

unsecured obligations of which are rated in the two highest rating categories of the Rating Agency in substitution for or in place of all or any portion of the Bond Reserve Fund Requirement, under the terms of which the Trustee is unconditionally entitled to draw amounts when required for the purposes hereof. In the event one or more Reserve Facilities are substituted for all or a portion of the moneys held or required to be held by the Trustee in the Bond Reserve Fund pursuant to the terms of this Indenture then, notwithstanding any other provision hereof, (1) the Trustee shall draw upon the Reserve Facility(ies) (pro-rata if more than one are in effect) for amounts which the terms of this Indenture require to be transferred and applied from the Bond Reserve Fund; provided that any cash on deposit in the Bond Reserve Fund shall be so transferred and applied before the Reserve Facility(ies) is (are) drawn upon. Upon deposit by the City with the Trustee of any such Reserve Facility(ies), the Trustee shall, on or after the date of such deposit, transfer to the City such amounts as are on deposit in the Bond Reserve Fund in excess of the Bond Reserve Fund Requirement after application of the Reserve Facility(ies) thereto. The City shall, subject to any investment instructions contained in the Tax Certificate, use any such amounts transferred from the Bond Reserve Fund for any lawful purpose of the City which will not adversely affect any current or past exclusion from gross income for federal income tax purposes of the interest on the Bonds, if and to the extent such interest is currently or has in the past been so excluded.

Section 3.06 Establishment and Application of Letter of Credit Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Letter of Credit Fund." The moneys in the Letter of Credit Fund shall be used and withdrawn by the Trustee to reimburse The Bank of New York and the California State Teachers' Retirement System for the draw on the Letter of Credit deposited in the Escrow Funds upon receipt of a Requisition of the City stating the Person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On [June 16 ,2006], or upon the earlier Request of the City, amounts, if any, remaining in the Letter of Credit Fund shall be transferred to the Project Fund, and the Letter of Credit Fund shall thereafter be closed.

Section 3.07 Validity of Bonds. The validity of the authorization and issuance of the Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the Authority or the Trustee with respect to or in connection with the Lease or the Sublease. The recital contained in the Bonds that the same are issued pursuant to the Act and the Constitution and laws of the State shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

ARTICLE IV

REDEMPTION AND TENDER OF BONDS

Section 4.01 Terms of Redemption.

(a) **Optional Redemption of Bonds in the Unit Pricing Mode.** Bonds in the Unit Pricing Mode are not subject to optional redemption prior to their respective Purchase Dates. Bonds in the Unit Pricing Mode are subject to redemption prior to the Maturity Date, at

the option of the Authority in whole or in part on the Purchase Date at a Redemption Price equal to the principal amount of Bonds called for redemption, without premium.

(b) Optional Redemption of Bonds in the Daily Mode, the Weekly Mode, the R-FLOATs Mode or the Indexed Rate Mode. Bonds in the Daily Mode, the Weekly Mode, the R-FLOATs Mode or the Indexed Rate Mode are subject to redemption prior to the Maturity Date, at the option of the Authority, as directed by the City, in whole on any date or in part on any Interest Payment Date, at a Redemption Price equal to the principal amount of Bonds called for redemption, plus accrued interest, if any, to the date fixed for redemption, without premium.

(c) Optional Redemption of Bonds in the Term Rate Mode or the Fixed Rate Mode.

(i) Bonds in a Term Rate Mode are subject to redemption prior to the Maturity Date, at the option of the Authority, in whole on any date or in part on their Purchase Date at a Redemption Price equal to the principal amount of Bonds called for redemption, without premium.

(ii) Bonds in the Term Rate Mode or Fixed Rate Mode are subject to redemption prior to the Maturity Date, at the option of the Authority, at such times and upon such terms as shall be specified by the Authority in a schedule to be delivered to the Trustee on or prior to such change to such Term Rate Mode or Fixed Rate Mode.

(d) Optional Redemption of Auction Rate Securities. Auction Rate Securities are subject to redemption prior to the Maturity Date, at the option of the Authority, in whole on any date or in part on any Interest Payment Date at a Redemption Price equal to the principal amount of Bonds called for redemption, without premium.

(e) Optional Redemption of Bonds in the Stepped Coupon Mode. Bonds in the Stepped Coupon Mode are subject to redemption prior to the Maturity Date, at the option of the Authority, in whole on any date or in part on the Interest Payment Date immediately following the last day of a Stepped Coupon Period at a Redemption Price equal to the principal amount of Bonds called for redemption without premium.

(f) Optional Redemption From Insurance and Condemnation Proceeds. The Bonds are also subject to redemption prior to the Maturity Date, at the option of the Authority, as directed by the City, in whole on any date or in part on any Interest Payment Date, from moneys required to be deposited in the Redemption Fund pursuant to the Sublease, at a Redemption Price equal to the principal amount of Bonds called for redemption, plus unpaid accrued interest, if any, to the date fixed for redemption, without premium.

(g) Sinking Fund Redemption. (i) The Bonds are also subject to redemption prior to their stated Maturity Date, in part, from Mandatory Sinking Account Payments deposited in the Principal Fund pursuant to Section 5.03 on December 1 of each of the years set forth below, in the principal amounts set forth below, together with interest accrued thereon to the date fixed for redemption, without premium.

