



Agreement Among Underwriters

October 1, 1997

Master Standard Terms and Conditions*

When referred to or incorporated by reference in the Agreement Among Underwriters, Instructions, Terms and Acceptance (the "Instructions") governing the offer, sale and distribution of governmental securities, the following Master Standard Terms and Conditions shall, together with the Instructions, constitute the Agreement Among Underwriters (the "Agreement") with respect to such Securities.

1. Definitions.

In addition to the terms defined in the Instructions or elsewhere in the Agreement, the following terms shall be used in the Agreement as defined below:

"Closing Date" means the date on which the Securities are purchased by the Underwriters as specified in or established pursuant to the Purchase Contract.

"Concession" means the fractional discount from the public offering prices at which the Underwriters may sell Securities to other Dealers or affiliates. The Concession is a component of the Total Takedown.

"Dealers" means (a) members in good standing of the National Association of Securities Dealers, Inc. or (b) dealer banks or dealer divisions or dealer departments of banks.

"Good Faith Deposit" means the good faith deposit, if any, required to be delivered by the Underwriters to the Issuer pursuant to the Purchase Contract.

"Managers" means the Underwriter or Underwriters so designated as the Managers in the Instructions, acting as such pursuant to the Agreement.

"MSRB" means the Municipal Securities Rulemaking Board.

"Notification to the Representative" means written, telephonic or telecopy notification (including Wire Notice) to the Representative at the Representative's Syndicate Address.

"Official Statement" means the final Official Statement or other offering document, as it may be amended or supplemented, relating to the Securities, to be delivered to the Underwriters by or on behalf of the Issuer pursuant to the Purchase Contract.

* For negotiated transactions subject to SEC Rule 15c2-12.

“Participation” means the principal amount of Securities to be underwritten by an Underwriter, as shown in the Instructions, as adjusted pursuant to the Agreement.

“Pro Rata Proportion” means that proportion that the Participation of an Underwriter bears to the total aggregate principal amount of the Securities.

“Purchase Contract” means the bond purchase agreement, underwriting agreement or other similar agreement between the Issuer and the Underwriters providing for the purchase of the Securities.

“Representative” means the Underwriter or Underwriters so identified in the Instructions, acting as such pursuant to the Agreement.

“Retentions” means those principal amounts, if any, of the Securities that have been allocated in accordance with Section 6 hereof to any one or more of the Managers without regard to the priorities otherwise set forth in Section 6 or by Wire Notice.

“SEC” means the Securities and Exchange Commission.

“Securities” means the governmental securities identified in the Instructions.

“Total Takedown” means either (a) the fractional discount from the public offering price at which the Underwriters may purchase the Securities or (b) the aggregate fee or commission paid to the Underwriters as compensation for purchasing the Securities.

“Underwriters” or **“Group”** means the Underwriters so designated in the Instructions who have accepted participation as such in the offering, sale and distribution of the Securities and who have not withdrawn pursuant to Section 4 of the Instructions.

“Wire Notice” means the transmission of information to the Group by the Representative or by an Underwriter to the Representative by Dalcomp or as otherwise specified by the Representative. If an Underwriter is not a subscriber to that wire service, that Underwriter must advise the Representative, by a Notification to the Representative, of an alternative means of notification, satisfactory to the Representative. Thereafter, notice by that means shall constitute Wire Notice to that Underwriter.

2. Purchase of Securities; Authority of the Representative and the Managers.

The Underwriters intend to submit an offer for the purchase of the Securities and, if that offer is accepted, to purchase the Securities on the terms and conditions set forth in the Purchase Contract. The Underwriters will be jointly and severally liable to the Issuer under the Purchase Contract but, among themselves, their liabilities will be limited as specified in the Agreement.

The Representative and the Managers are authorized to act as such pursuant to the Agreement with the power and authority specified therein. The Representative is authorized to determine the final form of the Purchase Contract, to execute and deliver the Purchase

Contract on behalf of the Underwriters, to act under the Purchase Contract on behalf of the Underwriters and to waive performance or satisfaction by the Issuer of its obligations under the Purchase Contract or of any other conditions to the delivery and purchase of the Securities specified therein.

It is expected that the Purchase Contract will be entered into promptly if the Group's purchase offer is accepted. The Representative will advise each Underwriter, by Wire Notice, of such acceptance and will release the Securities for public offering.

