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REMARKETING AGREEMENT

Between

THE CITY OF MANHATTAN BEACH, CALIFORNIA

and

LOOP CAPITAL MARKETS LLC,

As Remarketing Agent

Dated as of October 1, 2012

Relating to

\$7,235,000

VARIABLE RATE DEMAND REFUNDING CERTIFICATES OF PARTICIPATION  
(Marine Sports Field Capital Lease Refinancing) Series 2002

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This REMARKETING AGREEMENT, dated as of October 1, 2012 (the "Agreement"), between the CITY OF MANHATTAN BEACH, CALIFORNIA (the "City") and LOOP CAPITAL MARKETS LLC ("Loop Capital" or the "Remarketing Agent").

WITNESSETH:

WHEREAS, the City has issued its Variable Rate Demand Refunding Certificates of Participation (Marine Sports Field Capital Lease Refinancing) Series 2002 (the "Certificates") (currently outstanding in the principal amount of \$7,235,000), pursuant to a Trust Agreement, dated as of April 1, 2002 (the "Trust Agreement"), by and among the City of Manhattan Beach (the "City"), the Manhattan Beach Capital Improvements Corporation (the "Corporation") and U.S. Bank, N.A., as trustee (the "Trustee");

WHEREAS, the Certificates and the Trust Agreement provide among other things, that the owners of the Certificates (the "Owners"), may elect (or may be required) in certain instances to tender their Certificates for purchase upon the terms and conditions contained in the Certificates and the Trust Agreement;

WHEREAS, the Trust Agreement provides for the appointment of a remarketing agent to perform certain duties, including the use of its best efforts to remarket any Certificates tendered for purchase by the Owners;

WHEREAS, the City is providing for a Substitute Security (as such term is defined in the Trust Agreement) in the form of an irrevocable direct pay letter of credit to be issued by Union Bank, N.A.; and

WHEREAS, the Remarketing Agent has agreed to accept the duties and responsibilities of the remarketing agent under the Trust Agreement and this Agreement;

NOW, THEREFORE, for and in consideration of the mutual covenants made herein and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Trust Agreement.

"MSRB" shall mean: the Municipal Securities Rulemaking Board.

"Rule G-34 Documents" shall mean: (i) the letter of credit agreement, reimbursement agreement, standby bond purchase agreement loan agreement, guaranty agreement or any other document establishing an obligation to provide credit and/or liquidity support with respect to the Certificates; (ii) the Trust Agreement; (iii) any amendments, extensions, renewals, replacements or terminations thereof; and (iv) any other document required to comply with MSRB Rule G-34(c), as it may be amended from time to time.

Section 2. Appointment of Remarketing Agent. Subject to the terms and conditions contained herein, the City hereby appoints Loop Capital, as exclusive Remarketing Agent, and Loop Capital hereby accepts such appointment.

Section 3. Responsibilities of Remarketing Agent. Subject to the terms and conditions set forth in this Agreement, Loop Capital agrees to perform the duties of Remarketing Agent set forth in the Trust Agreement. It is understood that in undertaking to perform such duties, and in the performance thereof, it is the intention of the parties that the Remarketing Agent will act solely as an agent and not as a principal except as expressly provided in Section 12. The Remarketing Agent shall not be liable for any action taken or omitted to be taken pursuant to this Agreement, except for its own gross negligence or willful misconduct.

(a) It is understood and agreed that the Remarketing Agent's responsibilities hereunder will include:

- (i) The remarketing of the Certificates as described in the Trust Agreement;
- (ii) effecting and processing purchases of Certificates,
- (iii) billing and receiving payment for Certificates purchased,
- (iv) establishing the Adjustable Interest Rate on the Certificates (other than Bank Certificates) in accordance with the Trust Agreement, and
- (v) performing such other related functions as may be required by the Trust Agreement or requested by the City and agreed to by the Remarketing Agent. The Remarketing Agent will keep records of trades and make trade confirmations in accordance with prudent industry practice and will make such books and records available for inspection by the District during regular business hours. The City and the Trustee, upon reasonable notice to the Remarketing Agent, may examine such records during regular business hours of the Remarketing Agent.