Year

Mandatory Sinking

Notwithstanding the foregoing, when any Auction Rate Securities are to be redeemed from Mandatory Sinking Account Payments as described above, if such December 1 is not an Interest Payment Date, the redemption from Mandatory Sinking Account Payments shall occur on the Interest Payment Date immediately preceding such December 1.

The Authority may purchase at a price not to exceed par plus accrued interest any Bonds subject to redemption from Mandatory Sinking Account Payments and tender such Bonds to the Trustee in satisfaction of the required Mandatory Sinking Account Payments referred to above.

The principal amount of Bonds to be redeemed from Mandatory Sinking Account Payments on any December 1 shall be reduced by the Authority as directed by the City by the principal amount of Bonds previously redeemed pursuant to Section 4.01(a), (b), (c), (d), (e) or (f).

Section 4.02 Selection of Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the Bonds, subject to Section 4.01 hereof, the Trustee shall select the Bonds to be redeemed, in the authorized denominations specified in Section 2.02, by lot, in any manner which the Trustee in its sole discretion shall deem appropriate and fair; provided, however, that Credit Facility Bonds shall be redeemed prior to any other Bonds. The Trustee shall promptly notify the Authority and the City in writing of any redemption of the Bonds or portions thereof so selected for redemption. The selection of Bonds shall be at such time as determined by the Trustee.

Section 4.03 Notice of Redemption. Notice of redemption shall be mailed by first-class mail by the Trustee, not less than 30 nor more than 60 days prior to the date fixed for redemption, to the Credit Provider, the Rating Agencies and to the respective Holders of any Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee. Each notice of redemption shall state the date of such notice, the date of delivery of the Bonds, the date fixed for redemption, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Trustee), the CUSIP number, if any, of the Bonds, to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on said Bonds the Redemption Price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such date, interest on such Bond shall cease to accrue, and shall require

that such Bonds be then surrendered at the address or addresses of the Trustee specified in the redemption notice.

If any Bonds that are in the Auction Mode are to be redeemed and such Bonds are held by a Securities Depository, the Trustee shall include in the notice of the call for redemption delivered to the Securities Depository (i) a date placed under an item entitled "Publication Date for Securities Depository Purposes" and such date shall be three Business Days after the Auction Date immediately preceding such redemption date and (ii) an instruction to Securities Depository to (x) determine on such Publication Date after the Auction held on the immediately preceding Auction Date has settled, the Securities Depository Participants whose Securities Depository positions shall be redeemed and the principal amount of such Auction Rate Bonds to be redeemed from each such position (the "Securities Depository Redemption Information"), and (y) notify the Auction Agent immediately after such determination of the (1) positions of the Securities Depository Participants in such Bonds immediately prior to such Auction settlement (2) the position of the Securities Depository Participants in such Auction Rate Bonds immediately following such Auction settlement, and (3) the Securities Depository Redemption Information.

Notice of redemption of Bonds shall be given by the Trustee, at the expense of the City.

Failure by the Trustee to mail notice of redemption pursuant to this Section 4.03 to the Credit Provider, the Rating Agencies or to any one or more of the Holders of any Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Holder or Holders to whom such notice was mailed.

Any notice given pursuant to this Section 4.03 may be conditional and may be rescinded by written notice given to the Trustee by the City no later than 5 Business Days prior to the date specified for redemption. The Trustee shall give notice of such rescission, as soon thereafter as practicable, in the same manner, to the same persons, as notice of such redemption was given pursuant to this Section 4.03.

Section 4.04 Partial Redemption of Bonds. Upon surrender of any Bond to be redeemed in part only, the Trustee shall authenticate and deliver to the Holder thereof, at the expense of the City, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the redeemed portion of the Bond surrendered.

Section 4.05 Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the date fixed for redemption on, the Bonds (or portions thereof) so called for redemption being held by the Trustee, on the date fixed for redemption designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice plus interest accrued thereon to the date fixed for redemption, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Holders of said Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest.

Section 4.06 Optional Tenders of Bonds in the Daily Mode, the Weekly Mode or the R-FLOATs Mode. The Holders of Eligible Bonds (other than Credit Facility Bonds) in a Daily Mode, a Weekly Mode or the R-FLOATs Mode may elect to have their Bonds (or portions of those Bonds in amounts equal to the lowest denomination then authorized pursuant to Section 2.02) purchased on any Business Day in the case of Bonds in a Daily Mode or a Weekly Mode, on any Rate Determination Date in the case of Bonds in a weekly R-FLOATs Mode, on any Interest Payment Date in the case of Bonds in a monthly R-FLOATs Mode and on the Interest Payment date immediately following a Special R-FLOATs Rate Period in the case of Bonds in a Special R-FLOATs Rate Period in each case at a price equal to the Purchase Price,

(i) in the case of Bonds in a Daily Mode, upon delivery of an irrevocable telephonic notice of tender to the Remarketing Agent, the Trustee and the Tender Agent not later than the Tender Notice Deadline; and

(ii) in the case of Bonds in a Weekly Mode or the R-FLOATs Mode, upon delivery of an irrevocable written notice of tender or irrevocable telephonic notice of tender to the Remarketing Agent and the Tender Agent, promptly confirmed in writing to the Tender Agent, not later than the Tender Notice Deadline.