3. Pricing.

The Representative, in consultation with the other Managers, will determine the initial public offering prices and other terms of the offering. Before executing the Purchase Contract, the Representative will advise each Underwriter, by Wire Notice or in Exhibit A to the Instructions, of (i) the initial public offering prices of the Securities, the initial Total Takedown, any initial Concession and any portion of the Total Takedown to be designated for net designated orders (if less than the Total Takedown); (ii) other terms of the offering, including priority of orders if different from that set forth in Section 6 hereof; (iii) the Expected Purchase Contract Execution Date; and (iv) discretionary fees for clearance costs and management fees.

Unless an Underwriter withdraws, by Notification to the Representative received not later than 4:00 p.m., Prevailing Time, on the business day preceding the date of execution of the Purchase Contract in accordance with Section 4 of the Instructions, that Underwriter will be obligated as an Underwriter under the Purchase Contract and the Agreement.

The Representative, in consultation with the Managers, may, in its discretion, change any one or more of the public offering prices of the Securities, any Concession, Total Takedown or other discount, or any other pricing or underwriting term of the offering at any time before or after commencement of the offering. No such change shall affect or release any Underwriter from its obligations and liabilities under the Agreement. The Representative will advise each Underwriter, by Wire Notice, promptly of any such changes. Each Underwriter agrees to comply with the terms of the offering as from time to time in effect during the term of the Agreement.

4. Participation and Pro Rata Proportion.

Each Underwriter will participate in the offering in accordance with the terms and conditions of the Purchase Contract and the Agreement, with the Participation specified in the Instructions. The amount of each Underwriter's Participation may be increased or decreased, subject to the limitations contained in the following paragraph, (i) in the discretion of the Representative, in connection with any increase or decrease in the principal amount of the Securities to be purchased, and (ii) as otherwise provided in the Agreement. Information concerning any such change in the principal amount of the Securities and related changes in the respective Participations will be included with the final pricing information.

At any time prior to the close of business on the date of execution of the Purchase Contract, the Representative, in its discretion, may (i) release any Underwriter from its Participation

upon the request of that Underwriter, (ii) grant Participations to new Underwriters and (iii) increase or decrease the Participation of an Underwriter. The Participation of any Underwriter may not be increased or decreased pursuant to this Section in an amount exceeding 10% of its original Participation, without its consent except as provided in Sections 8 and 19 hereof.

The total Participations of all Underwriters shall at all times aggregate an amount equal to the total principal amount of the Securities. In case the Participation of any Underwriter is changed or adjusted or a Participation is granted to any new Underwriter, the respective Participations in the Group, and the rights, obligations and liabilities of the Underwriters under the Agreement, shall become and be based upon the Participations as so revised.

The Participation of each Underwriter is for its own account and is not to be re-offered, subdivided or transferred without the consent of the Representative.

5. Unsold Participation.

Subject to the other provisions of the Agreement, the liability of each Underwriter to take up and pay for the Securities constituting its Participation is as set forth in this Section.

Each Underwriter shall be liable to take up and pay for its Participation of Securities at such prices as the Representative shall determine, but not in excess of the initial public offering price less the initial Total Takedown for such Securities. The liability of an Underwriter shall not be reduced by any amount of Securities confirmed to it, but shall be reduced only by its Pro Rata Proportion of the aggregate of all Securities confirmed by the Representative to all Underwriters and by its Pro Rata Proportion of all Securities sold by the Managers for Group account. The Representative at any time may require an Underwriter to take up and pay for its Pro Rata Proportion of all Securities then remaining unsold at the initial public offering price less the initial Total Takedown for such Securities or at such lower prices as the Representative in its discretion shall determine. Each Underwriter also shall be liable on or after the Closing Date, at the request of the Representative, to take up and pay for its Pro Rata Proportion of any Securities confirmed by the Representative in accordance with Section 4 hereof but not in fact taken up and paid for by the purchasers thereof. The Representative reserves the right to establish maturity brackets of Securities for the purposes of this Section and to allot Securities in amounts rounded to the nearest \$5,000 in principal amount.

6. Offering and Order Priority.

Sales of Securities held for the account of the Group shall be made only by or through the Representative. Sales of Securities held by an Underwriter (other than for carrying purposes) shall be for the sole account of such Underwriter. The Representative, in consultation with the Managers, may determine that a portion of the Securities of one or more maturities will be allocated as Retentions to one or more of the Managers and not sold by the Group. The Representative will notify the Underwriters of any Retentions so determined by Wire Notice or telephone prior to the Expected Offering Date.