(b) The Remarketing Agent

(i) will suspend its remarketing efforts upon the receipt of notice from the Trustee of the occurrence of an event of default under either the Trust Agreement or the Reimbursement Agreement, which suspension will continue for so long as such event of default shall continue (the Remarketing Agent being under no obligation to determine when such event of default shall cease); and

(ii) may suspend its remarketing efforts immediately upon the occurrence of any of the following events, which suspension will continue so long as the situation continues to exist:

(A) there shall hereafter be placed into effect a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the Securities and

Exchange Commission or any other governmental authority having jurisdiction;

(B) a general moratorium on commercial banking activities in New York is declared by either federal or New York State authorities;

(C) there shall have occurred any new outbreak of hostilities or any material escalation in any present hostilities or other new national or international calamity, crisis or terrorist activity, the effect of such outbreak, escalation, calamity, crisis or terrorist activity on the financial markets of the United States being such, in the judgment of the Remarketing Agent, as to substantially adversely affect the marketability of the Certificates;

(D) legislation shall be introduced by committee, by amendment or otherwise, in, or be enacted by, the House of Representatives or the Senate of the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the United States Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the offering or sale of obligations of the general character of the Certificates, as contemplated hereby, is or would be in violation of any provision of the Securities Act of 1933, as amended (the "Securities Act") and as then in effect, or the Securities Exchange Act of 1934, as amended (the "Exchange Act") and as then in effect, or the Trust Indenture Agreement Act of 1939, as amended (the "Trust Indenture Act") and as then in effect, or with the purpose or effect of otherwise prohibiting the offering or sale of obligations of the general character of the Certificates, or the Certificates, as contemplated hereby;

(E) any event shall occur or information shall become known, which, in the Remarketing Agent's reasonable opinion, makes untrue, incorrect or misleading in any material respect any statement or information contained in the disclosure documents provided to the Remarketing Agent in connection with the performance of its duties hereunder, whether provided pursuant to Section 5 or otherwise, or causes such documents to contain an untrue, incorrect or misleading statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(F) any of the representations and warranties of the City made hereunder shall not have been materially true and correct on the date made;

(G) the City fails to observe any of the covenants or agreements made herein;

(H) any of the rating agencies then rating the Certificates or the Bank shall downgrade the ratings assigned to either the Certificates or the Bank so that the Certificates are not “Eligible Securities” as defined under Rule 2a-7 of the Investment Company Act of 1940, as amended;

(I) legislation shall have been enacted by the Congress of the United States, or shall have been reported out of committee of either body or be pending in committee of either body, or a decision shall have been rendered by a court of the United States, the Tax Court of the United States or a court of the State of California, or a ruling shall have been made or a regulation or temporary regulation shall have been issued by the Treasury Department of the United States or the Internal Revenue Service or other federal authority, with respect to federal taxation upon revenues or other income of the general character to be derived by the City, or upon interest received on obligations of the general character of the Certificates, which, in the reasonable judgment of the Remarketing Agent, materially adversely affects the market for the Certificates; or

(J) in the reasonable judgment of the Remarketing Agent, the ability of the Remarketing Agent to enforce contracts for the sale of Certificates shall have been materially adversely affected by an amendment of or supplement to the Remarketing Circular, notwithstanding the Remarketing Agent’s approval of such amendment or supplement prior to its distribution.

Section 4. Resignation and Removal of Remarketing Agent; Termination Events. The Remarketing Agent may at any time resign and be discharged of its duties and obligations hereunder upon providing the Trustee, the City and the Bank with thirty (30) days’ prior written notice. The Remarketing Agent may be removed at any time, at the direction of the Trustee, the City and the Bank upon thirty (30) days’ prior written notice to the Remarketing Agent. Upon removal or resignation of the Remarketing Agent, the City shall promptly cause the Trustee to give notice thereof by mail to all Owners and to any rating agency which has assigned a rating to the Certificates. The Remarketing Agent shall assign and deliver this Agreement to its successor, if any.

Following termination, the provisions of Section 6 hereof will continue in effect as to transactions prior to the date of termination, and each party will pay the other party any amounts owing at the time of termination.

Section 5. Disclosure Materials.

