective, and the Bank will issue the Letter of Credit, on the date that all of the following conditions are met:

Section 4.1 Delivery of Documents. The City shall have provided to the Bank, on or before the Date of Issuance, copies of the Bond Authorization, the 1998 Ordinance including, without limitation, the ____ Supplement, the Bonds, the Agreement Relating to Bonds, the Fiscal Agent Agreement and the Remarketing Agreement, and all other opinions, certificates and other documents delivered at the time that the Bonds were initially delivered, together with all amendments and supplements thereto that have been executed and delivered by the parties since initial delivery of said Bonds, if any. The City shall have provided to the Bank, on or before the Date of Issuance, copies of the legal opinions delivered by Bond Counsel and counsel to the City upon the original issuance and delivery of the Bonds. This Reimbursement Agreement, financing statements (covering such items as Bond Counsel or counsel to the Bank shall require) and all other documentation delivered in connection therewith or relating to liens and security interests created thereunder and hereunder shall have been duly executed and delivered by the parties thereto, each in form and substance satisfactory to the Bank and its counsel.

Section 4.2 Representations. The Bank shall have received a certificate of the City certifying that on the Date of Issuance and after giving effect to the issuance of the Letter of Credit, (i) the City is in full compliance with the terms of this Reimbursement Agreement and the other Related Documents; (ii) no Default or Event of Default exists under this

Reimbursement Agreement or under any of the other Related Documents; (iii) all representations and warranties of the City contained in this Reimbursement Agreement and in the other Related Documents are true and correct; (iv) except as described in the Remarketing Circular, no material adverse change has occurred in the City's ability to collect the Gas Work Revenues or the availability of the Gas Works Revenues to secure the Bonds or which would otherwise adversely impact the City's ability to meet its obligations under any of the Related Documents.

Section 4.3 Opinion of Counsel. There shall have been delivered to the Bank an opinion of the City Solicitor of the City, dated the Date of Issuance, in form satisfactory to the Bank and its counsel.

Section 4.4 Opinion of Bond Counsel. There shall have been delivered to the Bank an opinion (or a signed copy of the opinion together with a letter permitting the Bank to rely on such opinion) of Blank Rome LLP, Bond Counsel, dated the Date of Issuance and in form satisfactory to the Bank and its counsel, to the effect that the marketing of the Bonds does not, in and of itself, adversely affect the exclusion from gross income for federal income tax purposes, together with any other opinion(s) delivered by Bond Counsel on the Date of Issuance that are required to be delivered pursuant to the 1998 Ordinance or the Bond Authorization in connection with the substitution of the Letter of Credit for the Prior Letter of Credit or the remarketing on the Date of Issuance of the Bonds.

Section 4.5 Certificates. A certified copy of (a) the 1998 Ordinance (including the _____ Supplement), certified by the Clerk of the Council as being in full force and effect on the date hereof, and (B) an incumbency certificate containing the specimen signatures of the authorized officers and agents executing and delivering this Reimbursement Agreement, the Related Documents and the other documents or certificates of the City to be executed and delivered pursuant hereto and pursuant to any of the other Related Documents.

Section 4.6 Fiscal Agent. Signature and incumbency certificates, dated the Date of Issuance, of officers of the Fiscal Agent who are authorized to execute this Reimbursement Agreement and the Related Documents to which the Fiscal Agent is a party.

Section 4.7 Rating. The City shall have received written confirmation from S&P and Moody's that they have assigned long-term credit ratings on the Bonds of "___" and "___" respectively, and written confirmation from S&P and Moody's that they have assigned short term credit ratings of "___" and "_____" respectively, to the Bonds, and such ratings shall continue to be in effect on the Date of Issuance.

Section 4.8 Documents and Proceedings. All legal proceedings and all instruments in connection with the transactions contemplated by this Reimbursement Agreement and the other Related Documents shall be reasonably satisfactory in form and substance to the Bank and its counsel. There shall have been delivered to the Bank such other information, documents, instruments, approvals (and if requested by the Bank, certified duplicates of executed copies thereof) or opinions as the Bank or its counsel may reasonably request to evidence the due execution, delivery and performance of this Reimbursement Agreement and the other Related Documents by the parties thereto.

Section 4.9 Fees. The Bank shall have received all fees and expenses (including attorneys' fees and expenses) due and owing to the Bank on the Date of Issuance under this Reimbursement Agreement.

Section 4.10 Evidence of Payment of Prior Bank. Evidence satisfactory to the Bank that the Prior Bank has been paid in full and that the Prior Letter of Credit has been cancelled and no additional obligations owed to the Prior Bank that are secured by the same sources of revenues as secures the Bonds or the Bank Bonds remain outstanding.

Section 4.11 Bank Bond CUSIP. The Bank shall have received written evidence satisfactory to the Bank that a CUSIP Number has been obtained and reserved from Standard & Poor's CUSIP Services for the Bank Bonds.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The City makes the following representations and warranties to the Bank to induce the Bank to enter into this Reimbursement Agreement and to issue the Letter of Credit:

Section 5.1 Existence and Standing. The City (A) is a City of the first class and political subdivision duly organized and validly existing under the laws of the State, and (B) had at all relevant times and has all governmental power and authority, and all material governmental licenses, authorizations, consents and approvals (i) to own and operate the Gas Works and to issue bonds payable solely from Gas Works Revenues pledged under the 1998 Ordinance, and (ii) to issue the Bonds. The City had at all relevant times and has full legal right, power and authority to execute, deliver and perform this Reimbursement Agreement to which it is a party as provided herein and therein and in accordance with the 1998 Ordinance and the _____ Supplement, and to pledge the Gas Works Revenues and to grant the lien granted by the _____ Supplement and herein thereon in the manner and to the extent provided in the _____ Supplement and herein. The City makes no representation as to the validity or enforceability of Section 8.5.

Section 5.2 Authorization and Validity. The City has duly authorized and approved the execution, delivery and performance of this Reimbursement Agreement and the other Related Documents to which it is a party, and no further approval, authorization or consents are required by law or otherwise for the due execution, delivery and performance of this Reimbursement Agreement and the other Related Documents. This Reimbursement Agreement, the Bonds and such other Related Documents to which the City is a party constitute legal, valid and binding obligations of the City when duly executed and delivered by the parties thereto and are enforceable against the City in accordance with their respective terms, except as such enforcement may be limited by bankruptcy, reorganization, insolvency, moratorium or other laws or legal principles relating to or affecting the enforcement of creditors' rights generally, by general principles of equity and by laws and principles of public or governmental policy limiting the enforceability of indemnification provisions; and no further authorization or approval (Federal, state or local) is required with respect to the enforceability of the City's obligations

hereunder or thereunder. The City makes no representation as to the validity or enforceability of Section 8.5.

