

REIMBURSEMENT AGREEMENT

This Reimbursement Agreement (this “**Agreement**”) is entered into this [CLOSING DATE] day of _____, 20[___], by and between the **CREDIT ENHANCEMENT ELIGIBILITY BOARD** (the “**Board**”) on behalf of the ARIZONA PUBLIC SCHOOL CREDIT ENHANCEMENT FUND (the “**Fund**”), and the [INSERT NAME OF ACHIEVEMENT DISTRICT SCHOOL], a _____ of the State of Arizona (together with its successors and permitted assigns, the “**Borrower**”).

WITNESSETH:

WHEREAS, the [NAME OF ISSUER] (the “**Issuer**”) will issue the Obligations (as hereinafter defined) on behalf of the Borrower pursuant to the terms of the Resolution and the other Transaction Documents (each as hereinafter defined);

WHEREAS, pursuant to the terms of the Transaction Documents the Borrower has agreed to make certain payments with respect to the Obligations;

WHEREAS, on [APPROVAL DATE] (the “**Approval Date**”), the Board approved the Borrower’s application for the guarantee by the Fund pursuant to the Arizona Public School Credit Enhancement Program established pursuant to Article 11 of Chapter 16 of Title 15 of the Arizona Revised Statutes (the “**Enabling Statutes**”) of timely scheduled principal and interest payments due on the Obligations and, subject to the terms and conditions set forth in the Terms and Conditions Agreement (as hereinafter defined), agreed to issue a Fund Certificate (as hereinafter defined) pursuant to which the Fund will guarantee such payments, subject to the terms and conditions of the Fund Certificate;

WHEREAS, as consideration for the Board issuing the Fund Certificate, the Borrower has agreed (i) to cause to be paid to the Arizona State Treasurer (the “**Treasurer**”) on behalf of the Fund a program participation fee (the “**Participation Fee**”) as provided in the Terms and Conditions Agreement, (ii) to reimburse the Fund for any payment made under the Fund Certificate, and (iii) to indemnify the Board and the Fund for certain amounts as more fully set forth herein; and

WHEREAS, the Borrower understands that the Board expressly requires the delivery of this Agreement as part of the consideration for the issuance of the Fund Certificate.

NOW, THEREFORE, in consideration of the premises and of the agreements herein contained and of the issuance of the Fund Certificate, the Borrower and the Board agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Except as otherwise defined herein, the following words and phrases shall have the following meanings:

“**Agreement**” shall mean this Reimbursement Agreement between the Board and the Borrower, as may be amended or supplemented from time to time.

“**Board**” shall have the meaning set forth in the first paragraph of this Agreement.

“**Bond-Financed Facilities**” shall have the meaning set forth in the defined term “Facilities” in the Loan Agreement. [CONFIRM AGREEMENT TITLE AND DEFINED TERM USED THEREIN]

“**Borrower**” shall have the meaning set forth in the first paragraph of this Agreement.

“**Debt Service Payments**” shall mean those payments required to be made by or on behalf of the Borrower, which will be applied to payment of principal of and interest on the Obligations.

“**Demand for Payment**” shall mean a notice submitted to the Board and the Treasurer for payment under the Fund Certificate.

“**Event of Default**” shall have the meaning given that term in Section 5.01 hereof.

“**Fund**” shall have the meaning set forth in the first paragraph of this Agreement.

“**Fund Certificate**” shall mean Fund Certificate No. [__] issued by the Board confirming the guarantee by the Fund of timely principal and interest payments on the Obligations, subject to the terms and limitations thereof.

“**Obligations**” shall mean the Issuer’s [INSERT DESCRIPTION OF ENHANCED BONDS].

“**Official Statement**” shall mean the [Official Statement] dated _____, 20[___], relating to the Obligations. [MODIFY TO DESCRIBE APPROPRIATE OFFERING DOCUMENT]

“**Owners**” shall mean, as to the Obligations, a Person (other than the Issuer, the Borrower or any other party whose direct or indirect obligation constitutes the underlying security for the Obligations) who at the time of payment under the Fund Certificate is a registered owner as indicated in the books maintained by the Registrar for the Obligations and is entitled under the terms of the Obligations to payment thereof.

“**Person**” means any natural person, group of natural persons, general or limited partnership, registered limited liability partnership, limited liability company, association, corporation, syndicate, joint venture, joint stock company, trust, unincorporated association, governmental body, or any agency or political subdivision thereof or any other form of legal entity.

“**Rating Agency**” shall mean S&P Global Ratings. [NOTE: the only rating agency providing a rating on guaranteed financings is S&P]

“Registrar” shall mean [INSERT NAME OF REGISTRAR FOR OBLIGATIONS] or any successor thereto.

“**Reimbursement Rate**” shall mean the per annum rate of interest equal to the sum of 1.00% plus the true interest rate due and payable on the Obligations as determined by the Board. The Reimbursement Rate shall be calculated on the basis of the actual number of days elapsed over a 360-day year.