Except to the extent otherwise specified by Wire Notice, the priority to be accorded to orders for the purchase of Securities, other than Retentions, established by the Group is as follows:

- First - Group net orders (public offering price),
- Second - Net designated orders (public offering price less Total Takedown or as otherwise specified by Wire Notice), and
- Third - Member orders (public offering price less Total Takedown).

Within a priority, the Group may grant preference in allocation to institutional purchasers, retail purchasers, or such other purchasers as the Representative determines in its discretion to be desirable, and not contrary to the best interest of the Group.

No orders obtained by an Underwriter (other than for Retentions) shall be confirmed by that Underwriter until it has been approved by the Representative. The amount of an Underwriter's Participation shall not entitle that Underwriter to the confirmation to it of any Securities by the Representative who shall only accept orders in accordance with the priorities established by the Agreement. Orders submitted by an Underwriter for its account will be treated as orders at the public offering price less any applicable Total Takedown unless otherwise requested at the time such orders are submitted to the Managers.

The priority for orders established hereunder or by Wire Notice may be changed by the Group only upon the recommendation of the Representative and with the approval of Underwriters having Participations at least equal to 51% of the aggregate principal amount of the Securities. The Representative will advise each Underwriter promptly of any such change by Wire Notice. Notwithstanding any other provision of the Agreement, the Representative, in consultation with the Managers, may allocate Securities on a case-by-case basis in a manner other than in accordance with the priority established hereunder or otherwise adopted pursuant to this Section if the Representative determines in its discretion that it is in the best interests of the Group.

The Representative may establish one or more order periods for the submission of similar or different classes of orders in connection with the offering and in its discretion may confirm orders prior to the end of any such period. The Representative may extend, terminate or cancel any order period in its discretion and will advise each Underwriter of the pertinent terms of each order period by Wire Notice.

Sales of Securities held for the account of the Group at the public offering price, including sales with a designated Concession, shall be made only to institutions and other retail purchasers approved by the Representative. Any such Concession to the Underwriters designated by a purchaser will be subject to offset by any expenses directly attributable to such sale, as determined by the Representative. The Representative shall not be obligated to disclose the names of such purchasers except as otherwise may be required pursuant to MSRB Rule G-11(b), (d) or (g). Subject to MSRB Rule G-11(c), any such sales may be confirmed, in the discretion of the Representative, at the public offering price to any Underwriter for resale to an

institution or other retail purchaser if the Representative determines that such sale is necessary or advisable by reason of state blue sky laws. Each Underwriter hereby agrees to disclose to the Representative the information required by MSRB Rule G-11(b) and (d) and, further, to obtain such information from any municipal securities dealers from whom orders are received. The Representative shall provide each Underwriter at or before final settlement of the account with the summary statement required by MSRB Rule G-11(h)(ii).

Except as otherwise may be approved by the Representative, no Securities held for the account of the Group will be sold to municipal securities dealers (other than Underwriters or selling group members) or to banks acting as agent for purchasers at less than the public offering price. Sales of Securities to Underwriters shall be at the public offering price less all or any part of the applicable Total Takedown (unless different treatment is requested pursuant to this Section).

Each Underwriter agrees to make a public offering of all Securities confirmed to it by the Representative (other than for carrying purposes) at the public offering price in effect at the time of such confirmation and to offer all other Securities acquired by it prior to the time the Representative has advised the Underwriters that no Securities are held for the account of the Group at not less than the public offering price as from time to time in effect. An Underwriter may, however, (i) hold Securities that cannot be sold at the public offering price, for later sale at such prices whether above or below the public offering price in effect at the time of confirmation, as the Underwriter shall determine and (ii) reserve Securities for retail sale in customary amounts, even if unfilled orders from nonretail purchasers have been received.

Any resale of Securities confirmed to an Underwriter at the Total Takedown shall be made by such Underwriter solely for its own account and not for or on behalf of the Group or any other member thereof. Any of the Underwriters may reallocate all or any part of the Total Takedown on sales to any other Underwriter and may reallocate all or any part of the Concession on sales to Dealers. Selling concessions, discounts or other allowances shall be allowed only as consideration for services rendered in distribution of the Securities and in no event shall be allowed to anyone other than a Dealer actually engaged in investment banking or commercial banking or in the securities business. No Underwriter shall sell, transfer or otherwise dispose of the Securities to any Investment Portfolio at other than the public offering price (if any) in effect at the time. Where an Investment Portfolio has a related Dealer subsidiary or department, transactions at other than the public offering price shall be executed only with such Dealer subsidiary or department. If an Underwriter does not comply with the provisions of this Section, the Representative may, in its discretion, confirm to such Underwriter at the public offering price ("net") at the time, the Securities that are the subject of such noncompliance, or refuse to confirm such Securities. It shall be the responsibility of each Underwriter to demonstrate that it has complied with the provisions of this paragraph.