Section 5.3 Compliance with Laws and Contracts. The execution, delivery and performance of this Reimbursement Agreement and the other Related Documents to which the City is a party do not and will not, (i) violate in a material manner any existing law, statute, rule, regulation, code, ordinance, order, writ, judgment, decree, award, injunction, restrictive covenant or requirement to which the City or the Gas Works is subject, (ii) conflict with in a material manner or constitute on the part of the City or the Gas Works a material breach of, or a material default under, any material provision of any indenture, agreement, contract, ordinance or other instrument to which the City or the Gas Works is a party or is otherwise subject or (iii) result in, or require, the creation or imposition of any Lien other than those imposed in the 1998 Ordinance or the Bond Authorization and hereby, upon or with respect to any of its assets now owned or hereafter acquired by the City for Gas Works. The City and the Gas Works are, as to the Gas Works, in material compliance with (a) all applicable laws, statutes, codes, ordinances, orders, judgments, decrees, injunctions, rules, regulations, restrictive covenants and requirements, and (b) any other credit agreement, indenture, mortgage, agreement or other instrument to which it is a party or otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute an event of default under any such instrument.

Section 5.4 Priority. The Bonds (including Bank Bonds) and the Reimbursement Obligations constitute limited obligations of the City payable only from, and secured by a pledge of, the Gas Works Revenues. The 1998 Ordinance permits the creation of a security interest in the Gas Works Revenues to (i) secure the Bank Bonds (including principal and interest payments on the Bank Bonds during the period that the Bank Bonds bear interest at the Term Loan Rate and during the period that Bank Bonds become due and payable in accordance with Section 8.2(a) hereof following the occurrence and continuance of an Event of Default) and Reimbursement Obligations on a parity with other Bonds, after the payment of Net Operating Expenses (as defined in the 1998 Ordinance), and (ii) subject to the priority for the payment of debt service on Bonds, including Bank Bonds, and Reimbursement Obligations as provided in clause (3) of Section 4.02 of the 1998 Ordinance, secure all other payments of the City hereunder and under the Fee Agreement as provided in clause (4) of Section 4.02 of the 1998 Ordinance.

Section 5.5 Litigation. Except as disclosed in writing to the Bank prior to the execution of this Reimbursement Agreement, no action, suit, proceeding or investigation, at law or in equity, or before any court, public board or body is pending or, to the knowledge of the City, threatened against the City (i) to restrain or enjoin the delivery by the City of the Bonds, or (ii) questioning the authority of the City to issue, or the issuance or validity of, the Bonds, or the validity or enforceability of this Reimbursement Agreement and the other Related Documents to which the City is a party or any obligations of the City, or (iii) questioning the validity of any proceedings authorizing the issuance of the Bonds, including the _____ Supplement, or (iv) questioning the collection or deposit or proposed collection or deposit of any material portion of the Gas Works Revenues, or (v) in any case, might materially and adversely affect the business,

operations, assets, or financial condition of the Gas Works or the ability of the City to perform its Obligations hereunder.

Section 5.6 No Default. Giving effect to the transactions under this Reimbursement Agreement and the other Related Documents, the City is in full compliance with all of the terms and conditions of this Reimbursement Agreement and the other Related Documents and there is no Default or Event of Default under this Reimbursement Agreement or any of the other Related Documents.

Section 5.7 Liens. The Gas Works Revenues have not been, and will not be, pledged by the City to the payment of any obligation, other than to the extent permitted under the terms of the 1998 Ordinance. No pledge, lien, security interest or other encumbrance exists on, or with respect to, the Gas Works Revenues on a basis senior to the pledge securing the Bonds and Bank Bonds.

Section 5.8 Validity of Lien. The lien granted under the 1998 Ordinance, in the Bond Authorization and under this Reimbursement Agreement on the Gas Works Revenues is a valid and enforceable lien securing the payment of the Bonds (including the Bank Bonds) and the Obligations under this Reimbursement Agreement as contemplated and permitted by the 1998 Ordinance, the ____ Supplement and this Reimbursement Agreement. Any debt service payments on the Bank Bonds will rank at least equally in right of payment by the City with the Bonds.

Section 5.9 Financial Statements. The audited consolidated statements of financial position of the Gas Works, as of _____, all as heretofore delivered to the Bank, correctly and fairly present the financial condition of the Gas Works, as of said dates, and the results of the operations of the Gas Works, for each of such periods, all in accordance with GAAP, except as stated in the notes thereto. Except as disclosed to the Bank in writing, since _____, there has been no material adverse change in the business, financial position, results of operations, projections or prospects of the Gas Works.

Section 5.10 1998 Ordinance and Bond Authorization. The City has duly enacted the 1998 Ordinance in accordance with all applicable statutory authority and has duly adopted the Bond Authorization in accordance with the 1998 Ordinance. The 1998 Ordinance and the Bond Authorization are valid and binding obligations of the City in accordance with their terms, have not been amended, modified, terminated, canceled or waived and remain in full force and effect and are in compliance with all applicable law.

Section 5.11 Immunity. There is no governmental immunity which would protect the City from the service of process, from a judgment resulting from such service of process or the enforcement of any judgment against the Gas Works Revenues, pursuant to applicable law, rendered against it in connection with proceedings commenced by the Bank to enforce any of the Bank's rights under this Reimbursement Agreement and the other Related Documents ("Governmental Immunity"). Nothing contained herein shall be construed as pledging the credit or the taxing power of the City or creating any debt or charge against the tax revenues of the City to the payment of the obligations of the City under this Reimbursement Agreement from any source other than Gas Works Revenues.

Section 5.12 Disclosure. This Reimbursement Agreement, the exhibits hereto and the other documents, certificates, schedules and statements furnished to the Bank by or on behalf of the City in connection with the transactions contemplated hereby and the other Related Documents, do not and will not contain any untrue statement of a material fact and do not omit to state a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances under which they were made.

Section 5.13 Representations in Related Documents. The City hereby makes to and for the benefit of the Bank each of the representations and warranties of the City contained in any of the Related Documents. The representations and warranties contained in the Related Documents, as well as the related defined terms, are incorporated herein by reference as if each and every such representation and defined term were set forth herein in its entirety and shall also be for the benefit of the Bank.

Section 5.14 Title to Properties. The City has good title to the properties and assets of the Gas Works except for any defects or liens that, in the aggregate, do not materially adversely affect the ability of the City to perform its obligations under this Reimbursement Agreement.

Section 5.15 Regulation U. The City is not entering into this Reimbursement Agreement and the transactions contemplated hereby and will not use the proceeds of any drawing under the Letter of Credit for the purpose of purchasing or carrying margin stock as defined in Regulation U of the Board of Governors of the Federal Reserve System.