“**Resolution**” shall mean the Issuer’s Resolution Number _____, adopted by the Issuer on _____, 20[___], as amended or supplemented from time to time.

“**State**” shall mean the State of Arizona.

“**Terms and Conditions Agreement**” shall mean the Terms and Conditions Agreement, dated _____, 20[___], between the Board and the Borrower relating to issuance of the Fund Certificate, as amended and supplemented from time to time.

“**Transaction**” shall mean the transactions contemplated by the Transaction Documents, including the transactions described in the Official Statement.

“**Transaction Documents**” shall mean this Agreement, the Fund Certificate, the Terms and Conditions Agreement, [INSERT LIST OF ALL TRANSACTION DOCUMENTS] and all other documents entered into by the Borrower or the Issuer with respect to the Obligations, as all such documents are amended, modified or supplemented from time to time.

“**Treasurer**” shall mean the Treasurer of the State of Arizona or any authorized representative of that office.

“**Trustee**” shall mean [INSERT NAME OF TRUSTEE], or any successor thereto.

Section 1.02. Generic Terms. The term “hereof” or “herein” unless otherwise modified by more specific reference, shall refer to this Agreement. Unless otherwise specified, the term “Article” or “Section” shall refer to an Article or Section of this Agreement.

ARTICLE II

THE FUND CERTIFICATE

Section 2.01. The Fund Certificate. The Board will issue the Fund Certificate in accordance with and subject to the terms and conditions of the Terms and Conditions Agreement. The coverage and terms of the Fund Certificate shall be subject to and limited by the terms and conditions thereof.

Section 2.02. Participation Fee. In consideration of the Board issuing the Fund Certificate, the Borrower hereby agrees to cause to be paid to the Treasurer, on behalf of the Fund, the Participation Fee set forth in the Terms and Conditions Agreement at the times and in the manner set forth therein, a schedule of which is set forth on the attached Exhibit B. The Participation Fee is not refundable for any reason.

Section 2.03. Settlement. The Board shall have the exclusive right to settle and determine any claim, liability, suit or judgment relating to the Fund Certificate. Any such decision by the Board shall be final and binding upon the Borrower for all purposes of this Agreement.

ARTICLE III

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 3.01. Due Organization and Qualification. The Borrower hereby represents and warrants to the Board that the Borrower is a _____ of the State duly organized, validly existing and in good standing under, and by virtue of, the laws of the State.

Section 3.02. Power and Authority. The Borrower hereby represents and warrants to the Board that (a) the Borrower has full power and authority to execute and deliver this Agreement and the other Transaction Documents to which it is a party and to enter into the transactions contemplated by this Agreement and the other Transaction Documents to which it is a party; (b) the execution and delivery of this Agreement and the other Transaction Documents to which the Borrower is a party have been duly authorized by the Borrower; and (c) all necessary approvals for the execution, delivery and performance of this Agreement and the other Transaction Documents to which the Borrower is a party have been obtained by the Borrower.

Section 3.03. Non-contravention. The Borrower hereby represents and warrants to the Board that the execution and delivery of this Agreement and the other Transaction Documents to which it is a party by the Borrower, the consummation of the transactions contemplated by this Agreement and the other Transaction Documents to which it is a party by the Borrower, and the fulfillment of or compliance with the terms and conditions of this Agreement and the other Transaction Documents to which it is a party by the Borrower, do not conflict with or result in any breach or violation of any of the terms, conditions or provisions of any applicable laws, including regulations, or any material agreement, organizational document or instrument to which it is now a party or by which it is bound, or constitute a default under any of the foregoing which breach or default would materially and adversely affect the consummation of the transactions contemplated by this Agreement or by any of the other Transaction Documents.

Section 3.04. Binding Obligation. The Borrower hereby represents and warrants to the Board that this Agreement and the other Transaction Documents to which it is a party, assuming the due authorization, execution and delivery by the other parties thereto, constitute the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally.

Section 3.05. True Information and No Material Adverse Change. The Borrower hereby represents and warrants to the Board the following: (a) since the date on which the Terms and Conditions Agreement was entered into, there has been no material adverse change in the Obligations, including, without limitation, in any of the financial information included in the final Official Statement, other than as previously approved in writing by the Board; (b) since the date of submission of the Application Information (defined below), there has been no material