As used in the foregoing paragraph, "Investment Portfolio" means any municipal securities investment portfolio, bank trust department, municipal bond fund, hedge fund, municipal securities investment trust, accumulation portfolio, or institutional or individual investor.

Each Underwriter agrees that it will not sell or offer Securities to or solicit orders for Securities from any persons or in any jurisdictions other than eligible persons and authorized jurisdictions as set forth in the Legal Investment Memorandum and Blue Sky Survey, if any, provided by the Representative.

7. Payment and Delivery.

On the Closing Date each Underwriter shall pay to the Representative, or to a registered securities depository on behalf of the Representative, (i) upon request, an amount equal to that percentage of its Participation as the Representative may determine to be necessary further to margin its account as an Underwriter and (ii) an amount equal to the aggregate purchase price for all Securities theretofore confirmed to it. Unless otherwise instructed by the Representative, all such payments shall be made at or before 9:00 a.m., Prevailing Time, at the Payment Delivery Address in immediately available funds to the order of the Representative. Each Underwriter whose payment is received after 9:00 a.m. but prior to 4:00 p.m. of the same day will be charged interest at the rate of 2% per annum. Each Underwriter whose payment is received after 4:00 p.m. of the same day or thereafter will be charged interest at a rate equal to the sum of 2% per annum plus the then current broker's loan rate.

The Securities so confirmed to each Underwriter will be delivered to it as soon as possible after the Closing at such office as the Representative may advise or such Securities may be delivered to a registered securities depository on behalf of the Underwriters as set forth in the Purchase Contract. Any amount paid by an Underwriter pursuant to this Section (other than for Securities confirmed to it) will be returned to it or credited to its account as soon as payment for all of the Securities has been received by the Representative.

Each Underwriter also agrees to take up and pay for on the Closing Date, or at any time or from time to time thereafter, upon Wire Notice from the Representative for carrying purposes or otherwise, any Securities that it may be liable to take up and pay for under the Agreement. Securities delivered to an Underwriter for carrying purposes shall, during the term of the Agreement, be subject to the direction of the Representative, and none thereof shall be sold without the consent of the Representative.

8. Default.

In case any Underwriter shall fail on the Closing Date to take up and pay for Securities confirmed to such Underwriter pursuant to Section 4 hereof or shall fail at any time, upon notice from the Representative, to take up and pay for the Securities that it is liable to take up and pay for under Section 5 hereof or for which it became liable under this Section 8 or Section 19 hereof, the remaining Underwriters will thereupon be liable for the Securities that the defaulting Underwriter fails to take up and pay for, pro rata in the proportion that their respective Participations bear to the total principal amount of the Securities (after deducting from said total amount the total Participation of any defaulting Underwriter). The Representative may require the remaining Underwriters to take up and pay for such Securities at their respective public offering prices less the applicable Total Takedowns, or such Securities may be sold, in the discretion of the Representative, at such time or times as it may determine, with or without notice to the defaulting Underwriter, to any purchasers, at

any price or prices, and any loss resulting from any such sales may be charged by the Representative to the Underwriters as an expense.

Notwithstanding the provisions of this Section, any Underwriter that fails to take up and pay for Securities for which it is liable shall not be released from any of its obligations or liabilities under the Agreement.

9. Good Faith Deposit.

Upon the execution of the Purchase Contract, the Representative, on behalf of the Underwriters, will deliver to the Issuer any Good Faith Deposit required thereby. The Representative will advance the entire amount of money necessary to make the Good Faith Deposit on behalf of the Underwriters. The interest and other costs incurred by the Representative in connection therewith shall constitute an expense of the Group pursuant to Section 11 hereof.