Section 5.16. Anti-Corruption Laws and Sanctions. The City and to the knowledge of the City, its officers and employees are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. No drawing under the Letter of Credit or use of proceeds of such drawing will violate Anti-Corruption Laws or applicable Sanctions.

ARTICLE VI

AFFIRMATIVE COVENANTS OF THE CITY

The City hereby covenants and agrees that until the Letter of Credit has expired or been terminated and until all of the Obligations of the City shall have been fully paid and performed to the satisfaction of the Bank, and this Reimbursement Agreement has been cancelled by the Bank in writing, unless the Bank shall otherwise consent in writing, which consent shall not be unreasonably withheld, it shall comply with each of the following:

Section 6.1 Reporting Requirements. Furnish to the Bank:

(i) as soon as available and in any event within one hundred twenty (120) days after the close of each of its Fiscal Years, the financial statements of the Gas Works certified by independent certified public accountants, governing the operations of the Gas Works for such Fiscal Year and containing balance sheets, statements of operations and retained earnings and cash flows of the Gas Works for such Fiscal Year and setting forth in comparative

form the corresponding figures for the corresponding periods of the preceding Fiscal Year, all prepared in accordance with GAAP together with the accountants letter to management; and accompanied by a certificate signed by the Gas Works stating that no Event of Default or Default has occurred, or if such Event of Default or Default has occurred, specifying the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to correct such Event of Default or Default;

(ii) within ninety (90) days after the end of each of the first three quarters of each Fiscal Year of the Gas Works, (i) financial statements consisting of a balance sheet of the Gas Works as at the end of such quarter, a statement of income and equity and statement of cash flow of the Gas Works and for the Fiscal Year through such quarter, setting forth in comparative form the corresponding figures for the corresponding periods of the preceding Fiscal Year, all in reasonable detail and certified (subject to year-end audit adjustments), by an authorized financial officer of the Gas Works, as being fairly presented, accompanied by (ii) a letter from such officer addressed to the Bank stating that no Default or Event of Default has come to his or her attention which was continuing at the end of such quarter or on the date of such letter, or, if such a Default or Event of Default has come to such officer's attention and was continuing at the end of such quarter or on the date of such letter, indicating the nature of such Default or Event of Default and the action which the City proposes to take with respect thereto;

(iii) within thirty (30) days after the end of each month of each Fiscal Year of the Gas Works, except for the month ending August 31 of each Fiscal Year, but only upon a request by the Bank therefor, financial statements consisting of a balance sheet of the Gas Works as at the end of the month specified in such request, a statement of income and equity and statement of cash flow of the Gas Works as of such month and for the Fiscal Year through such month, setting forth in comparative form the corresponding figures for the corresponding periods of the preceding Fiscal Year, all in reasonable detail and certified (subject to year-end audit adjustments), by an authorized financial officer of the Gas Works, as being fairly presented;

(iv) promptly following approval by the Gas Commission, but in no event later than thirty (30) days of its adoption, the Gas Works' annual operating budget;

(v) any final disclosure documents distributed in connection with any bonds or obligations of the City secured in any way by, or payable from, Gas Works Revenues;

(vi) thirty (30) days prior written notice of any proposed amendment, modification or termination of the Bond Authorization, or the 1998 Ordinance;

(vii) thirty (30) days prior written notice of the proposed incurrence of any additional Indebtedness of the City or any Swaps secured by the Gas Works Revenues;

(viii) concurrently with delivery thereof to the Fiscal Agent, a copy of the report required by Section 4.03(f) of the 1998 Ordinance;

(ix) promptly upon their becoming available, a copy of any other non-routine, periodic or special reports of its activities or condition submitted to any Governmental

Authority and any other audit report prepared with respect to its activities or condition for delivery to a third party, in each case to the extent such reports are deemed relevant by the City or the Gas Works to the City's ability to perform its obligations under this Reimbursement Agreement, and copies of any material adverse notice or other material adverse communication from any Governmental Authority, if such report, notice or communication is of a scope which would be required to be disclosed in an audit report of the Gas Works. The Bank agrees to maintain the confidentiality of all non-public information provided pursuant to this paragraph; provided, however, that the Bank shall not be precluded from disclosing such information or the contents of such information to their Participants or, to the extent required by statute, rule, regulation or judicial process or upon the lawful demand of any court, agency or other governmental authority having jurisdiction over the Bank; and

(x) from time to time, with reasonable promptness, such additional information regarding the financial condition and affairs of the Gas Works or the security for the Bonds as the Bank may reasonably request from time to time.

Section 6.2 Ordinary Course of Business; Records. Conduct its business only in the ordinary course and keep accurate and complete books and records of its assets, liabilities and operations consistent with sound business practices and in accordance with GAAP.

Section 6.3 Notices. The City will promptly furnish, or cause to be furnished, to the Bank (i) to the extent known by Senior Management of the Gas Works, the City Solicitor, the City Controller and/or the Director of Finance of the City, written notice of the occurrence of any Default or Event of Default, (ii) to the extent known by the Gas Works, written notice of the failure by the Remarketing Agent or the Fiscal Agent to perform any of its material obligations under the Remarketing Agreement or the Bond Authorization, (iii) upon receipt by the City, each notice required to be given to the Bank pursuant to the Bond Authorization, and (iv) written notice of any litigation, administrative proceeding, dispute or governmental proceeding involving the City or the entry of any judgment, decree or order against or involving the City, any of which, if adversely determined, would materially adversely affect the business, financial position, results of operations, projections or prospects of the Gas Works, the security for the Bonds or the Obligations hereunder or the ability of the City to pay its obligations under this Reimbursement Agreement or the Bank Bonds or under any of the other Related Documents to which it is a party.

Section 6.4 Inspection Rights. At any reasonable time and from time to time during normal business hours of the City and at the expense of the City upon and during the continuance of an Event of Default, the City shall permit the Bank or any of its attorneys-in-fact, at the request of the Bank, to visit and inspect the properties of the Gas Works, to examine and make copies of the records and books of account under control of the City or the Gas Works related to the Gas Works, and to discuss the affairs, finances and accounts with appropriate officers of the Gas Works. The Bank agrees to maintain the confidentiality of all such books, records and information; provided, however, that the Bank shall not be precluded from disclosing such information or the contents of such books and records to its Participants or, to the extent required by statute rule, regulation or judicial process or upon the lawful demand of any court, agency or other Governmental Authority having jurisdiction over the Bank.