Such notices of tender shall state the CUSIP number, Bond number (if the Bonds are not registered in the name of the Securities Depository) and the principal amount of such Bond and that such Bond shall be purchased on the Purchase Date specified above. Payment of the Purchase Price shall be made pursuant to this Section 4.06 only if the Bond so delivered to the Tender Agent conforms in all respects to the description thereof in the notice described in this Section 4.06. A Holder who gives the notice of tender as set forth above may repurchase the Bonds so tendered on such Purchase Dates if the Remarketing Agent agrees to sell the Bonds so tendered to such Holder. If such Holder decides to repurchase such Bonds and the Remarketing Agent agrees to sell the specified Bonds to such Holder, the delivery requirements set forth in Section 4.12(d) shall be waived. The Tender Agent may assume that a Bond is an Eligible Bond unless it has actual knowledge to the contrary.

Section 4.07 Mandatory Purchase at End of Unit Pricing Rate Periods. Each Bond in the Unit Pricing Mode is subject to mandatory purchase on the Purchase Date for the current Interest Period at the Purchase Price. No notice of such mandatory purchase shall be given to the Holders.

Section 4.08 Mandatory Purchase on Mode Change Date or Election to Set a Special R-FLOATs Rate Period.

(a) Bonds to be changed from one Mode to another Mode (other than a change to the Fixed Rate Mode, which Bonds are subject to mandatory purchase pursuant to subsection (B) of this Section 4.08) or Bonds in a R-FLOATs Mode which are to be changed to a Special R-FLOATs Rate Period of greater than 35 days at the election of the Authority are subject to mandatory purchase on the Mode Change Date or the effective date of the Special R-FLOATs Rate Period at the Purchase Price as provided in this subsection (a). The Tender Agent shall give notice of such mandatory purchase by Electronic Means to the Credit Provider upon receipt of notice of such mandatory purchase and to the Holders of the Bonds subject to mandatory purchase no less than 4 Business Days prior to the Mandatory Purchase Date. The notice shall state the Mandatory Purchase Date, the Purchase Price and that interest on Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. The failure to give such notice with respect to any Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Holder.

(b) Bonds to be changed to the Fixed Rate Mode are subject to mandatory purchase on the Mode Change Date at the Purchase Price (subject to Section 2.10). The Tender Agent shall give notice of such mandatory purchase as part of the notice of change of Mode to be sent to the Holders pursuant to Section 2.13(b)(ii). The failure to give such notice with respect to any Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Holder.

Section 4.09 Mandatory Purchase at End of Interest Period for Term Rate Mode. Bonds in the Term Rate Mode are subject to mandatory purchase on the Purchase Date for the current Interest Period at the Purchase Price. The Tender Agent shall give notice of such mandatory purchase by mail to the Holders of the Bonds subject to mandatory purchase no less than 30 days prior to the Mandatory Purchase Date. The notice shall state the Mandatory Purchase Date, the Purchase Price and that interest on Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. The Tender Agent may assume that a Bond is an Eligible Bond unless it has actual knowledge that such Bond is not an Eligible Bond. The failure to mail such notice with respect to any Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Holder.

Section 4.10 Mandatory Purchase on Expiration Date, Substitute Credit Facility Date and Termination Date. (a) On each Substitute Credit Facility Date, and on the second

Business Day preceding each Expiration Date, the Eligible Bonds shall be subject to mandatory purchase on such date at the Purchase Price; provided, however, that the Bonds shall not be subject to Mandatory Purchase on the Substitute Credit Facility Date or the second Business Day preceding each Expiration Date if (i) on or prior to the 15th day prior to such Expiration Date or Substitute Credit Facility Date, the City has furnished to the Trustee an agreement to extend the Credit Facility or (ii) the Trustee receives written confirmation from each Rating Agency to the effect that immediately following such Substitute Credit Facility Date or Expiration Date there will be no withdrawal or reduction of the long-term and short-term rating then in effect with respect to such Bonds. The Trustee shall give notice of such substitution or expiration by mail to the Holders no less than 10 days prior to such substitution or expiration. In the case of a substitution, such notice shall also specify the name of the provider of the proposed Substitute Credit Facility and the terms thereof. The Tender Agent shall give notice of such mandatory purchase by mail to the Holders of the Bonds subject to mandatory purchase no less than 10 days prior to such Mandatory Purchase Date. The notice shall state the Mandatory Purchase Date, the Purchase Price and that interest on Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. Such notice shall also specify the name of the provider of the proposed Substitute Credit Facility and the terms thereof. The failure to mail such notice with respect to any Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Holder.

(b) On each Termination Date, the Eligible Bonds shall be subject to mandatory purchase on such date at the principal amount thereof, plus accrued interest, if any, with respect thereto to the Termination Date. The Tender Agent shall give notice of such mandatory purchase by mail to the Holders of the Bonds as soon as practicable after receipt of notice of termination from the Credit Provider. The notice shall state the Mandatory Purchase Date, the Purchase Price and that interest on Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. Such notice shall also specify the name of the provider of the proposed Substitute Credit Facility and the terms thereof. The failure to mail such notice with respect to any Bond shall not affect the validity of the mandatory purchase of any other Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Holder.

Section 4.11 Remarketing of Bonds; Notices.