If the proposal of the Group is not accepted by the Issuer, or the Good Faith Deposit is returned to the Representative pursuant to the Purchase Contract, the entire amount of the Good Faith Deposit, upon return thereof by the Issuer to the Representative, shall be the property of the Representative. If the Good Faith Deposit is forfeited or is not returned by the Issuer for any reason, irrespective of whether the Representative or any Underwriter shall contest such forfeiture or failure to return, each Underwriter immediately shall pay to the Representative, in immediately available funds, an amount equal to its allocable Pro Rata Proportion of the Good Faith Deposit, as specified by the Representative. The Representative may treat, at its option from time to time after the delivery of the Securities, all or any portion of the Good Faith Deposit as payment for Securities confirmed to it, as an advance pursuant to Section 10 hereof or as an expense of the Group pursuant to Section 11 hereof.

If the Purchase Contract makes no provision for a Good Faith Deposit, each Underwriter shall be obligated to pay its Pro Rata Proportion of any liquidated damages that, under the terms of the Purchase Contract or otherwise, the Representative may be obligated to pay on behalf of such Underwriter, reduced by any amount of such liquidated damages paid directly to the Issuer by such Underwriter.

10. Authority to Borrow.

In connection with taking up and paying for the Securities or carrying all or any portion of the Securities or meeting any expenses or liabilities incurred in performing their or any Underwriter's obligations hereunder, each Underwriter authorizes the Representative in its discretion to advance its own funds or to obtain loans as agents and attorneys for the Group or any Underwriter for the account of the Group or such Underwriter, jointly or jointly and severally with other Underwriters or, at the option of the Representative, to be participated in severally but not jointly by those Underwriters for whose respective accounts the advances shall be made or loans obtained. Any such advances or loans may be upon such terms as the Representative, in its discretion, may determine or approve. In connection with any such advances or loans, each Underwriter further authorizes the Representative to hold or pledge any or all of the Securities (including the Securities of each such Underwriter) as security and to execute and deliver, as the agent and attorney for and in the name of such Underwriter or

the Group or in the name of the Representative as such agents and attorneys, any notes or other instruments. Any lender may rely upon the instructions of the Representative in all matters relating to any such loan.

Each Underwriter for whose account any advance is made or loan obtained by the Representative, howsoever evidenced, shall be absolutely and unconditionally obligated directly to the Representative or the lender, as the case may be, for the payment of all money so advanced or borrowed, together with interest thereon and any charges, expenses or other sums payable in connection therewith.

11. Allocation of Expenses.

Whether or not the Group's purchase offer is accepted or the sale of the Securities to the Underwriters pursuant to the Purchase Contract is consummated, all expenses incurred by the Representative or the Managers acting as such under the Agreement shall be borne by the Underwriters in Pro Rata Proportion and each Underwriter shall pay its allocable portion of such expenses upon the request of the Representative. The Representative agrees to provide to the Group a reconciliation of profits and expenses of the account in accordance with the requirements of MSRB Rule G-8(a) (viii) and an itemized statement of expenses in accordance with the requirements of MSRB Rule G-11(h) (i).

No Underwriter other than the Managers may incur any expense for the accounts of the Underwriters without the written consent of the Representative.

Each Underwriter authorizes the Representative to charge its account with its Pro Rata Proportion of all expenses incurred by the Managers under the Agreement.

Notwithstanding anything herein to the contrary, fees payable to the MSRB pursuant to MSRB Rule A-13 (the "A-13 Fee") in connection with the issuance of the Securities will be paid by the Representative and will not be included in the expense component of the gross spread as an Issuer expense, but shall be allocated among the Underwriters as follows:

1. The Representative and any other Manager who receives a portion of any management fee included in the gross spread shall have its proportionate share of the A-13 Fee, based upon the allocation of the management fee, deducted from its share of the management fee upon final settlement of the account.
2. In the event that the Representative is the only recipient of the management fee, the A-13 Fee shall be an expense to be borne solely out of such management fee.
3. Managers who do not receive any part of the management fee shall not be charged for any part of the A-13 Fee.
4. In the event there is no management fee, the A-13 Fee shall be an expense borne by the Representative and the other Members of the Group and shall be charged to them upon final settlement of the account based upon their pro rata share of underwriting liability.

5. In the event the account experiences an underwriting loss, each Underwriter in the Group shall be charged its share of the A-13 Fee based on its Pro Rata Proportion, in addition to its share of such underwriting loss upon final settlement of the account.