Section 6.5 Payment of Obligations. The City shall pay and discharge all of its obligations and liabilities, including, without limitation, all taxes, assessments and governmental charges on or against the income and properties of the Gas Works, when due, except to the extent only that such obligations, liabilities, taxes, assessments and governmental charges shall be contested in good faith and by appropriate proceedings and then only to the extent that a bond is filed in cases where the filing of a bond will avoid the creation of a Lien against any of the properties of the Gas Works, or if no such bond can be filed, then only to the extent that such contest does not involve, in the reasonable judgment of the Bank, a substantial risk of sale, foreclosure, forfeiture or loss of a material item of property of the Gas Works which would, in the opinion of the Bank, materially adversely affect the ability of the City to perform its obligations under this Reimbursement Agreement.

Section 6.6 Laws and Contracts. Do all things necessary to maintain and comply with all necessary authorizations, approvals, consents and rights material for the conduct of the business of the Gas Works as it is presently being conducted and the ownership and operation of the Gas Works facilities as they are presently being operated and comply in all material respects with all present and future laws, statutes, rules, regulations, codes, ordinances, orders, writs, judgments, decrees, awards, injunctions, restrictive covenants and requirements binding upon or applicable to the Gas Works, its assets or the operation of the Gas Works. The City shall comply in all material respects with any credit agreement, indenture, mortgage, agreement or other instrument applicable to the Gas Works to which it is a party or otherwise subject. The City will promptly furnish copies of all default notices under any such laws and any outstanding contracts or agreements, a default under which might materially and adversely affect the financial condition of the Gas Works.

Section 6.7 Compliance with Related Documents. The City shall perform and comply with each and every covenant and agreement required to be performed or observed by it in the Related Documents, which provisions, including any cure periods as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety all of which shall be deemed to be made for the benefit of the Bank and shall be enforceable against the City. To the extent that any such incorporated provision permits the City, the Fiscal Agent or the holders of Bonds to waive compliance with such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to the City, the Fiscal Agent or the holders of the Bonds, for purposes of this Reimbursement Agreement, such provision shall not be complied with only if it is specifically waived by the Bank in writing and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Bank which shall only be evidenced by the Bank's written approval of the same. No termination or amendment to such covenants and agreements or defined terms or release of the City with respect thereto made pursuant to the Related Documents shall be effective to terminate or amend such covenants and agreements or defined terms or release of the City with respect thereto as incorporated by reference herein without the prior written consent of the Bank. Notwithstanding any termination or expiration of any such Related Document, the City shall continue to observe the covenants therein contained for the benefit of the Bank until the termination of this Reimbursement Agreement. All such incorporated covenants shall be in addition to the express covenants contained herein and shall not be limited

by the express covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein.

Section 6.8 Consents and Notices Under Related Documents. Obtain the consent of the Bank whenever the consent of the Fiscal Agent is required to be obtained under any Related Document with respect to the Bonds. Deliver to the Bank, a copy of each notice, certificate, demand or other writing (other than routine billing statements) given by the Remarketing Agent or the Fiscal Agent to the City or given or required to be given by the City to the Fiscal Agent, to any rating agency or to the Remarketing Agent under or in connection with the 1998 Ordinance or the Bond Authorization or any of the other Related Documents, in each case promptly after the City's receipt or giving of same (or when the City is required to give same), as the case may be.

Section 6.9 Limitation on Optional Calls and Conversions. The City shall promptly furnish, or cause to be furnished, to the Bank, not later than its furnishing the same to the Remarketing Agent a copy of any written notice furnished by the City to the Remarketing Agent, pursuant to the Bond Authorization indicating a proposed conversion of the interest rate on all or any portion of the Bonds to a rate of interest other than the Weekly Rate. The City shall not exercise its rights under the Related Documents to direct the Fiscal Agent to call the Bonds for any optional redemption thereof, including without limitation, any extraordinary optional redemption, unless the City first demonstrates to the reasonable satisfaction of the Bank that at the time of such redemption, the Obligations of the Bank under this Reimbursement Agreement will be paid in full, this Reimbursement Agreement and the Letter of Credit will be terminated and the Bank will be fully reimbursed for all drawings on the Letter of Credit in connection with such redemption. The City will not direct or permit the conversion or establishment of the interest rate on the Bonds to an interest rate other than the Weekly Rate (as defined in the Bond Authorization), unless either (i) the Letter of Credit is being terminated in connection therewith and the City demonstrates to the reasonable satisfaction of the Bank that at the time of such conversion the Bank will be fully reimbursed for all drawings on the Letter of Credit at or before such conversion, or (ii) the Bank consents in writing to such conversion or establishment. The City will not defease or redeem, nor allow the defeasance or redemption of, the Bonds without having first satisfied all of its Obligations hereunder and under the Bank Bonds or having obtained the written consent of the Bank. The foregoing shall not prevent the City from delivering a conditional notice of redemption prior to the proposed redemption date to the extent such notice expressly states that the proposed redemption is conditioned upon the City's receipt of funds in an amount sufficient to satisfy such redemption, nor shall it prevent the City from initiating conversion procedures pursuant to the Bond Authorization; provided, however, that the delivery of any such notice or the initiation of any such conversion procedures shall in no way release the City from its obligations under this Section 6.9.

Section 6.10 Further Assurances. From time to time hereafter, the City will execute and deliver such additional instruments, certificates or documents, and will take all such actions as the Bank may reasonably request for the purposes of implementing or effectuating the provisions of this Reimbursement Agreement and each of the other Related Documents or for the purpose of more fully perfecting or renewing the Bank's rights with respect to the rights, properties or assets subject to such documents pursuant hereto or thereto. Upon the exercise by the Bank of any power, right, privilege or remedy pursuant to this Reimbursement Agreement

and each of the other Related Documents which requires any consent, approval, registration, qualification or authorization of any Governmental Authority or instrumentality, the City will, to the extent permitted by law, execute and deliver all necessary applications, certifications, instruments and other documents and papers that the Bank may be required to obtain for such governmental consent, approval, registration, qualification or authorization.

Section 6.11 Debt Service and Other Payments. The City agrees to take all action necessary to cause timely payment on the Bonds and the Obligations under the terms of the Ordinance and the Bond Authorization in accordance with Schedule 6.11 hereof.

Section 6.12 Remarketing Agent. The City shall at all times cause a remarketing agent for the Bonds to be in place, which remarketing agent shall be acceptable to the Bank, such approval not to be unreasonably withheld. The remarketing agreement shall be acceptable to the Bank. If at any time the remarketing agent shall fail to remarket any Bank Bonds for 30 consecutive days or shall otherwise fail to perform its duties under the remarketing agreement, the City shall provide notice thereof to the Bank and, at the direction of the Bank, the City shall appoint a successor remarketing agent acceptable to the Bank.