(a) *Remarketing of Bonds.* The Remarketing Agent shall use its best efforts to offer for sale:

- (i) all Bonds or portions thereof as to which notice of tender has been given pursuant to Section 4.06;
- (ii) all Bonds required to be purchased pursuant to Sections 4.07, 4.08, 4.09 and 4.10; and
- (iii) all Credit Facility Bonds.

(b) *Notice of Remarketing; Registration Instructions; New Bonds.* On each Purchase Date or Mandatory Purchase Date, as the case may be:

(i) unless the Remarketing Agent has notified the Tender Agent and the Trustee otherwise, the Remarketing Agent shall notify the Tender Agent, the Credit Provider and the Trustee by Electronic Means not later than 11:00 a.m., or with respect to the Bonds in a R-FLOATS Mode not later than 2:00 p.m., New York City time of the amount of tendered Bonds which were successfully remarketed, the names of the tendering Holders and the registration instructions (i.e., the names, addresses and taxpayer identification numbers of the purchasers and the denominations then authorized pursuant to Section 2.02) with respect thereto (the Remarketing Agent may rescind or revise any such notice previously given up until the deadline for such notice); and

(ii) the Trustee shall execute new Bonds for the respective purchasers thereof which shall be available for pick up by the Remarketing Agent pursuant to Section 4.12(E).

(c) *Transfer of Funds; Draw on Credit Facility.* On each Purchase Date or Mandatory Purchase Date, as the case may be:

(i) the Remarketing Agent shall give notice to the Tender Agent and the Credit Provider of receipt of the Purchase Price of remarketed Bonds by 11:00 a.m. New York City time;

(ii) the Remarketing Agent shall cause to be paid to the Tender Agent the Purchase Price of the remarketed Bonds by 11:30 a.m. New York City time;

(iii) except with respect to the Bonds in the R-FLOATs Mode, the Tender Agent shall give notice to the Trustee, the City and to the Credit Provider with respect to the Bonds subject to purchase (or the Tender Agent shall instruct the Trustee to give notice and the Trustee shall give notice) in accordance with the terms of the Credit Facility by 11:45 a.m., or with respect to the Bonds in a Daily Mode by 12:00 Noon, New York City time (and promptly thereafter, the Tender Agent shall so notify the Securities Depository) of the amount equal to the Purchase Price of all Bonds tendered or deemed tendered less the aggregate amount of remarketing proceeds on hand;

(iv) except with respect to the Bonds in the R-FLOATs Mode, the Tender Agent (or the Trustee if the Trustee is the beneficiary under the Credit Facility) shall draw on the Credit Facility in accordance with the terms thereof so as to receive thereunder by 2:00 p.m. New York City time on such date an amount, in immediately available funds, sufficient, together with the proceeds of the remarketing of Bonds on such date, to enable the Tender Agent to pay the Purchase Price in connection therewith; and

(v) except with respect to the Bonds in the R-FLOATs Mode, the Credit Provider has not paid the full amount required by clause (iv) of this subsection (c) at the times required therein, the City has agreed in Section 4.03 of the Sublease to pay to the Tender Agent by 2:00 p.m. New York City time on such date an amount, in

immediately available funds, sufficient, together with the proceeds of the remarketing of Bonds on such date, to enable the Tender Agent to pay the Purchase Price in connection therewith.

Section 4.12 General Provisions Relating to Tenders.

(a) Purchase Fund. The Tender Agent shall establish and maintain a special fund designated as the “Purchase Fund,” and within such fund three separate accounts designated, respectively, as the “Credit Facility Deposit Account” and the “Remarketing Proceeds Account.” The money in the Purchase Fund shall be held in trust and applied solely as provided in this Section.

The Tender Agent shall deposit all moneys delivered to it hereunder for the purchase of Bonds into the Remarketing Proceeds Account and shall hold all such moneys in trust for the exclusive benefit of the Person that shall have so delivered such moneys until the Bonds purchased with such moneys shall have been delivered to it for the account of such Person and, thereafter, for the benefit of the Holders tendering such Bonds.

The Tender Agent shall deposit all moneys delivered to it hereunder from a payment by or on behalf of the Credit Provider for the purchase of Bonds into the Credit Facility Deposit Account and shall hold all such moneys in trust for the exclusive benefit of the Credit Provider until the Bonds purchased with such moneys shall have been delivered to or for the account of the Credit Provider and, after such delivery, the Tender Agent shall hold such funds exclusively for the benefit of the Holders tendering such Bonds.

Moneys in the Credit Facility Deposit Account and the Remarketing Proceeds Account shall not be commingled with other funds held by the Tender Agent and shall remain uninvested. Neither the Authority nor the City shall have any right, title or interest in or to any moneys held in the Purchase Fund.

(b) Payment of Purchase Price. At or before close of business New York City time on the Purchase Date or Mandatory Purchase Date and upon receipt by the Tender Agent of the aggregate Purchase Price of the tendered Bonds, the Tender Agent shall pay the Purchase Price of such Bonds to the Holders by bank wire transfer in immediately available funds. The Tender Agent shall pay the Purchase Price from the following accounts and in the following order of priority: (1) the Remarketing Proceeds Account to the extent funds are available therein and (2) in the case of Eligible Bonds, the Credit Facility Deposit Account. The Tender Agent may assume that a Bond is an Eligible Bond unless it has actual knowledge to the contrary. If at close of business New York City time on any Purchase Date or Mandatory Purchase Date of Bonds any balance remains in the Credit Facility Deposit Account in excess of any unsatisfied purchase obligation, such excess shall be promptly returned to the Credit Provider.