(a) The City agrees to furnish the Remarketing Agent with as many copies as the Remarketing Agent may reasonably request of the Remarketing Circular, dated October \_\_, 2012, relating to the Certificates (as supplemented or amended, the “Remarketing Circular”), and

such other information associated with the City and the Certificates as the Remarketing Agent shall reasonably request from time to time, including, without limitation, information deemed necessary by the Remarketing Agent to amend or supplement the Remarketing Circular or other offering document for the Certificates in connection with the remarketing thereof. The City shall not amend or supplement the Remarketing Circular or other offering document for the Certificates prior to notifying the Remarketing Agent in writing of the proposed amendment or supplement.

(b) The City agrees to cooperate with the Remarketing Agent in the updating from time to time of the Remarketing Circular or other offering document for the Certificates if the Remarketing Agent determines that such updating is required to comply with federal or state securities laws or, with the concurrence of the City, desirable in connection with remarketing the Certificates.

(c) In the event the Remarketing Agent is asked to remarket the Certificates in any situation which requires compliance with Rule 15c2-12 of the Exchange Act (the "Rule"),

(i) the City will provide the Remarketing Agent with an official statement or other disclosure document in connection with its remarketing of the Certificates which the City deems final as of its date (exclusive of pricing and other sales information), prior to the date the Remarketing Agent bids for, offers or sells any Certificates;

(ii) the City will provide the Remarketing Agent with such number of copies of any preliminary official statement or other disclosure document prepared in connection therewith, as the Remarketing Agent may need to supply at least one copy thereof to each potential customer who requests it;

(iii) the City shall provide the Remarketing Agent within seven (7) Business Days after the interest rate is determined or by the time "money confirmations" are to be sent to customers, whichever is earlier, with a number of copies of the final official statement or other disclosure document adequate to provide at least one copy of such final official statement or disclosure document to any customer or any potential customer for a period commencing on the date such final official statement or disclosure document is available and extending for the underwriting period as defined in the Rule (the "Underwriting Period") and, thereafter, for as long as may be required by the Rule. During the Underwriting Period, the City agrees to update, by written supplement or amendment or otherwise, the final official statement or disclosure document such that at all times during such period the final official statement or disclosure document will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(iv) if required by the Rule, shall enter into a continuing disclosure undertaking which complies with the requirements of the Rule.

Section 6. Fees and Expenses. For the Remarketing Agent's services under this Agreement and the Trust Agreement, the City will pay the Remarketing Agent an annual fee of 0.07 of 1% of the average aggregate principal amount of Certificates outstanding for the immediately preceding quarter. The City will pay the fee quarterly in arrears commencing January 1, 2013, and on each April 1, July 1, October 1, and January 1, thereafter.

The City will pay all expenses of delivering remarketed Certificates and reimburse the Remarketing Agent for all direct, out-of-pocket expenses incurred by it as Remarketing Agent, including reasonable counsel fees and disbursements.

Section 7. Representations, Warranties, Covenants and Agreements of the Remarketing Agent. The Remarketing Agent, by its acceptance hereof, represents, warrants and covenants and agrees with the City as follows:

(a) the Remarketing Agent is a member of the Financial Industry Regulatory Authority (FINRA) and otherwise meets the requirements for the Remarketing Agent set forth in the Trust Agreement, including Section 4.07 thereof;

(b) the Remarketing Agent has been duly incorporated, is validly existing and is in good standing under the laws of the State of Delaware, and is authorized by law to perform all the duties and obligations imposed upon it as Remarketing Agent by this Agreement and the Trust Agreement; and

(c) the Remarketing Agent has full power and authority to take all actions required or permitted to be taken by the Remarketing Agent by or under, and to perform and observe the covenants and agreements on its part contained in, this Agreement and the Trust Agreement.