Section 6.13 Obligations of the City/Ordinance Covenants. The Obligations constitute the valid, binding and enforceable obligations of the City. The Bonds and the Bank Bonds are Senior Bonds under the 1998 Ordinance. The City has covenanted in Section 5 of the _____ Supplement that, so long as any Bonds shall remain unpaid, it shall make payments out of the Sinking Fund created under the 1998 Ordinance at such times and in such annual amounts as shall be sufficient for the payment of the interest thereon and the principal thereof when due. The City represents and warrants that this Reimbursement Agreement constitutes a Credit Facility and that the Bank is a Credit Facility Issuer as such terms are defined in Section 9 of the _____ Supplement and the 1998 Ordinance. As provided in the 1998 Ordinance and the _____ Supplement, except to the extent compliance in any case or cases is waived in writing by the Bank, the City confirms that it will, for the benefit of the Bank (and not for the benefit of any other party), comply with in all material respects and abide by all agreements, covenants which are incorporated herein, obligations and undertakings contained in the 1998 Ordinance and the _____ Supplement (provided that the City shall be entitled to any cure periods in the 1998 Ordinance), it being understood that no amendment or waiver with respect to the 1998 Ordinance or the _____ Supplement shall be effective unless and until specifically agreed to in writing by the Bank.

Section 6.14 Notice of Modification of Documents. The City shall promptly deliver to the Bank copies of any amendments or modifications to any statutes or other regulations which relate to or impact upon the Related Documents.

Section 6.15 Rate Covenant Compliance. As provided therein, the City shall comply with all rate covenants set forth in the 1998 Ordinance.

Section 6.16 Insurance. The City shall keep, or cause to be kept, the works, plants and facilities comprising the Gas Works and the operations thereof insured to the extent available at reasonable cost with responsible insurers with policies payable to the City for the benefit of the Gas Works against risks of direct physical loss, damage or destruction of such

works, plants and facilities, and against accidents, casualties or negligence, including liability insurance and employer's liability insurance, at least to the extent that similar insurance is usually carried by natural gas utilities operating like properties, if failure to maintain such insurance could materially adversely affect the ability of the City to perform its obligations under this Reimbursement Agreement.

Section 6.17 Tax-Exempt Status. The City covenants to comply with each provision of the Code, to the extent such compliance is required to maintain the exclusion from gross income of interest on the Bonds for purposes of federal income taxation.

Section 6.18 Offering Documents. Other than in the Remarketing Circular, the City shall not refer to the Bank in any offering documents or make any changes in reference to the Bank in any offering documents without the Bank's prior written consent thereto. The Bank, during the term of this Reimbursement Agreement, shall, upon the written request of the City, update on a timely basis the information relative to the Bank contained in the Remarketing Circular.

Section 6.19 Security. The City shall take any and all actions necessary or reasonably requested by the Bank to preserve and protect the liens and security interests described in Article III hereof.

Section 6.20 Bank Bond Ratings. At any time Bank Bonds are Outstanding, upon the request of the Bank, the City at its expense, within five (5) days following receipt of such request, shall apply for and use its commercially reasonable efforts to obtain from at least one of the Rating Agencies then rating the Bonds, a rating specifically assigned to such Bank Bonds.

ARTICLE VII

NEGATIVE COVENANTS OF THE CITY

The City hereby covenants and agrees that until the Letter of Credit has expired or been terminated and until all of the Obligations of the City shall have been fully paid and performed to the satisfaction of the Bank and this Reimbursement Agreement have been cancelled in writing by the Bank, unless the Bank shall otherwise consent in writing which consent shall not be unreasonably withheld, it shall not engage in any of the following:

Section 7.1 Indebtedness. The City shall not issue any Bonds or incur any additional loans or other obligations payable from, or secured by, Gas Works Revenues except as permitted by the 1998 Ordinance and the Act, provided any such debt shall be subject to the rate covenant requiring net revenues at least equal to 1.5 times annual debt service.

Section 7.2 Sale of Assets. Except as provided in the 1998 Ordinance, the City shall not sell, convey, transfer or lease (whether in a single transaction or a series of transactions) all or any substantial part of the properties or assets of the Gas Works.

Section 7.3 Liens. The City shall not create, assume or permit to exist any Lien with respect to any assets now owned or hereafter acquired and used in connection with the Gas Works, other than (i) mechanic's or materialman's Liens which are being contested in good faith by the City or on the City's behalf, and (ii) Liens authorized by the Related Documents, unless such Lien would materially adversely affect the ability of the City to perform its Obligations under this Reimbursement Agreement. Nothing herein shall be construed as prohibiting the City from incurring indebtedness secured by the Gas Works Revenues permitted pursuant to the provisions of the Act or the 1998 Ordinance, each as amended from time to time, subject to Section 7.1.

Section 7.4 Amendment to Documents. Cause, permit, consent to, or enter into any amendment, modification, termination, waiver, assignment or transfer, voluntarily or involuntarily, by operation of law or otherwise, of any of the Related Documents

Section 7.5 Tax Exemption. The City shall not take or permit to be taken on its behalf any action, nor omit to take any action, that would adversely affect the exclusion from gross income for federal income tax purposes of the interest paid on the Bonds.

Section 7.6 Replacement of Letter of Credit. The City will not replace the Letter of Credit with a substitute letter of credit facility without first providing the Bank with at least 30 days prior written notice of the proposed replacement, notwithstanding any other provision of any of the other Related Documents to the contrary. In any event, the City will not replace the Letter of Credit with a substitute letter of credit unless, simultaneously therewith, the City causes the Letter of Credit to be cancelled and returned to the Bank and pays (or causes to be paid) in full all reimbursement payments, interest, fees, charges and other Obligations then owing to the Bank or resulting from such replacement on or before the effective date of such substitute Letter of Credit.

Section 7.7 Fiscal Agent. The City will not cause or permit the removal of the Fiscal Agent or Tender Agent or appoint a successor fiscal agent or tender agent without the written consent of the Bank which consent shall not be unreasonably withheld.

Section 7.8 Swap Termination Payments. The City shall not enter into any Swaps under which the termination payments are payable from Gas Works Revenues, unless such payments are paid on a basis subordinate in lien and payment priority to the payments under this Reimbursement Agreement.

Section 7.9 Optional Redemption. Without the prior written consent of the Bank, the City shall not optionally redeem any Bonds (other than Bank Bonds) issued under the _____ Supplement prior to redeeming Bank Bonds in full.

Section 7.10 Change in Business. Unless the Obligations under this Reimbursement Agreement have been fully paid and the Reimbursement Agreement and Letter of Credit have been cancelled by the Bank, the City shall not permit the consolidation or merger of the Gas Works or a change in use of facilities generating the Gas Works Revenues or change the accounting standards previously employed by the City with respect to the Gas Works.