adverse change in any of the information or documents submitted by or on behalf of the Borrower to the Board as part of the Borrower's application to become an Achievement District School (as defined in the Enabling Statutes) or to have the Obligations approved by the Board as a Guaranteed Financing (as defined in the Enabling Statutes) (collectively, the "**Application Information**"). None of the Application Information contains any untrue or misleading statement of a material fact or fails to state a material fact required to be stated therein or necessary in order to make the statements contained therein not misleading; (c) no event has occurred which would allow any underwriter or any other purchaser of the Obligations to cancel or avoid its obligation to purchase the Obligations on the date of issuance of the Fund Certificate; (d) since the date of submission of the Application Information, no material adverse change affecting any security for the Obligations and no substitution of security for the Obligations has occurred unless previously approved in writing by the Board; (e) the proceeds of the Obligations shall be used solely for the benefit of the Borrower's school facilities operated in the State; and (f) the Borrower and the issuance of the Obligations are in full compliance with Arizona Revised Statutes § 15-491 and Title 15, Chapter 9, Article 7 of the Arizona Revised Statutes. [INCLUDE FOR DISTRICT PUBLIC SCHOOLS ONLY] or [The Borrower is in full compliance with Arizona Revised Statutes § 15-181 *et seq.* and the Borrower's Charter Contract.][INCLUDE FOR CHARTER PUBLIC SCHOOLS ONLY]

Section 3.06. No Proceedings. The Borrower hereby represents and warrants to the Board that there are no pending actions or proceedings before any court, governmental agency or authority, regulator or administrative body or arbitrator against the Borrower or involving the Borrower and, to the best of its knowledge, after due inquiry, there are no threatened actions or proceedings affecting the Borrower, before any court, governmental agency or authority, regulatory or administrative body or arbitrator which, in the case of any such pending or threatened actions or proceedings, would be reasonably likely to materially and adversely affect the financial condition of the Borrower, the ability of the Borrower to perform its duties under any of the Transaction Documents or the validity or enforceability of any of the Transaction Documents.

Section 3.07. No Defaults. The Borrower hereby represents and warrants to the Board that there are no events of default on the part of the Borrower under any agreement entailing financial obligations, which default would materially adversely impact the financial condition of the Borrower or the ability of the Borrower to perform its duties under any of the Transaction Documents.

Section 3.08. Transaction Documents. The Borrower hereby makes to the Board the same representations, warranties and covenants made by the Borrower as are set forth in each of the other Transaction Documents, which representations, warranties and covenants, as well as the related defined terms contained therein, are incorporated herein by reference with the same effect as if each and every such representation, warranty and covenant and defined term were set forth herein in its entirety.

Section 3.09. Notice of Shortfall. If there will be a shortfall in payments from or on behalf of the Borrower to the Trustee to pay any Debt Service Payments or to fund any debt service reserve requirements, in each case when due pursuant to the Transaction Documents, the

Borrower shall immediately notify the Board and the Treasurer in writing of such expected shortfall.

Section 3.10. Cooperation with Rating Agency. The Borrower agrees to cooperate with the Rating Agency in connection with any review of the Transaction that may be undertaken by the Rating Agency after the date hereof and to provide all information reasonably requested by the Rating Agency.

Section 3.11. Due Diligence. Subject to federal and state privacy laws related to public school records, the Borrower agrees to permit the Board or its representatives to examine, visit and inspect, at any reasonable time and upon reasonable notice, the Bond-Financed Facilities and any accounts, books and records of the Borrower, and to supply such reports and information as the Board may reasonably request.

Section 3.12. Information and Reporting. Except those posted to the EMMA system of the Municipal Securities Rulemaking Board, the Borrower shall, or shall cause the Trustee to, send to the Board copies of all notices, statements, reports, certificates and any other information or communication delivered to the Trustee, the Issuer, the Rating Agency (or any rating agency) and/or Bondholders, and any other information or reports reasonably requested by the Board. Information permitted to be delivered to the Board by posting to the EMMA system is deemed delivered to the Board upon such information being uploaded under the correct CUSIP identifier. Any information required to be given to the Board outside of the EMMA system shall be in writing and shall be sent by registered or certified mail addressed to Credit Enhancement Eligibility Board, c/o Office of the Governor, 1700 West Washington Street, Phoenix, Arizona 85007, Attention: Dawn Wallace, or electronically to dwallace@az.gov - referencing Fund Certificate No. [___], or such other address as the Board shall specify to the Borrower in writing. Any notices, statements, reports, certificates and other information required to be given to the Treasurer shall be in writing and shall be sent by registered or certified mail addressed to Office of the Arizona State Treasurer, 1700 West Washington Street, Phoenix, Arizona 85007 Attention: Mark Swenson, or electronically to marks@aztreasury.gov - referencing Arizona Public School Credit Enhancement Fund Certificate No. [___], or such other address as the Treasurer shall specify to the Borrower in writing. The Borrower shall provide to the Board :

- (a) annual audited financial statements within 150 days after the end of each fiscal year of the Borrower (together with a certification from the Chief Executive Officer or the Chief Financial Officer of the Borrower that after due inquiry, there does not exist on the date of such certificate any Event of Default or any or event which with notice or lapse of time or both would constitute an Event of Default of which the Borrower is aware or, if any Event of Default or such event does exist, stating that such Event of Default or event exists and setting forth the details thereof and the action that the Borrower is taking or proposes to take with respect thereto),
- (b) the Borrower's annual budget within 30 days after the approval thereof,
- (c) promptly upon knowledge thereof, written notice of the happening of any event resulting in the loss of the tax-exempt status of the Obligations or placing the same in jeopardy with respect to the Obligations, and

- (d) promptly upon request, any other information, data or reports regarding the Obligations, the Transaction Documents or the financial condition and operations of the Borrower as reasonably requested by the Board from time to time.