Section 8. Representations, Warranties, Covenants and Agreements of the City. The City, by its acceptance hereof, represents, warrants, covenants, and agrees with the Remarketing Agent that:

(a) The City is a municipal corporation and general law city, duly organized and operating pursuant to the Constitution and laws of the State of California with full power and authority to execute and deliver the Remarketing Circular, and to enter into this Agreement;

(b) By official action of the City prior to or concurrently with the acceptance hereof, the City has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations on its part contained in the Reimbursement Agreement and the consummation by it of all other transactions contemplated by the Remarketing Circular and this Agreement;

(c) To the best knowledge of the City, the execution and delivery of the Reimbursement Agreement, this Agreement and the Remarketing Circular, and compliance with the provisions on the City's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, nor will any such execution,

delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the City under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note resolution, agreement or other instrument;

(d) The City is not in any material respect in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute a default or an event of default under any such instrument;

(e) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending, notice of which has been served on and received by the City, or to the best knowledge of the City, threatened against the City in any material respect affecting the existence of the City or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the payment of Lease Payments or in any way contesting or affecting the validity or enforceability of the Lease Agreement, the Reimbursement Agreement or this Agreement or contesting the powers of the City or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting in any way the completeness or accuracy of the Official Statement, or any amendment or supplement thereto, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Lease Agreement, the Reimbursement Agreement or this Agreement;

(f) As of the date hereof, the Remarketing Circular (excluding therefrom information relating to the Bank, DTC and the book-entry system as to which no representation is made) does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading;

(g) it has, on or before the date hereof, duly taken all action necessary to be taken by it prior to such date to authorize (i) the execution, delivery and performance of this Agreement, the Reimbursement Agreement and any other instrument or agreement to which the City is a party and which has been or will be executed in connection with the transactions contemplated by the foregoing documents; and (ii) the carrying out, giving effect to, consummation and performance of the transactions and obligations contemplated by the foregoing agreements and by the Remarketing Circular;

(h) it will promptly notify the Remarketing Agent by electronic means of any material adverse changes that would reasonably affect the remarketing of the Certificates or any fact or circumstance which constitutes an event of default under the Trust Agreement or the Reimbursement Agreement;

(i) The City has not failed to comply in the last five years in all material respects with any previous undertakings with regard to the rule to provide annual reports or notices of material events in connection with obligations payable from the City's General Fund.

In connection with certain undertakings of the City in connection with certain obligations secured solely by particular assessments in limited assessment areas (formed for the purposes of placing utility lines underground), the City filed annual reports, but did not include certain specific information required by the related undertakings (relating to delinquencies with respect to particular parcels in the assessment areas). The City is in the process of obtaining the required information from the County Assessor, and will file it in accordance with the Rule as soon as practicable.

Section 9. Compliance with MSRB Rule G-34(c). The City hereby (i) authorizes and consents to the delivery by the Remarketing Agent to the Municipal Securities Rulemaking Board of the Rule G-34 Documents. In order to assist the Remarketing Agent in its timely filing of such Rule G-34 Documents in compliance with MSRB Rule G-34(c), the City shall deliver such G-34 Documents in accordance with any reasonable timing requirements set forth by the Remarketing Agent in such request. Such Rule G-34 Documents shall be in PDF word-searchable format. The City further agrees that the Remarketing Agent shall have no responsibility with respect to identifying any confidential or proprietary information in the Rule G-34 Documents. If the City determines that any information in the Rule G-34 Documents is confidential or proprietary, the City will provide the Remarketing Agent with redacted copies of such Rule G-34 Documents, suggesting such redactions, for submission by the Remarketing Agent to the MSRB for purposes of compliance with Rule G-34(c). The City acknowledges the Remarketing Agent may accept less than such suggested redactions if the Remarketing Agent reasonably determines such redacted information is needed to be disclosed in order for the Remarketing Agent to comply with the Rule G-34(c) MSRB Guidance. In the event additional legal or regulatory requirements are imposed on the Remarketing Agent's performance of its obligations under this Remarketing Agreement, the City agrees to cooperate with the Remarketing Agent and to provide such additional documents or take such additional steps related to the Remarketing Agent's fulfillment of such requirements as may be reasonably requested by the Remarketing Agent.

Section 10. Term of Agreement. This Agreement shall become effective on the date hereof and shall continue in full force and effect until the payment in full of the Certificates or the earlier conversion of all Certificates to a Fixed Interest Rate, subject to the right of termination as provided herein.

Section 11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to agreements made and to be performed in said State.

Section 12. Dealing in Certificates by the Remarketing Agent.