(c) Inadequate Funds for Tenders. If the funds available for purchases of Eligible Bonds pursuant to this Article IV are inadequate for the purchase of all Bonds tendered on any Purchase Date or Mandatory Purchase Date, no purchase shall be consummated and the Tender Agent shall, after any applicable grace period (1) return all tendered Bonds to the Holders thereof, (2) return all moneys deposited in the Remarketing Proceeds Account to the

Remarketing Agent for return to the Persons providing such moneys and (3) return all moneys deposited in the Credit Facility Deposit Account to the Credit Provider.

(d) Delivery of Bonds by Tendering Bondholders; Undelivered Bonds Deemed Purchased. All Bonds to be purchased on any date shall be required to be delivered to the principal corporate office of the Tender Agent at or before 12:00 Noon New York City time on such Purchase Date or Mandatory Purchase Date. If the Holder of any Bond (or portion thereof) that is subject to purchase pursuant to this Article IV fails to deliver such Bond to the Tender Agent for purchase on the Purchase Date or Mandatory Purchase Date, and if the Tender Agent is in receipt of the Purchase Price therefor, such Bond (or portion thereof) shall nevertheless be deemed purchased on the day fixed for purchase thereof and ownership of such Bond (or portion thereof) shall be transferred to the purchaser thereof as provided in subsection (e) below. Any Holder who fails to deliver such Bond for purchase shall have no further rights thereunder except the right to receive the Purchase Price thereof upon presentation and surrender of said Bond to the Tender Agent. The Tender Agent shall, as to any tendered Bonds that have not been delivered to it: (1) promptly notify the Remarketing Agent of such nondelivery; and (2) instruct the Trustee to place a stop transfer against an appropriate amount of Bonds registered in the name of such Holder(s) on the bond registration books. The Trustee shall place such stop(s) commencing with the lowest serial number Bond registered in the name of such Holder(s) until stop transfers have been placed against an appropriate amount of Bonds until the appropriate tendered Bonds are delivered to the Tender Agent who shall deliver such Bonds to the Trustee. Upon such delivery, the Trustee shall make any necessary adjustments to the bond registration books.

(e) Delivery of Bonds. On the Purchase Date or Mandatory Purchase Date, the Tender Agent shall direct the Trustee to execute and deliver all Bonds purchased on any Purchase Date or Mandatory Purchase Date as follows: (1) Bonds purchased and remarketed by the Remarketing Agent shall be registered and made available to the Remarketing Agent by 2:30 p.m. New York City time in accordance with the instructions of the Remarketing Agent; and (2) Bonds purchased with amounts paid by or on behalf of the Credit Provider shall be registered and made available in the name of or as directed in writing by the Credit Provider on or before 2:30 p.m. New York City time and become Credit Facility Bonds. Notwithstanding the foregoing, the Tender Agent shall not deliver any such Bonds unless it has received notice from the Credit Provider that the amount available for the purchase of Bonds (prior to a conversion to Fixed Rate) is at least equal to the aggregate amount of all Bonds then Outstanding (other than Credit Facility Bonds) plus an amount equal to (1) [35 days'] interest on Bonds in a Daily Mode or a Weekly Mode or (2) 190 days' interest on Bonds in a Unit Pricing Mode or a Term Rate Mode (assuming an interest rate equal to 15% per annum).

(f) No Purchases or Sales After Payment Default. Anything in this Indenture to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default described in Section 7.01(a) and the Credit Provider has not paid such amount under the Credit Facility, or if the Trustee has received notice from the Credit Provider that an event of default under the Reimbursement Agreement has occurred and is continuing, then the Remarketing Agent shall not remarket any Bonds.

(g) No Remarketing to Affiliates. The Remarketing Agent shall not remarket any Bonds to the Authority, the City, or any affiliate or guarantor of the City.

(h) R-FLOATs Bonds During Non-Remarketing Period. The provisions of this Section 4.12 shall not apply to any Bonds in the R-FLOATs Mode during any Non-Remarketing Period.

Section 4.13 The Remarketing Agent. (a) The Remarketing Agent shall be appointed by the City and shall serve as such under the terms and provisions hereof. The Authority hereby appoints Merrill Lynch, Pierce, Fenner & Smith Incorporated as the initial Remarketing Agent for the Bonds. The Remarketing Agent and each successor Remarketing Agent appointed in accordance with this Indenture shall designate its principal office and signify its acceptance of the duties and obligations imposed upon it as described herein by a written instrument of acceptance delivered to the Authority, the Trustee, the Tender Agent and the City, under which the Remarketing Agent (subject to subsection (b) below) will agree particularly:

(i) to hold all moneys delivered to it hereunder for the purchase of Bonds for the exclusive benefit of the Person or Persons that shall have so delivered such moneys until the Bonds purchased with such moneys shall have been delivered to or for the account of such Person or Persons;

(ii) to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the City, the Authority, the Trustee, the Tender Agent and the Credit Provider at all reasonable times;

(iii) to determine the Daily Rate, the Weekly Rate, the R-FLOATs Rate the Special R-FLOATs Rate Period, the Non-Remarketing Period, the Unit Pricing Rate, the Term Rate, the Indexed Rate, the Stepped Coupon Rate and the Fixed Rate and give notice of such rates in accordance with Article II hereof;

(iv) to use its best efforts to find purchasers for the Bonds tendered for purchase, any such sale to be made at the Purchase Price in accordance with the terms of this Indenture;

(v) to use its best efforts not to remarket Bonds to the City or any affiliate or guarantor of the City; and

(vi) to deliver to the Tender Agent all Bonds held by it in accordance with the terms of this Indenture and the Remarketing Agreement.