Section 3.13. Negative Covenants. Notwithstanding anything to the contrary in any of the Transaction Documents, the Borrower hereby agrees that it shall not: (a) consent to any acceleration of the Obligations or of its obligations under the [Loan Agreement CONFIRM TITLE OF DOCUMENT] without the prior written consent of the Board, (b) create, incur, assume or suffer to exist any lien upon or with respect to any of the collateral that is pledged as security for the Borrower's obligations under the Transaction Documents, other than as permitted in the Transaction Documents, [or (c) except as permitted in the Transaction Documents, merge with or into or consolidate with or into any other Person or transfer a substantial portion of its assets to any other Person unless approved in writing by the Board.][CLAUSE (C) ONLY APPLIES TO CHARTER SCHOOLS].

ARTICLE IV

REIMBURSEMENT; INDEMNIFICATION; PAYMENTS

Section 4.01. Reimbursement for Payments Under the Fund Certificate and Expenses; Indemnification; Payment.

(a) The Borrower will reimburse the Fund and the Board, without demand or notice by the Board or the Treasurer to the Borrower or any other Person, to the extent of each payment under the Fund Certificate with interest on each such payment from and including the date made to the date of the reimbursement at the lesser of the Reimbursement Rate or the maximum rate of interest permitted by then applicable law. Such reimbursement shall be made in equal monthly installments over a 12-month period or another period as determined by the Board ("**Reimbursement Period**"). Such reimbursements shall be made to the Treasurer for deposit in the Fund. To the extent the Board is reimbursed under [Section ____] of the [Bond Indenture CONFIRM TITLE OF DOCUMENT] pursuant to which the Obligations are issued, such amount shall be no longer an outstanding amount due from the Borrower under this Agreement. After the Reimbursement Period, any outstanding reimbursement amount shall become immediately due and payable by the Borrower to the Treasurer for deposit in the Fund and shall remain a lawful obligation of the Borrower payable from any and all other monies lawfully available to the Borrower.

(b) Except as set forth in Section 2.02 or Section 4.01(a) of this Agreement, the Borrower will pay all other amounts required to be paid to the Fund or the Board pursuant to the terms of this Agreement or in connection with the transactions contemplated by the Transaction Documents, this Agreement, or the Fund Certificate, within five business days of receipt of written notice from the Board of the amounts so owed.

(c) The Borrower will pay or reimburse the Fund and the Board for any and all charges, fees, costs, losses, liabilities and expenses which the Fund and the Board may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants,

consultants and auditors and reasonable costs of investigations relating to or arising out of the issuance of the Fund Certificate, this Agreement or the Transaction, unless such charges, fees, costs, losses, liabilities and expenses result from the gross negligence or willful misconduct of the Board, in connection with (i) any accounts established to facilitate payments under the Fund Certificate, (ii) the administration, enforcement, defense or preservation of any rights or security in respect of this Agreement or any other Transaction Document, including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Borrower, the Issuer or any affiliate thereof) relating to this Agreement or any other Transaction Document, any party to this Agreement or any other Transaction Document or the transaction contemplated by the Transaction Documents, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under this Agreement or any other Transaction Document, or the pursuit of any remedies under this Agreement or any other Transaction Document, or otherwise afforded by law or equity, (iv) any amendment, waiver or other action with respect to, or related to this Agreement, the Fund Certificate or any other Transaction Document whether or not executed or completed, (v) the violation by the Borrower of any law, rule or regulation, of any judgment, order or decree applicable to it, (vi) any litigation or other dispute in connection with this Agreement or any other Transaction Documents, or the Transaction, or (vii) any action taken by the Board to cure a default or termination or similar event (or to mitigate the effect thereof) under any Transaction Document; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees, staff, consultants and contractors of the Board and/or the Fund spent in connection with the actions described in clauses (ii)-(vii) above. The Board reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this Agreement or any Transaction Document, whether or not granted or approved.

(d) The Borrower will pay interest on the amounts owed in clauses (a), (b), and (c) of this Section 4.01 from the date of any payment due or paid as described in clauses (a) or (c), and from the date of receipt of written notice from the Board, as provided in clause (b), in each case at the Reimbursement Rate. If the interest provisions of this clause (d) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such monies by the Fund with the same force and effect as if the Borrower had specifically designated such extra sums to be so applied and the Board had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to the Transaction for the use or detention of money or for forbearance in seeking its collection.