12. Compensation of Managers.

As compensation for the services of the Representative and the Managers in connection with the purchase and distribution of the Securities by the Underwriters, each Underwriter hereby authorizes the Managers to charge the Group as an expense pursuant to Section 11 hereof such amount for each \$1,000 face amount of Securities purchased by the Group as shall be specified in the pricing information and underwriting terms furnished in accordance with Section 2 hereof.

13. Termination.

The Agreement shall terminate at the close of business on the 30th day after the Closing Date, unless extended by the Representative for a period not to exceed an additional 30 days. The Representative may terminate the Agreement or any provision hereof at any earlier time by Wire Notice to the Underwriters. As promptly as possible after termination of the Agreement each Underwriter's Pro Rata Proportion of the net profit or loss of the Group shall be paid to or collected from each Underwriter. Notwithstanding the termination of the Agreement or any distribution of profits or losses, each Underwriter shall still be liable for its Pro Rata Proportion of any expenses chargeable to the Underwriters (in accordance with Section 11 hereof) and that may not have been taken into account in determining the amount of such profit or loss, and each Underwriter shall also be liable for its Pro Rata Proportionate share of any tax that may at any time or from time to time be assessed against an Underwriter and the other Underwriters as a group or otherwise. Any obligation or liability that an Underwriter may have under the Agreement shall survive the termination of the Agreement.

14. Authority of Managers and Representative.

Determination, apportionment and distribution by the Representative of profits, losses and expenses shall be conclusive upon the Underwriters. Except as provided in the Agreement, the Representative shall not be accountable for any interest on funds at any time in its hands.

The Representative and the Managers shall have full authority to take such action as they may deem advisable in respect of all matters pertaining to the Agreement, the Purchase Contract and the purchase and distribution of the Securities, but they shall act in such capacity only as agent for the Underwriters. The Representative, in consultation with the Managers, may, in its discretion and without notice, at any time and from time to time change the public offering prices and, in general, or in such special cases as it may determine, the respective Total Takedowns.

The Representative and the Managers shall be under no liability, as Representative, Managers or otherwise, with respect to (a) the issue or form of, or title to, the Securities, (b) the validity of the provisions of any instrument under or pursuant to which the Securities may be issued, (c) any representations made herein or in the Purchase Contract, (d) the accuracy or com-

pleteness of the Official Statement or any reports of accounts or others, (e) the delivery of the Securities or the performance by the Issuer or others of any agreement on their part, including any undertakings relating to continuing disclosure obligations, or (f) the qualification of the Securities for sale, or the legality of the Securities for investment, under the laws of any jurisdiction. The Representative and the Managers, as Managers or otherwise, shall not be liable under any of the provisions of the Agreement or in or for any matters connected therewith, except for want of good faith and except for such liability as it may have as an Underwriter, and shall not be under any obligation that is not expressly assumed herein.

15. Contribution.

Upon the request of the Representative, each Underwriter agrees to pay, in Pro Rata Proportion, (a) any losses, claims, damages or liabilities, joint or several, paid or incurred by any Underwriter to any person other than an Underwriter, arising out of or based upon any untrue statement or alleged untrue statement of any material fact contained in the Official Statement, or any amendment or supplement thereto, or in the Preliminary Official Statement or any other selling or advertising material approved by the Representative for use by the Underwriters in connection with the sale of the Securities, or the omission or alleged omission to state therein a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (other than an untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with written information furnished to the Issuer by an Underwriter specifically for use therein), and (b) any legal or other expenses reasonably incurred by the Managers on behalf of the Underwriters and with the consent of the Representative (in accordance with the third paragraph of this Section) in connection with investigating or defending any such loss, claim, damage or liability or action in respect thereof.

In determining the amount of any Underwriter's obligation under this Section, appropriate adjustment may be made by the Representative to reflect any amounts received by any one or more Underwriters in respect of such claim from the Issuer. There shall be credited against any amount paid or payable by an Underwriter pursuant to this Section any loss, damage, liability or expense (which expense is incurred with the written consent of the Representative) that is incurred by such Underwriter as a result of any such claim asserted against such Underwriter, and if such loss, claim, damage, liability or expense is incurred by such Underwriter subsequent to any payment by such Underwriter pursuant to this Section, appropriate provision shall be made to effect such credit, by refund or otherwise.

If any such claim is asserted, the Representative may take such action in connection therewith as it may deem necessary or desirable, including retention of counsel for the Underwriters, and in the discretion of the Representative, separate counsel for any particular Underwriter or group of Underwriters, and the fees and disbursements of any counsel so retained shall be included in the amount payable pursuant to this Section. In determining amounts payable pursuant to this Section, any loss, claim, damage, liability or expense incurred by any person who controls an Underwriter that has been incurred by reason of such control relationship shall be deemed to have been incurred by such Underwriter. Any Underwriter may elect to retain at its own expense its own counsel.