(b) One or more firms may serve as co-Remarketing Agent hereunder provided that each co-Remarketing Agent satisfies the requirements of Sections 4.13 and 4.14. If co-Remarketing Agents have been appointed and are performing the duties of Remarketing Agent hereunder, all references herein to the Remarketing Agent shall be deemed to refer to all the Remarketing Agents acting jointly; provided that the Remarketing Agreement may provide that one firm may perform certain specified duties hereunder in its sole capacity.

(c) If the Remarketing Agent shall resign, be removed, or be dissolved, or if the property or affairs of the Remarketing Agent shall be taken under control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the City shall not have appointed a successor as Remarketing Agent, the Tender Agent shall ipso facto be deemed to be such Remarketing Agent for all purposes of this Indenture until the appointment by the City of a successor Remarketing Agent; provided, however, that the Tender Agent, in its capacity as Remarketing Agent, shall not be required to sell Bonds or determine the interest rate on the Bonds hereunder if the Tender Agent should be prohibited by law from conducting such activities. The Authority will notify each Rating Agency then rating the Bonds of any successor Remarketing Agent or co-Remarketing Agent.

(d) The Remarketing Agent may in good faith hold the Bonds or any other form of indebtedness issued by the Authority or any security issued by the City; own, accept or negotiate any drafts, bills of exchange, acceptances or obligations thereof; and make disbursements therefor and enter into any commercial or business arrangement therewith; all without any liability on the part of the Remarketing Agent for any real or apparent conflict of interest by reason of any such actions.

Section 4.14 Qualifications of Remarketing Agent.

(a) The Remarketing Agent shall be authorized by law to perform all the duties imposed upon it. The Remarketing Agent may at any time resign and be discharged of the duties and obligations described in this Indenture by giving at least 30 days' notice to the City, the Authority, the Credit Provider and the Trustee. Successor Remarketing Agents may be appointed from time to time by the Authority, subject to the approval of the City and the Credit Provider which approval shall not be unreasonably withheld. The Remarketing Agent may be removed upon 30 days' notice upon the written Request of the Authority and upon written notice to the Remarketing Agent, the City, the Trustee, the Tender Agent and the Credit Provider so long as a successor Remarketing Agent shall have assumed the duties thereof by the effective date of such removal.

(b) Notwithstanding any other provision to the contrary contained herein, any corporation or association into which the Remarketing Agent may be converted or merged, or with which it may be consolidated, or to which it may be consolidated, or to which it may sell or transfer its marketing business and assets as a whole or substantially as a whole, shall become successor Remarketing Agent hereunder and fully vested with all of the rights, powers, trusts, duties and obligations of Remarketing Agent hereunder, without the execution or filing of any instrument or any further act.

Section 4.15 The Tender Agent. (a) The Tender Agent shall be appointed by the Authority and shall serve as such under the terms and provisions hereof. The Tender Agent and each successor Tender Agent appointed in accordance with this Indenture shall designate its principal corporate office and signify its acceptance of the duties and obligations imposed upon it as described herein by a written instrument of acceptance delivered to the Authority, the Trustee and the City under which each Tender Agent will agree, particularly:

(i) to hold all Bonds delivered to it for purchase hereunder in trust for the exclusive benefit of the respective Holders that shall have so delivered such Bonds until moneys representing the Purchase Price of such Bonds shall have been delivered to or for the account of or to the order of such Holders;

(ii) to hold all moneys delivered to it hereunder for the purchase of Bonds in trust for the exclusive benefit of the Person that shall have so delivered such moneys until the Bonds purchased with such moneys shall have been delivered to it for the account of such Person and, thereafter, for the benefit of the Holders tendering such Bonds;

(iii) to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the City, the Authority, the Trustee, the Remarketing Agent and the Credit Provider at all reasonable times; and

(iv) for any Bonds in the Unit Pricing Mode, the Tender Agent shall assign such CUSIP numbers to the Bonds on each Rate Determination Date as provided in Section 2.05.

(v) The Tender Agent is authorized and directed to execute the Credit Facility. The Tender Agent shall be entitled to the protections, indemnities, immunities and limitations from liability afforded the Trustee hereunder in the performance of its duties.

Section 4.16 Qualifications of Tender Agent.