Section 7.11 Use of Proceeds. The City shall not permit the proceeds from any drawing under the Letter of Credit to be used (a) in violation of Regulation U, as amended, promulgated by the Board of Governors of the Federal Reserve System, (b) in violation of the Bond Authorization and the 1998 Ordinance, (c) in violation of any Anti-Corruption Laws or (d) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

Section 7.12. Immunity. To the extent permitted by law, the City hereby waives any future right to invoke governmental immunity which would protect the City from the service of process, from a judgment resulting from such service of process or the enforcement of any judgment against the Gas Works Revenues, pursuant to applicable law, rendered against it in connection with proceedings commenced by the Bank to enforce any of the Bank's rights under this Reimbursement Agreement, the Fee Agreement and the other Related Documents. Nothing contained herein is to be construed as pledging the credit or the taxing power of the City or creating any debt or charge against the tax revenues of the City for the payment of the obligations of the City under this Reimbursement Agreement or the Fee Agreement from any source other than Gas Works Revenues.

ARTICLE VIII

DEFAULTS AND REMEDIES

Section 8.1 Defaults. Each of the following shall constitute an event of default hereunder ("Event of Default"):

(a) The City fails to pay on the date on which the same is due and payable (1) any payment required by Section 2.2(a) hereof representing a payment or reimbursement for payments made by the Bank under the Letter of Credit, plus interest thereon, to the extent any interest is due thereon, or (2) any payment representing a payment of a Term Loan required by Section 2.2(b) hereof, plus interest thereon, to the extent any interest is due thereon;

(b) The City fails to pay on the date on which the same is due and payable, any fees, costs, expenses or other payments required by this Reimbursement Agreement or by any other Related Documents to be paid by the City, and such failure to pay is not fully cured within ten (10) days of the earlier of (i) the date such payment is due under this Reimbursement Agreement, or (ii) the date of delivery to the City of an invoice from the Bank with respect to fees, costs, expenses or other payments not having a specific due date hereunder;

(c) The City (i) fails to perform or observe any term, covenant, agreement or condition contained in Section 6.3, 6.7, 6.8, 6.9, 6.11, 6.12, 6.13, 6.15, 6.16, 6.17, 6.18, 6.19, 6.20, or in Article VII; or (ii) fails to perform or observe any other term, covenant agreement or condition in this Reimbursement Agreement or is in violation of or non-compliance with any provision of this Reimbursement Agreement not specifically referred to in this Section 8.1, and has not remedied and fully cured such non-performance, non-observance, violation of or non-compliance within thirty (30) Business Days after the earlier of (a) the date the Bank has given

written notice thereof to the City; or (b) the date the Senior Management of the Gas Works, the City Solicitor, the City Controller and/or the Director of Finance has knowledge that such failure has occurred; provided that such cure period shall not apply to violations referred to in clause (i) above;

(d) (i) The City shall default in the payment when due (subject to any applicable notice or grace period), whether at stated maturity, required prepayment, demand or otherwise, of any principal of or interest on (howsoever designated) any Indebtedness in excess of \$500,000, whether such Indebtedness now exists or shall hereafter be created; (ii) an event of default as defined in any mortgage, indenture, instrument or resolutions under which there may be issued, or by which there may be secured or evidenced, any Indebtedness for money borrowed of, or guaranteed by, the City in excess of \$500,000, whether such Indebtedness now exists or shall hereafter be created, shall occur and shall result in the Indebtedness becoming due and payable prior to the stated maturity or due date thereof; or (iii) any event shall occur which shall permit such Indebtedness described in (i) or (ii) above in excess of \$500,000 to be so declared due and payable prior to its stated maturity or due date and such event shall continue unremedied past any period of grace provided for in any mortgage, indenture, instrument or Bond Authorization under which such Indebtedness is issued;

(e) The validity, binding nature of, or enforceability of any term or provision of this Reimbursement Agreement or any other Related Document is disputed by, on behalf of, or in the right or name of the City or by any Governmental Authority of competent jurisdiction or any term or provision of this Reimbursement Agreement or any such other Related Document is found or declared to be invalid, avoidable, or non-enforceable by any court or any other Governmental Authority of competent jurisdiction or any law is enacted which declares the contractual obligations of the City hereunder invalid, unavailable or unenforceable, including without limitation, Section 5.11 of this Reimbursement Agreement;

(f) Any financial statement of the City or any warranty or representation made by the City in this Reimbursement Agreement or any other Related Document or in any certificate, letter, or other writing or instrument furnished or delivered under or pursuant to this Reimbursement Agreement or any other Related Document, or in connection with any provision of this Reimbursement Agreement or any other Related Document related to the transactions contemplated hereby shall prove to have been false or incorrect or breached in any material respect on the date as of which made or when reaffirmed, as the case may be;

(g) (i) The City or the Gas Works shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition, moratorium, restructuring or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the City or the Gas Works shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the City or the Gas Works, any case, proceeding or other action of a nature referred to in clause (i) above which (x) results in an order for such relief or in the appointment of a receiver or similar official or (y) remains undismissed,

undischarged or unbonded for a period of thirty (30) days; or (iii) there shall be commenced against the City or the Gas Works, any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets, which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within thirty (30) days from the entry thereof; or (iv) the City or the Gas Works shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) the City or the Gas Works shall generally not, or shall be unable to, or so admit in writing its inability to, pay its debts as they become due;

(h) Any judgment arising out of the operation of the City or the Gas Works in an aggregate amount in excess of \$5,000,000 shall be entered against the City or the Gas Works as the case may be and which is not (a) appealed, (b) stayed, or (c) paid within ninety (90) days of becoming final;

(i) The Sinking Fund or the Sinking Fund Reserve or any funds on deposit in, or otherwise to the credit of such accounts shall become subject to any writ, order, judgment, warrant of attachment, execution or similar process and such writ, order, judgment, warrant of attachment, execution or similar process prevents payment into or out of such Account for the purposes and at the times contemplated by the Related Documents, unless such writ, order, judgment, warrant of attachment, execution or similar process shall be fully bonded or stayed;

(j) Any change shall be made in any provision of the Act if such change would, in the reasonable judgment of the Bank, materially and adversely affect the ability of the City to pay any amount coming due hereunder;

(k) There shall occur any “default” or “event of default” in any Related Document, subject to applicable notice and cure periods;

(l) The City shall default in the payment when due of any obligation (subject to any applicable notice or grace period) owed to the issuer of any Swap; (ii) if the City is permitted to post collateral for a Swap under applicable law, the City shall fail to post collateral as required by the terms of any Swap; or (iii) any event shall occur under any Swap which shall permit any obligation under any Swap in excess of \$500,000 to be terminated or otherwise declared due and payable prior to its stated maturity and such event shall continue unremedied past any period of grace provided for in any agreement under which such Swap is issued; or

(m) A Governmental Authority with appropriate jurisdiction shall impose a debt moratorium, debt restructuring or debt adjustment on any Indebtedness of the City or the Gas Works.