Section 4.02. Indemnification. The Borrower hereby agrees to indemnify and hold harmless the Board and the Fund, and their respective officers, directors, employees, counsel and agents (each of the foregoing an “**Indemnified Party**”), for, from and against any and all claims, liabilities, losses, costs, expenses (including counsel fees and expenses) and damages (hereinafter “**Claims**”) which may be incurred by or asserted against any Indemnified Party relating to or arising out of the issuance of the Fund Certificate, this Agreement or the Transaction unless such Claims result from the gross negligence or willful misconduct of an Indemnified Party. The foregoing indemnity shall survive the termination of this Agreement.

Section 4.03. Conduct of Actions or Proceedings. In the event that any action or proceeding (including any governmental investigation) shall be commenced or Claim asserted which may entitle an Indemnified Party to be indemnified under this Agreement, such party shall give the Borrower (the “**Indemnifying Party**”) written notice of such action, proceeding or claim promptly after receipt of written notice thereof. The Indemnified Party shall have the right to employ its own counsel in any such action, proceeding or claim at the expense of the Indemnifying Party and all such reasonable fees and expenses shall be reimbursed by the Indemnifying Party to the Indemnified Party promptly as they are incurred.

Section 4.04. Subrogation Rights. To the extent of payments made and expenses incurred by the Board or the Fund in connection with the Fund Certificate or this Agreement, the Board and the Fund shall be fully subrogated to the Owner’s rights under the Transaction Documents to seek payment of amounts owed by the Borrower. The Borrower acknowledges and agrees that upon payment of a claim under the Fund Certificate, the Board and the Fund will be subrogated to the rights of the Owners. The Borrower will at any time, and from time to time, at the request of the Board, execute any instrument, document or agreement, and take any other action, that the Board may consider necessary or desirable to effect these rights of subrogation.

Section 4.05. Security for Payments; Remedies. (a) The Board and the Borrower agree and acknowledge that the Transaction Documents provide for payments of amounts due hereunder from the Borrower. To the extent the Resolution or any other Transaction Document pledges to the Owners, the Trustee or any holder of any other obligations of the Borrower secured on a parity basis with the Obligations, or grants a security interest or lien in or on any collateral, property, revenue or other payments of the Borrower (“**Collateral and Revenues**”) in order to secure the Obligations or such parity obligations or provides a source of payment for the Obligations or such parity obligations, the Borrower hereby grants to the Board and the Fund a security interest in or lien on, as the case may be, and pledges to the Board and the Fund all such Collateral and Revenues as security for payment of all amounts due hereunder and under any Transaction Document, which security interest, lien and/or pledge created or granted under this Section 4.05 shall be (i) *pari passu* with the interests of the Owners or owners of such parity obligations and any trustee or paying agent therefor in such Collateral and Revenues, and (ii) except as provided in the Transaction Documents, superior to any security interest in, lien on and/or pledge of such Collateral and Revenue hereafter granted to any other Person, including, without limitation, any provider of any letter of credit, surety bond or financial guaranty insurance policy issued to fund a reserve account to the reserve requirement with respect to any parity obligations hereafter issued pursuant to the Transaction Documents. The Borrower agrees that it will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any and all financing statements, if applicable, and all other further

instruments as may be necessary or appropriate as shall be requested by the Board to perfect or protect the security interests granted hereby.

(b) The Borrower acknowledges and agrees that, in exchange for the issuance of the Fund Certificate, the Board and the Fund are entitled to protections and remedies relating to repayment of any amounts paid under the Fund Certificate and payment of the Participation Fee as set forth in this Agreement and, as applicable, the other Transaction Documents. Subject to the terms of the Transaction Documents, such protections and remedies may include, without limitation, one or more of the following: (i) the right to all or a portion of the proceeds from the sale or lease of any Collateral and Revenues; (ii) the right to intercept any payments or monies otherwise payable to the Borrower; and (iii) the right to any insurance proceeds otherwise payable to the Borrower.

Section 4.06. Payments. An itemized statement of costs incurred by the Board or the Fund for any of the purposes specified in this Article IV shall, absent manifest error, be prima facie evidence of the liability of the Borrower. All payments made to the Board or to the Treasurer for deposit to the Fund under this Agreement shall be paid in lawful currency of the United States of America in immediately available funds to:

Bank Name: Bank of America
ABA Routing Number: 026009593
Account Number: 001000985
Account Name: Arizona State Treasurer's Office
Reference: TRA-CEF-LGIP Credit Enhancement Fund – [ACHIEVEMENT DISTRICT SCHOOL NAME]

or at such other place as shall be designated by the Board.