(a) The Tender Agent and each successor Tender Agent shall be a commercial bank with trust powers or trust company duly organized under the laws of the United States of America or any state or territory thereof, and authorized by law to perform all duties imposed upon it hereunder. The Tender Agent shall have an office, affiliate office or agency in New York, New York. The Tender Agent may at any time resign and be discharged of its duties and obligations by giving at least 60 days' notice to the Authority, the Trustee, the Remarketing Agent, the Credit Provider, all Holders of Bonds then Outstanding and the City. Any Tender Agent may be removed at any time by the Authority upon Request of the City and notice to the Trustee, the Remarketing Agent, the Credit Provider and each Rating Agency then rating the Bonds. Any resignation or removal of the Tender Agent and appointment of a successor Tender Agent shall become effective upon acceptance of appointment by the successor Tender Agent. Successor Tender Agents may be appointed from time to time by the City if not objected to by

the Authority or the Credit Provider. The Trustee shall provide notice of such successor Tender Agent to all Holders of the Bonds.

(b) Upon the resignation or removal of a Tender Agent, such Tender Agent shall deliver any Bonds, the Credit Facility (if the Tender Agent is the beneficiary under the Credit Facility) and moneys held by it in such capacity to its successor.

(c) Notwithstanding any other provision to the contrary contained herein, any corporation or association into which the Tender Agent may be converted or merged, or with which it may be consolidated, or to which it may be consolidated, or to which it may sell or transfer its marketing business and assets as a whole or substantially as a whole, shall become successor Tender Agent hereunder and fully vested with all of the rights, powers, trusts, duties and obligations of Tender Agent hereunder, without the execution or filing of any instrument or any further act.

ARTICLE V

REVENUES; FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.01 Pledge and Assignment.

(a) Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Revenues and any other amounts (including proceeds of the sale of Bonds) held in any fund or account established pursuant to this Indenture (other than the Purchase Fund and the Rebate Fund) are hereby pledged to secure the payment of the principal of and premium, if any, and interest on the Bonds, including any Credit Facility Bonds, in accordance with their terms and the provisions of this Indenture. Said pledge shall constitute a lien on and security interest in such assets for the payment of the Bonds, and payment to the Credit Provider in accordance with the terms hereof, and shall attach, be perfected and be valid and binding from and after delivery by the Trustee of the Bonds, without any physical delivery thereof or further act. All Revenues and the other amounts specified herein shall be held in trust for the benefit of the Credit Provider and the Holders from time to time of the Bonds, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes set forth in Article IV and this Article V.

(b) Each Credit Facility, if any, provided with respect to the Bonds is hereby irrevocably pledged to the punctual payment of the Purchase Price of such Bonds, and proceeds of any drawing on such Credit Facility shall not be used for any other purpose. Said pledge shall constitute an exclusive lien in favor of the Trustee for the benefit of the Holders of the Bonds on such Credit Facility and any payments thereunder for the payment of the Purchase Price of the Bonds in accordance with the terms thereof. Each Credit Facility, if any, provided with respect to the Bonds and any payments thereunder shall be held in trust for the benefit of the Holders from time to time of the Bonds of, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes set forth in Article IV and this Article V.

(c) The Authority hereby transfers in trust, grants a security interest in and assigns to the Trustee, for the benefit of the Holders from time to time of the Bonds, all of the Revenues and other assets pledged in subsection (a) of this Section and all of the right, title and interest of the Authority in the Sublease (except for (i) the right to receive any Additional Rental to the extent payable to the Authority under the Sublease, (ii) any rights of the Authority to indemnification and rights of inspection and consent, and (iii) the obligation of the City to make deposits pursuant to the Tax Certificate). The Trustee shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. Subject to the provisions of Section 7.06 with respect to the control of remedial proceedings by the Trustee also shall be entitled to and shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority that have been assigned to the Trustee and all of the obligations of the City under the Sublease other than for those items excepted in the parenthetical contained in the first sentence of this subsection. All Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture.

(d) If on the second Business Day prior to the day of any month in which a Base Rental Payment is required to be made, the Trustee has not received the full amount of such Base Rental Payment, the Trustee shall immediately notify the City, the Credit Provider and of such insufficiency by Electronic Means and confirm such notification as soon as possible thereafter by written notice.

Section 5.02 Interest Fund.

(a) The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Interest Fund." Moneys in the Interest Fund shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture.

(b) The Trustee shall deposit the following Revenues in the Interest Fund when and as such Revenues are received:

(i) the interest component of all Base Rental Payments, including the interest component of all cash prepayments of Base Rental Payments made pursuant to Section 5.01 of the Sublease;

(ii) all interest, profits and other income received from the investment of moneys in the Interest Fund; and

(iii) any other Revenues not required to be deposited in any other fund or account established pursuant to this Indenture.

(c) All amounts in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as the same becomes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to this Indenture).

Section 5.03 Principal Fund.

(a) The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Principal Fund." Moneys in the Principal Fund shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture.

(b) The Trustee shall deposit the following Revenues in the Principal Fund when and as such Revenues are received:

(i) the principal component of all Base Rental Payments, but excluding the principal component of all cash prepayments of Base Rental Payments made pursuant to Section 5.01 of the Sublease, which shall be deposited in the Redemption Fund; and

(ii) all interest, profits and other income received from the investment of moneys in the Principal Fund.

(c) All amounts in the Principal Fund shall be used and withdrawn by the Trustee solely to redeem the Bonds, or pay the Bonds at maturity, as provided herein.