Section 8.2 Remedies.

(a) If an Event of Default has occurred and is continuing uncured the Bank may, in its sole discretion,

(i) Notify the Fiscal Agent and the City of such Event of Default and give notice of termination of the Letter of Credit; direct the Fiscal Agent to declare an Event of Default and cause a mandatory tender of all of the Bonds; direct the Fiscal Agent to draw under the Letter of Credit by a Liquidity Drawing, whereupon all amounts drawn under the Letter of Credit, all interest thereon and all other amounts payable hereunder or in respect hereof shall automatically be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the City; and direct the Fiscal Agent to exercise remedies available to it under the Related Documents;

(ii) Declare any outstanding Term Loans to be immediately due and payable in full, whereupon all such Term Loans (together with all interest accrued but unpaid thereon to the date of payment) will be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are expressly waived by the City;

(iii) By written notice to the City, declare the City's Obligations hereunder to be, whereupon the same shall become, immediately due and payable, and provided however upon an Event of Default under Section 8.1(g) of this Reimbursement Agreement, all Obligations hereunder shall automatically become immediately due and payable;

(iv) Increase the interest rate on all Obligations hereunder to the Default Rate; or

(v) Exercise, or cause to be exercised, any and all rights and remedies available to it under this Reimbursement Agreement and the other Related Documents, the Act or at law or in equity.

(b) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Reimbursement Agreement or any other Related Document or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to exercise any remedy reserved to the Bank in this Reimbursement Agreement it shall not be necessary to give any notice, other than such notice as may be herein expressly required. In the event any provision contained in this Reimbursement Agreement should be breached by any party and thereafter duly waived by the other party so empowered to act, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver, amendment, release or modification of this Reimbursement Agreement shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the parties thereunto duly authorized by this Reimbursement Agreement.

Section 8.3 Judicial Proceedings. Each party to this Reimbursement Agreement agrees that any suit, action or proceeding, whether claim or counterclaim, brought or

instituted by any party hereto or any successor or assign of any party, on or with respect to this Reimbursement Agreement or any of the other Related Documents or the dealings of the parties with respect hereto, or thereto, shall be tried only by a court and not by a jury. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY SUCH SUIT, ACTION OR PROCEEDING. Further, each party to the extent permitted by applicable law, waives any right it may have to claim or recover, in any such suit, action or proceeding, any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. THE CITY ACKNOWLEDGES AND AGREES THAT THIS SECTION IS A SPECIFIC AND MATERIAL ASPECT OF THIS REIMBURSEMENT AGREEMENT AND THAT THE BANK WOULD NOT EXTEND CREDIT TO THE CITY IF THE WAIVERS SET FORTH IN THIS SECTION WERE NOT A PART OF THIS REIMBURSEMENT AGREEMENT.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Notices. (a) All notices and other communications provided for hereunder shall be in writing and sent by United States certified or registered mail, return receipt requested, or by telecopier or private delivery service, addressed as provided in the Notice of Redacted Information.

Any party hereto may change the address to which notices to it are to be sent by written notice given to the other persons listed in the Notice of Redacted Information. All notices shall, when mailed as aforesaid, be effective on the date indicated on the return receipt, and all notices given by other means shall be effective when received.

(b) Electronic Communications. Notices and other communications to the Bank hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Bank. The Bank or the City may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications. Notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

Section 9.2 Binding Effect; Assignment. (a) This Reimbursement Agreement is a continuing obligation and shall (i) be binding upon the City and its respective successors, transferees and assigns and (ii) inure to the benefit of and be enforceable by the Bank and its successors, transferees and assigns; provided, however, that the City may not assign all or any part of this Reimbursement Agreement without the prior written consent of the Bank. The Bank may assign, negotiate, pledge or otherwise hypothecate all or any portion of this Reimbursement

Agreement, or grant participations herein to certain participating entities (“Participants”), in the Letter of Credit or in any of its rights or security hereunder, including, without limitation, the instruments securing the City’s Obligations hereunder; provided however, that no such participation interest shall relieve the Bank of its obligations under the Letter of Credit and the City shall look only to the Bank and only the Bank shall be entitled to enforce the provisions of this Reimbursement Agreement and the Related Documents to which the Bank is a party.

(b) Notwithstanding the foregoing, the Bank may assign and pledge all or any portion of the amounts owing to it with respect to Bank Bonds and hereunder to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank. No such assignment shall release a Bank from its obligations under the Letter of Credit.

Section 9.3 Survival of Covenants. All representations, warranties and covenants made by the City herein and in any document delivered pursuant hereto shall survive the delivery of this Reimbursement Agreement and the Letter of Credit and any advances under the Letter of Credit.

Section 9.4 Counterparts. This Reimbursement 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. This Reimbursement Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by email with a pdf copy or other replicating image attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

Section 9.5 Costs, Expenses and Taxes. The City agrees to pay on demand all costs and expenses of the Bank in connection with the negotiation, preparation, execution, delivery and administration of this Reimbursement Agreement, the Letter of Credit, and any other documents that may be delivered in connection with this Reimbursement Agreement, the Letter of Credit or the other Related Documents (including without limitation the reasonable fees and expenses of Nixon Peabody LLP in its capacity as special counsel to the Bank) or any amendments or supplements thereto, including without limitation the reasonable fees and expenses of counsel for the Bank with respect thereto and with respect to advising the Bank as to its rights and responsibilities under this Reimbursement Agreement, the Letter of Credit and such other documents, and all costs and expenses, if any, including without limitation reasonable counsel fees and expenses of the Bank, in connection with the enforcement of this Reimbursement Agreement, the Letter of Credit and such other documents. In addition, the City shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution and delivery of this Reimbursement Agreement, the Letter of Credit and such other documents and agrees to indemnify and to hold 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; provided the Bank promptly notifies the City of any such taxes and fees.

Section 9.6 Amendments. This Reimbursement Agreement may be amended by an instrument in writing executed and delivered by the City and the Bank.

Section 9.7 Severability. If any provision hereof is found by a court of competent jurisdiction to be prohibited or unenforceable in any jurisdiction, it shall be ineffective as to such jurisdiction only to the extent of such prohibition or unenforceability, and such prohibition or unenforceability shall not invalidate the balance of such provision as to such jurisdiction to the extent it is not prohibited or unenforceable, nor invalidate such provision in any other jurisdiction, nor invalidate the other provisions hereof.

Section 9.8 Complete Agreement. Taken together with the other instruments and documents delivered in compliance herewith, this Reimbursement Agreement constitutes the complete agreement of the City and the Bank. Waivers or modifications of any provision hereof must be in writing signed by the Bank and the City.