(a) The Remarketing Agent, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Certificates, including, without limitation, any Certificates offered and sold by the Remarketing Agent pursuant to this Agreement, and may join in any action which any Owner may be entitled to take with like effect as if it did not act in any capacity hereunder. The Remarketing Agent may sell any of such Certificates at prices above or below par, at any time. The Remarketing Agent, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the City and may

act as depositary, trustee, or agent for any committee or body of Owners or other obligations of the City as freely as if it did not act in any capacity hereunder.

(b) Nothing in this Agreement shall be deemed to constitute the Remarketing Agent as an underwriter of the Certificates or to obligate the Remarketing Agent to purchase any Certificates at any time.

(c) The City acknowledges and agrees that (i) this Agreement is an arm's-length, commercial transaction between the City and the Remarketing Agent in which the Remarketing Agent is acting solely as a principal and is not acting as a financial advisor or fiduciary to the City, (ii) the Remarketing Agent has not assumed any advisory or fiduciary responsibility to the City with respect to this Agreement, the remarketing of the Certificates and the discussions, undertakings and procedures leading thereto (irrespective of whether the Remarketing Agent, or any affiliate of the Remarketing Agent, has provided other services or is currently providing other services to the City on other matters), (iii) the only contractual, advisory or fiduciary obligations the Remarketing Agent has to the City with respect to the transactions contemplated hereby are the contractual obligations set forth in this Agreement, (iv) the Remarketing Agent has financial and other interests that differ from those of the City and (v) the City has consulted with its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

Section 13. Intention of Parties. It is the express intention of the parties hereto that any purchase, sale or transfer of any Certificates, as herein provided, shall not constitute or be construed to be the extinguishment of any Certificates or the indebtedness represented thereby or the reissuance of any Certificates.

Section 14. Miscellaneous.

(a) Except as otherwise specifically provided in this Agreement, all notices, demands and formal actions under this Agreement shall be in writing and either (i) hand-delivered, (ii) sent by electronic means, or (iii) mailed by registered or certified mail, return receipt requested, postage prepaid, to:

The Remarketing Agent:  
Loop Capital Markets LLC  
111 West Jackson Boulevard, Suite 1901  
Chicago, Illinois  
Attention: Rita Ho  
Telephone: (312) 913-2274  
Email: rita.ho@loopcapital.com

The City:

City of Manhattan Beach  
1400 Highland Avenue  
Manhattan Beach, California 90266  
Attention: Attention: City Manager  
Telephone: (310) 802-5053  
Fax: (310) 802-5001

The Trustee:

U.S. Bank National Association  
633 W. Fifth Street, 24th Floor  
Los Angeles, CA 90071  
Attention: Corporate Trust Services  
Ref: City of Manhattan Beach  
Telephone: (213) 615-6023  
Fax: (213) 615-6199

The Bank:

Union Bank, N.A.  
1980 Saturn Street, MC V02-906  
Monterey Park, California 91755-7417  
Telephone: (323) 720-7957  
Fax: (323) 720-2773

The Remarketing Agent, the City, the Trustee, the Paying Agent and the Bank may, by notice given under this Agreement, designate other addresses to which subsequent notices, requests, reports or other communications shall be directed.

(b) This Agreement shall inure to the benefit of and be binding only upon the parties hereto and their respective successors and assigns. The terms “successors” and “assigns” shall not include any purchase of any of the Certificates merely because of such purchase. Neither the Bank nor any Owner or other third party shall have any rights or privileges hereunder.

(c) All of the representations and warranties of the City and the Remarketing Agent in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Remarketing Agent or the City, (ii) the remarketing and sale of and any payment for any Certificates hereunder or (iii) the termination or cancellation of this Agreement.

(d) This Agreement and each provision hereof may be amended, changed, waived, discharged or terminated only by an instrument in writing signed by the parties hereto.

(e) Nothing herein shall be construed to make any party an employee of the other or to establish any fiduciary relationship between the parties except as expressly provided herein.

(f) If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatsoever.

(g) This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

The City of Manhattan Beach, California

By: \_\_\_\_\_

LOOP CAPITAL MARKETS LLC  
as Remarketing Agent

By: \_\_\_\_\_  
Authorized Officer