Section 4.07. Unconditional Obligation. The obligations of the Borrower to pay all amounts due under this Agreement shall be an absolute, irrevocable and unconditional obligation of the Borrower and shall be paid or performed strictly in accordance with the terms of this Agreement, irrespective of:

(a) (i) any lack of legality, validity or enforceability of, or any amendment or other modifications of, or waiver with respect to, the Obligations or any Transaction Document, or (ii) any amendment or other modification of, or waiver with respect to, the Fund Certificate;

(b) any exchange, release or non-perfection of any security interest in any Collateral and Revenues securing the Obligations, this Agreement or any Transaction Documents;

(c) whether or not such Obligations are contingent or matured, disputed or undisputed, liquidated or unliquidated;

(d) any amendment, modification or waiver of any provision of this Agreement, the Fund Certificate or all or any of the other Transaction Documents;

(e) the existence of any claim, setoff, defense, reduction, abatement or other right which the Borrower may have at any time against the Trustee or any other Person or entity, whether in connection with this Agreement, any other Transaction Document, the Transaction or any unrelated transactions;

(f) any statement or any other document presented under or in connection with the Fund Certificate or the Terms and Conditions Agreement proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or

(g) any payment by the Treasurer on behalf of the Fund under the Fund Certificate against presentation of a notice or other document which does not strictly comply with the terms of the Transaction Documents.

ARTICLE V

EVENTS OF DEFAULT; REMEDIES

Section 5.01. Events of Default. The happening of any one or more of the following events shall each constitute an Event of Default hereunder and, upon the occurrence of any such Event of Default, the Board may exercise the remedies specified herein:

(a) The Borrower shall fail to pay to the Board, the Fund or the Treasurer any amount payable under Article II or Article IV hereof; or

(b) Any representation or warranty made by the Borrower hereunder or under any of the other Transaction Documents or in any report, certificate, financial statement or other instrument provided in connection with the Terms and Conditions Agreement, the Fund Certificate, this Agreement or any other Transaction Document shall have been or is untrue in any material respect; or

(c) The Borrower shall fail to perform any of its other obligations hereunder or under any other Transaction Document; or

(d) The occurrence of an “event of default” under any other Transaction Document; or

(e) Any acceleration of the Obligations without the prior written consent of the Board; or

(f) Any material provision of this Agreement or any of the other Transaction Documents to which the Borrower is a party shall at any time for any reason cease to be valid and binding on the Borrower or shall be declared to be null and void by a final, nonappealable order of a court having competent jurisdiction, or the validity or enforceability of any thereof shall be contested by the Borrower or any governmental agency or authority, or if the Borrower shall deny that it has any further liability or obligation under this Agreement or any of the other Transaction Documents to which it is a party; or

(g) The Borrower shall (i) voluntarily commence any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consent to the institution of, or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for the Borrower or for a substantial part of its property, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take action for the purpose of effecting any of the foregoing; or

(h) An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Borrower, or of a substantial part of its property, under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law or (ii) the appointment of a receiver, trustee, custodian, sequestrator or similar official for the Borrower or for a substantial part of its property, and such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for thirty (30) days.

Section 5.02. Remedies. If an Event of Default shall occur, the Board may take any one or more of the following remedial steps: (a) exercise its rights of subrogation pursuant to the Transaction Documents, (b) take whatever action at law or in equity as may appear necessary or desirable in the Board's judgment to collect the amounts then due and thereafter to become due hereunder or to enforce performance and observance of any obligation, agreement or covenant of the Borrower to the Fund and the Board hereunder or under any other Transaction Document, (c) accelerate any or all amounts due under this Agreement, or (d) pursue any remedy it may have under any of the Transaction Documents.

Section 5.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Board or the Fund is intended to be exclusive of any other available remedy, but each remedy shall be cumulative and shall be in addition to other remedies given under this Agreement or any other Transaction Document or existing at law or in equity. No delay or failure to exercise any right, privilege or power accruing under this Agreement or any other Transaction Document and no course of dealing between the Board or the Treasurer and the Borrower or any other party shall impair any such right, privilege or power or shall be construed to be a waiver thereof, but any such right, privilege and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Board to exercise any remedy reserved to it in this Article V, it shall not be necessary to give any notice, other than such notice as may be required in this Article V.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Interest Computations. All computations of the Participation Fee shall be as set forth in the Terms and Conditions Agreement, a schedule of which is set forth on the

attached Exhibit B. Computations of interest on the amounts owed in Section 2.02 of this Agreement and in Section 4.01(a) of this Agreement shall be made on the basis of a 360-day year consisting of twelve 30-day months. Computations of all other interest and/or other fees due hereunder shall be made on the basis of the actual number of days elapsed over a year of 365/366 days, as applicable.