The Representative may settle or consent to the settlement of any such claim on advice of counsel retained by it, with the approval of Underwriters whose Participations aggregate more than 50% of the aggregate principal amount of the Securities. Whenever the Representative receives notice of the assertion of any claim to which the provisions of this Section would be applicable, it will give prompt notice hereof to each Underwriter, but the failure to give such notice shall not relieve any Underwriter of its obligations under this Section. The Representative will also furnish each Underwriter with periodic reports, at such times as it deems appropriate, as to the status of such claim and the action taken by it in connection therewith. In the event of default by one or more Underwriters in respect to their obligations under this Section, each non-defaulting Underwriter shall assume its proportionate share of the obligations of such defaulting Underwriter without relieving such defaulting Underwriter of its liability hereunder.

16. Regulatory Indemnity.

Each Underwriter agrees to indemnify and hold harmless the Representative, the Managers, each other Underwriter and each person, if any, who controls the Representative, a Manager, or other Underwriter within the meaning of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), against any and all losses, claims, damages, or liabilities, joint or several (or actions of any nature whatsoever in respect thereof), to which it or any of them may become subject insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based on the giving of unauthorized information or the making of unauthorized representations by such Underwriter in breach of the provisions of Section 18 hereof, or arise out of or are based on the failure by such Underwriter to observe applicable SEC or MSRB rules, or other regulatory provisions or arise out of or are based on the absence of authority on the part of such Underwriter to participate in the offering as an Underwriter or to execute, to consummate the transactions contemplated in, or to perform, the Agreement or the Purchase Contract, or arise out of or are based on breach or violation of the law of any jurisdiction that restricts, limits or prohibits such execution, consummation or performance by such Underwriter. Each Underwriter agrees to reimburse each such indemnified party or parties for any legal or other expenses whatsoever reasonably incurred by it or them (including fees and disbursements of counsel) in connection with investigating, preparing or defending against any such loss, claim, damage, liability or action.

17. General Indemnification.

In the event that at any time any claim or claims shall be asserted against the Representative or the Managers, as Managers or otherwise involving the Underwriters generally (other than claims for which there shall be a right of indemnification pursuant to Section 16 or a right to contribution pursuant to Section 15 hereof and for which such right has not been held to be unavailable by a final determination of a court of competent jurisdiction) relating to the offering or any of the transactions contemplated by the Agreement or the Purchase Contract, the Representative shall be authorized to make such investigation, to retain such counsel and to take such other action as it shall deem necessary or desirable under the circumstances, including settlement of any such claim or claims if such course of action shall be recommended by counsel retained by the Representative. Each Underwriter agrees to pay to the Representative, at the request of the Representative and without prior notice of the assertion of any such claim or claims, such Underwriter's share of the expenses (including but not lim-

ited to the fees and disbursements of counsel so retained) pro rata in proportion to its Participation hereunder, incurred by the Representative in connection with investigating, preparing or defending against such claim or claims, whether such liability shall be the result of a judgment against it or as a result of any settlement thereof.

18. Representations.

Each Underwriter severally represents that (a) it is registered under the Exchange Act as a dealer or municipal securities dealer; (b) it is either a bank, or a separately identifiable department or division of a bank, or a member in good standing of the National Association of Securities Dealers, Inc.; (c) it is not in violation of, and it may enter into the commitments (including contingent commitments) contained herein and in the Purchase Contract without violating, (i) Section 15(c)(3) of the Exchange Act, (ii) any rule relating to financial responsibility imposed by any national securities exchange of which such Underwriter is a member, or (iii) any restriction imposed by any such exchange or by any governmental authority; (d) it has complied with the dealer registration requirements, if any, of the various jurisdictions in which it offers Securities for sale; (e) unless otherwise specified in a writing delivered to the Representative herewith, none of its officers or partners who have participated directly or indirectly in the sale of the Securities to the Underwriters is an officer or employee of the Issuer, paid or unpaid; and (f) to its knowledge, it is not prohibited from engaging in an underwriting of the Securities of the Issuer by the provisions of MSRB Rule G-37.