Section 9.9 Consent to Jurisdiction: Venue. With respect to any suit, action or proceeding relating to this Reimbursement Agreement (each, a "Proceeding"), each party irrevocably submits, to the fullest extent permitted by applicable law, to the non-exclusive jurisdiction of each of the courts of the Commonwealth of Pennsylvania and the United States District Court for the Eastern District of Pennsylvania and waives any objection which it may have to the laying of venue of any such Proceeding in any such court and any claim that any such Proceeding has been brought in an inconvenient forum. The City hereby irrevocably consents to the service of any and all process in any such Proceeding by mailing of copies of such process to the City at its address provided under or pursuant to Section 9.1. The City agrees that a final judgment in any such Proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. All mailings under this Section shall be by certified or registered mail, return receipt requested. Nothing in this Reimbursement Agreement precludes either party from bringing a Proceeding in any other jurisdiction nor will the bringing of a Proceeding in any one or more jurisdictions preclude the bringing of a Proceeding in any other jurisdiction provided that such jurisdiction shall be in the continental United States.

Section 9.10 Governing Law. This Reimbursement Agreement shall be governed by, and construed in accordance with, the laws of the State without reference to its principles of conflicts of law. The Letter of Credit shall be governed and construed as set forth therein.

Section 9.11 Headings. Section headings in this Reimbursement Agreement are included herein for convenience of reference only and shall not constitute a part of this Reimbursement Agreement for any other purpose.

Section 9.12 Payment Due On A Day Other Than A Business Day. If any payment due or action to be taken under this Reimbursement Agreement or any other Related Document falls due or is required to be taken on a day which is not a Business Day, such payment or action shall be made or taken on the next succeeding Business Day and such extended time shall be included in the computation of interest.

Section 9.13 Effect of Agreement. This Reimbursement Agreement supersedes all prior agreements between the City and the Bank, whether oral or written, with respect to the subject matter hereof, all such prior agreements to be of no further force and effect.

Section 9.14 No Personal Recourse. No personal recourse shall be had for any claim based on this Reimbursement Agreement against any official or employee of the City, past, present or future, either directly or through the City or any successor as such, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise.

Section 9.15 Limited Liability. The Bonds, Bank Bonds, and any obligations under this Reimbursement Agreement are not general obligations of the City and do not pledge the credit or taxing power or create any debt or charge against the tax or general revenues of the City. Any obligation or liability of the City arising out of this Reimbursement Agreement shall be a special and limited obligation or liability of the City payable solely from the Gas Works Revenues and in the manner set forth in the 1998 Ordinance.

Section 9.16 Patriot Act. The Bank hereby notifies the City that, pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (as amended from time to time, the "Patriot Act"), the Bank is required to obtain, verify and record information that identifies the City, which information includes the name and address of the City and other information that will allow the Bank to identify the City in accordance with the Patriot Act, and the City hereby agrees to take any action reasonably necessary to enable the Bank to comply with the requirements of the Patriot Act.

Section 9.17. No Advisory or Fiduciary Responsibility. In connection with all aspects of the transactions contemplated by this Reimbursement Agreement and the Related Documents (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the City acknowledges and agrees that: (a) (i) the services regarding this Reimbursement Agreement and the Related Documents provided by the Bank or any affiliate of the Bank are arm's-length commercial transactions between the City on the one hand, and the Bank and its affiliates, on the other hand, (ii) the City has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the City is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Related Documents; (b) (i) the Bank and its affiliates each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary, for the City except to the extent any of the Bank's affiliates is serving as remarketing agent to the City and (ii) neither the Bank nor any of its affiliates has any obligation to the City with respect to the transactions contemplated by this Reimbursement Agreement and the Related Documents except those obligations expressly set forth herein; and (c) the Bank and its affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the City, and neither the Bank nor any of its affiliates has any obligation to disclose any of such interests to the City.

IN WITNESS WHEREOF, the City and the Bank have caused this Reimbursement Agreement to be duly executed and delivered as of the day and year first above written.

PHILADELPHIA GAS WORKS

THE CITY OF PHILADELPHIA,
PENNSYLVANIA

By: _____
Name: James Kenney
Title: Mayor

By: _____
Name: Alan L. Butkovitz
Title: City Controller

By: _____
Name: Sozi Pedro Tulante
Title: City Solicitor

[Signature page of the Bank follows.]

By: _____

ACKNOWLEDGMENT

Reference is made to the foregoing Reimbursement Agreement between The City of Philadelphia, Pennsylvania (the "City") and _____(the "Bank"), dated as of _____(the "Reimbursement Agreement") pursuant to which the Bank has issued a Letter of Credit to support payments when due of principal of and interest on Gas Works Revenue Refunding Bonds, _____(1998 General Ordinance). Terms capitalized but not defined herein shall have the meaning given such terms in the Reimbursement Agreement.

The Fiscal Agent hereby acknowledges Section 3.2 of the Reimbursement Agreement. The Fiscal Agent hereby agrees to comply with the provisions of Section 3.2 of the Reimbursement Agreement and the Bond Authorization with respect to Bank Bonds relating to the Fiscal Agent and hereby agrees that it shall take direction only from the Bank with respect thereto.

US BANK NATIONAL ASSOCIATION,
as Fiscal Agent

By: _____
Title: _____

EXHIBIT "A"

Form of Letter of Credit

EXHIBIT "B"

Form of Notice of Redacted Information

**NOTICE OF INFORMATION NOT REQUIRED
TO BE FILED UNDER MSRB RULE G-34(c)**

City of Philadelphia, Pennsylvania
Gas Works Revenue Refunding Bonds, _____

(1998 General Ordinance)

Re: Reimbursement Agreement, dated as of)_____, between the City of Philadelphia, Pennsylvania (the "City") and _____(the "Bank")

Consistent with Municipal Securities Rulemaking Board ("MSRB") Rule G-34(c), the following information is not being set forth in the documents that are being filed with the MSRB Short-term Obligation Rate Transparency System because such information was intended to remain confidential to maintain internal security or confidentiality of personal information or information that could be used in a fraudulent manner.

I. Notices

II. Payment Information

In accordance with Section 2.2 of the above-referenced Reimbursement Agreement, all payments to the Bank shall be made to the Bank by wire transfer to the following account: _____, _____, ABA#: _____, for credit to Acct. #: _____, Reference: City of Philadelphia, Pennsylvania, Gas Works Revenue Refunding Bonds, _____(1998 General Ordinance), or any subsequent account specified by the Bank in writing to the City, the Remarketing Agent and the Fiscal Agent (as each is defined in the Reimbursement Agreement).

Schedule 6.11