Section 6.02. Amendments and Waivers. This Agreement may only be amended, modified, waived, supplemented, discharged or terminated by written instruments signed by the parties hereto. The Borrower hereby agrees that the Board may issue a substitute or replacement for the Fund Certificate to cure any ambiguity or omission in the Fund Certificate which does not materially change the terms of the Fund Certificate nor adversely affect the rights of the Owners, and that this Agreement shall apply to such substituted Fund Certificate. So long as the Fund Certificate or any such substituted Fund Certificate is in effect, the Borrower agrees not to enter into any amendment, modification or supplement to any Transaction Document without the prior written consent of the Board except as expressly provided in the Transaction Documents.

Section 6.03. Successors and Assigns; Descriptive Headings.

(a) This Agreement shall bind, and the benefits thereof shall inure to, the Borrower, the Fund and the Board and their respective successors and assigns; provided, that the Borrower may not transfer or assign any or all of its rights and obligations hereunder or under any of the other Transaction Documents, except as expressly provided therein, without the prior written consent of the Board.

(b) The descriptive headings of the various provisions of this Agreement are inserted for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

Section 6.04. Notices, Requests, Demands. Except as otherwise expressly provided herein, all written notices, requests, demands or other communications required by this Agreement to or upon the respective parties hereto shall be sufficiently given and shall be deemed to have been given or made when mailed by certified mail, facsimile or electronic mail (each confirmed by certified mail, return receipt requested postage prepaid) or overnight courier, when sent, addressed as specified below or at such other address as any of the parties may hereafter specified in writing to the others:

If to the Borrower:

[INSERT CONTACT INFORMATION FOR BORROWER]

Attention: _____

Facsimile No.: _____

Telephone No.: _____

E-mail: _____

If to the Board or the Fund:

Credit Enhancement Eligibility Board
Office of the Governor of the State of Arizona
1700 West Washington Street
Phoenix, Arizona 85007

E-mail: dwallace@az.gov
Attention: Dawn Wallace
Re: Fund Certificate No.: [__]

With a copy to:

Office of the Arizona State Treasurer
1700 West Washington Street
Phoenix, Arizona 85007
E-mail: marks@aztreasury.gov
Attention: Mark Swenson
Re: Fund Certificate No.: [__]

(in each case in which notice or other communication to the Board or the Treasurer refers to an event of default, a claim on the Fund Certificate or any other event with respect to which failure on the part of the Board or the Treasurer to respond shall be deemed to constitute consent or acceptance, then such notice or other communication shall be marked to indicate “URGENT MATERIAL ENCLOSED”).

Section 6.05. Third-Party Beneficiary. The Board, the Fund and the Treasurer each shall be deemed an express third-party beneficiary of each of the other Transaction Documents and shall be entitled to enforce the terms thereof as if a party thereto subject to the terms thereof.

Section 6.06. Survival of Representations and Warranties. All representations, warranties and obligations contained herein shall survive the execution and delivery of this Agreement and the Fund Certificate.

Section 6.07. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ARIZONA.

Section 6.08. Limited Liability. No recourse under this Agreement shall be had against, and no personal liability shall attach to, any officer, employee, agent, director, counsel or advisor of the Board or the Fund, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise in respect of this Agreement or the Fund Certificate, it being expressly agreed and understood that the Fund Certificate is solely a corporate obligation of the Fund, and that any and all personal liability, either at common law or in equity, or by statute or constitution, of every such officer, employee, agent, director, counsel or advisor for breaches by the Board or the Fund of any obligations under the Fund Certificate is hereby expressly waived as a condition of and in consideration for the execution and delivery of this Agreement.

Section 6.09. No Personal Liability of School Personnel. Any amounts owed under this Agreement that is not otherwise paid remains a lawful obligation of the Borrower and shall be paid from any other monies lawfully available to the Borrower; provided however, no recourse under this Agreement shall be had against, and no personal liability shall attach to, any officer, employee, agent, director, counsel or advisor of the Borrower, by the enforcement of any

assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise in respect of this Agreement or the Fund Certificate.

Section 6.10. Trial by Jury Waived. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION ARISING DIRECTLY OR INDIRECTLY OUT OF, UNDER OR IN CONNECTION WITH ANY PROVISIONS OF THE THIS AGREEMENT OR THE TRANSACTION DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREUNDER. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT IT WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTION DOCUMENTS TO WHICH IT IS A PARTY BY, AMONG OTHER THINGS, THIS WAIVER.

Section 6.11. Counterparts. This Agreement may be executed in counterparts by the parties hereto and such counterparts shall constitute one and the same instrument, each of which shall be deemed to be an original instrument.

Section 6.12. Further Assurances. The Borrower agrees that it will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto (including any financing statements, if applicable) and such further instruments as may be required by law or as shall reasonably be requested by the Board for carrying out the intention of or facilitating the performance of this Agreement and/or the other Transaction Documents.

Section 6.13. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, the parties hereto agree that such holding shall not invalidate or make unenforceable any other provision hereof. The parties hereto further agree that the holding by any court of competent jurisdiction that any remedy pursued by any party hereto is unavailable or unenforceable shall not affect in any way the ability of such party to pursue any other remedy available to it.