Each Underwriter represents that it has no knowledge of any false or misleading statement in or material omission from the Preliminary Official Statement, and agrees promptly to notify the Representative if it becomes aware of any false or misleading statement in or material omission from the Official Statement.

Each Underwriter agrees that it will promptly advise the Representative (i) from time to time at the request of the Representative, whether or not it is still offering Securities constituting the whole or a part of its Participation and (ii) when it no longer retains an unsold balance of Securities for sale to the public.

Each Underwriter agrees not to give any information or to make any representation in connection with the purchase and offering of the Securities other than those contained in the Official Statement or any supplement or amendment thereto or, prior to the date of the Official Statement, contained in the Preliminary Official Statement.

Each Underwriter is responsible for its own performance and qualification with respect to the rules and any other applicable requirements of the MSRB and agrees to comply therewith, and neither of the Representative, the Managers nor any other Underwriter is responsible for such performance and qualification of any one or more of the other Underwriters. In particular, each Underwriter acknowledges the provisions of MSRB Rule G-11, establishing certain requirements for sales during the underwriting period, and of MSRB Rule G-21, relating to advertisements. If any provision of the Agreement conflicts with any rule or requirement of the MSRB, such provision shall, to the extent necessary, be deemed to be amended to eliminate such conflict.

Each Underwriter acknowledges that the offering of the Securities is subject to the provisions of Rule 15c2-12, promulgated by the SEC under the Exchange Act, and agrees to take such actions as may be required from time to time to comply with the requirements of Rule 15c2-12 to the extent applicable. In particular, each Underwriter acknowledges that (i) SEC Rule 15c2-12(b)(2) requires that the Preliminary Official Statement be sent to potential customers in certain circumstances and (ii) SEC Rule 15c2-12(b)(4) and MSRB Rule G-32(a) require that the Official Statement and certain other information be sent to potential customers and customers.

Each Underwriter authorizes the Representative to file with any governmental agency any reports required in connection with any transactions effected by the Managers for its account pursuant to the Agreement, and agrees to furnish any information needed for such reports.

19. Financial Ability.

Each Underwriter shall, upon request from the Representative, submit evidence satisfactory to it of its financial ability to perform its obligations hereunder and under the Purchase Contract. In the event that the Representative, in its sole discretion, determines that there is a lack of satisfactory evidence demonstrating such financial ability, it may terminate the Participation of such Underwriter in the Group and the Participations of the remaining Underwriters shall be increased proportionately.

20. Compliance with MSRB Rule G-36.

The Representative shall file or cause to be filed, pursuant to MSRB Rule G-36, copies of the Official Statement, together with Form G-36, with the MSRB. The Representative also will file or cause to be filed, pursuant to MSRB Rule G-36, with the MSRB copies of any advance refunding documents, together with Form G-36, and the Representative shall maintain the records required by MSRB Rule G-8(a)(xv).

21. Advertising.

The Representative reserves the right to advertise the Securities in such publications and over the names of such Underwriters as the Representative may determine, subject to any limitations that may be imposed by the Issuer. Any Underwriter who chooses to be omitted from any such official advertisement must give a Notification to the Representative on or prior to the date of the execution of the Purchase Contract. Advertising will be an expense of the Group. No Underwriter is authorized to advertise the Securities in any publication without the express approval of the Representative until the day following publication of the official advertisement, or if no official advertisement is published, until the Representative advises the members of the Group that syndicate restrictions on trading the Securities have been removed.

22. Continuing Disclosure.

If not otherwise described or included in the Official Statement, the Representative will make available to any Underwriter, upon request, copies of the written undertaking entered into by the Issuer and/or other appropriate obligated persons relating to provision of continuing disclosure if and to the extent that such a written undertaking is required by SEC Rule 15c2-12(b)(5).

23. Notices.

Except as otherwise provided in the Agreement, any notice from the Managers or the Representative to an Underwriter shall be deemed to have been duly given if mailed, telecopied or given by Wire Notice to such Underwriter.

24. No Partnership.

Nothing contained herein or otherwise will constitute the Underwriters a partnership, association or separate entity. If the Underwriters are deemed to constitute a partnership for federal income tax purposes, each Underwriter elects to be excluded from the application of Subchapter K, Chapter 1, Subtitle A, of the Internal Revenue Code of 1986, as amended, and agrees not to take any position inconsistent with such election, and the Representative is authorized, in its discretion, to execute on behalf of the Underwriters such evidence of such election as may be required by the Internal Revenue Service.