Section 6.14. Survival of Obligations. Notwithstanding anything to the contrary contained in this Agreement, the obligation of the Borrower to pay all amounts due hereunder and the rights of the Board and the Treasurer to pursue all remedies shall survive the expiration, termination or substitution of the Fund Certificate and this Agreement.

Section 6.15. Term of this Agreement. Subject to Section 6.14 of this Agreement, this Agreement shall remain in effect until the later of (a) such time as all amounts payable under the Obligations have been paid in full and no amounts are guaranteed any longer under the Fund Certificate and (b) all amounts payable to the Fund and the Board by the Borrower, by the Trustee on behalf of the Borrower, the Issuer and from any other source under the Transaction Documents have been paid in full.

Section 6.16. Statutory Provisions. The provisions set forth on the attached Exhibit A are hereby incorporated by reference into this Agreement.

[Remainder of Page Intentionally Left Blank]

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IN WITNESS WHEREOF, each of the parties hereto has duly executed and delivered this Agreement as of the date first above written.

CREDIT ENHANCEMENT ELIGIBILITY BOARD

By: _____

Title: Governor's Designee and Authorized Signatory

[Signature Page of Credit Enhancement Eligibility Board]

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[INSERT NAME OF ACHIEVEMENT
DISTRICT SCHOOL]

By: _____

Title: _____

[Signature Page of Borrower]

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EXHIBIT A

TO REIMBURSEMENT AGREEMENT

Arizona Statutory Provisions

(a) *Compliance with Executive Order 2009-9.* The Borrower shall comply with Executive Order 2009-9, which mandates that all persons, regardless of race, color, religion, sex, age, or national origin not mentioned in such Order shall have equal access to employment opportunities, and all other applicable state and Federal employment laws, rules and regulations, including the Americans with Disabilities Act. The Borrower shall take affirmative action to ensure that applicants for employment and employees are not discriminated against due to race, creed, color, religion, sex, national origin or disability.

(b) *Compliance with Applicable Immigration Laws.* The Borrower warrants compliance with all applicable Federal and state immigration laws and regulations relating to employees and further warrants, to the extent that it has business operations located within the State of Arizona, that it complies and shall comply throughout the term of this Agreement with A.R.S. § 23-214, Subsection A, which reads as follows: “After December 31, 2007, every employer, after hiring an employee, shall verify the employment eligibility of the employee through the e-verify program.” A breach of a warranty regarding compliance with immigration laws and regulations shall be deemed a material breach of this Agreement and the Borrower may be subject to penalties up to and including termination of this Agreement. The Board retains the legal right to inspect the papers of any employee who works on this Agreement to ensure that the Borrower or any subcontractor is complying with the warranty under this paragraph.

(c) *Record Retention.* Pursuant to A.R.S. §§ 35-214 and 35-215, the Borrower shall retain all business records relating to this Agreement for a period of five (5) years after completion of this Agreement. All records shall be subject to inspection and audit by the Board at reasonable times. Upon request, the Borrower shall produce the original of any or all such records at the offices of the Fund.

(d) *Dispute Resolution.* The parties to this Agreement agree to resolve all disputes arising out of or relating to this Agreement through arbitration to the extent required by A.R.S. § 12-1518 except as may be required by other applicable statutes.

(e) *Compliance with Arizona Revised Statute § 38-511.* The requirements of Arizona Revised Statute § 38-511 apply to this Agreement. The Board may cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Board is, at any time while this Agreement or any extension is in effect, an employee, agent or consultant of the Borrower with respect to the subject matter of this Agreement.

(f) *Disclosure.* Notwithstanding anything to the contrary in this Agreement, the Board and the Treasurer shall be authorized to disclose any documents provided by the Borrower and required to be disclosed by the Arizona Public Records Act, A.R.S. §§ 39-121 *et seq.*, and

for all purposes, the laws of Arizona shall govern and control the disclosure obligations of the Board and the Treasurer under this Agreement.

(g) *Compliance with A.R.S. §§35-393.01(A)*. In accordance with A.R.S. §§35-393.01(A), the Borrower hereby certifies that it has not and shall not, for the duration of this Agreement, engage in a boycott of the State of Israel.

(h) *Indemnification*. Notwithstanding any provision of this Agreement to the contrary, the Board, the Fund and the Treasurer do not have authority to indemnify the Borrower. All claims against the Board, the Fund or the Treasurer arising under this Agreement must be submitted in accordance with A.R.S. § 12-821.01.

(i) *Antitrust Violation Proceeds*. The Borrower assigns to the Board any claim for overcharges resulting from antitrust violations to the extent that such violations concern materials or services supplied by third parties to the Borrower toward fulfillment of this Agreement.

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EXHIBIT B
TO REIMBURSEMENT AGREEMENT

Schedule of Participation Fees

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