(d) On each Mandatory Sinking Account Payment date, the Trustee shall apply the Mandatory Sinking Account Payment required on that date to the redemption (or payment at maturity, as the case may be) of Bonds, in the amounts and upon the notice and in the manner provided in Article IV; provided that, at any time prior to giving such notice of such redemption, the Trustee shall, upon direction of the City, apply such moneys to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Fund) as the City may direct, except that the purchase price (excluding accrued interest) shall not exceed the par amount of such Bonds. If, during the twelve month period immediately preceding said Mandatory Sinking Account Payment date, the Trustee has purchased Bonds with moneys in the Principal Fund, or, during said period and prior to giving said notice of redemption, the City has deposited Bonds with the Trustee, or Bonds were at any time purchased or redeemed by the Trustee from the Redemption Fund and allocable to said Mandatory Sinking Account Payment, such Bonds so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount thereof, to reduce said Mandatory Sinking Account Payment. All Bonds purchased or deposited pursuant to this subsection shall be cancelled and destroyed by the Trustee to or upon the Order of the City. All Bonds purchased from the Principal Fund or deposited by the City with the Trustee shall be allocated first to the next succeeding Mandatory Sinking Account Payment, then to the remaining Mandatory Sinking Account Payments as selected by the City.

Section 5.04 Redemption Fund.

(a) The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Redemption Fund." The Trustee shall establish, maintain and hold in trust within the Redemption Fund a separate Optional Redemption Account and a separate Special Redemption Account.

(b) The Trustee shall deposit the following Revenues in the Optional Redemption Account when and as such Revenues are received:

(i) except as provided in subsection (c) of this Section, the principal component of all cash prepayments of Base Rental Payments made pursuant to Section 5.01 of the Sublease; and

(ii) all interest, profits and other income received from the investment of moneys in the Optional Redemption Account.

(c) The Trustee shall deposit the following Revenues in the Special Redemption Account when and as such Revenues are received:

(i) the principal component of all cash prepayments of Base Rental Payments made pursuant to Section 5.05 of the Sublease which are specified in a Certificate of the City to have been derived from insurance or condemnation proceeds received with respect to the Leased Property; and

(ii) all interest, profits and other income received from the investment of moneys in the Special Redemption Account.

(d) All amounts deposited in the Optional Redemption Account and in the Special Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds, in the manner and upon the terms and conditions specified in Article IV, at the next succeeding date of redemption for which notice has not been given and at the Redemption Prices then applicable to redemptions from the Optional Redemption Account and the Special Redemption Account, respectively; provided that in the case of the Optional Redemption Account in lieu of redemption at such next succeeding date of redemption, or in combination therewith, amounts in such account may be transferred to the Principal Fund and credited against Base Rental Payments in order of their due date as set forth in a Request of the City. All Bonds redeemed from the Redemption Fund shall be allocated to applicable Mandatory Sinking Account Payments in inverse order of their payment dates.

Section 5.05 Investment of Moneys. All moneys in any of the funds and accounts established pursuant to this Indenture shall be invested by the Trustee (other than amounts deposited in the Purchase Fund, which proceeds shall remain uninvested), upon the written direction of the City given at least two days prior to the investment date, solely in Investment Securities. Investment Securities shall be purchased at such prices as the City may direct. All directions of the City to invest in Investment Securities shall be made subject to the limitations set forth in Section 6.06, the limitations as to maturities hereinafter in this Section set forth and such additional limitations or requirements consistent with the foregoing as may be established by Request of the City. No Request of the City shall impose any duty on the Trustee inconsistent with its fiduciary responsibilities. In the absence of directions from the City, the Trustee shall invest in Investment Securities specified in [subsection (8)] of the definition thereof in Section 1.01.

Moneys in all funds and accounts shall be invested in Investment Securities maturing not later than the date on which it is estimated that such moneys will be required for the purposes

specified in this Indenture. Investment Securities purchased under a repurchase agreement may be deemed to mature on the date or dates on which the Trustee may deliver such Investment Securities for repurchase under such agreement.

All interest, profits and other income received from the investment of moneys in any fund or account established pursuant to this Indenture shall be deposited when received in such fund or account. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund or account for the credit of which such Investment Security was acquired.

Moneys held in the Redemption Fund for the redemption of Bonds shall be invested solely in Investment Securities specified in subsection (1) of the definition thereof in Section 1.01, maturing in such amounts and at such times as are required for such redemption. If the City causes moneys to be deposited with the Trustee as a prepayment of Base Rental Payments under the Sublease, until such moneys are paid to Holders, such moneys shall be invested solely in Investment Securities specified in subsection (1) of the definition thereof.

Investment Securities acquired as an investment of moneys in any fund or account established under this Indenture shall be credited to such fund or account. For the purpose of determining the amount in any such fund or account, all Investment Securities credited to such fund or account shall be valued at the lower of cost (exclusive of accrued interest after the first payment of interest following acquisition) or par value (plus, prior to the first payment of interest following acquisition, the amount of interest paid as part of the purchase price).

The Trustee may commingle any of the funds or accounts established pursuant to this Indenture (other than the Rebate Fund and the Purchase Fund) into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Indenture. The Trustee may act as principal or agent in the making or disposing of any investment. The Trustee may sell at the best price obtainable, or present for redemption, any Investment Securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited, and, subject to the provisions of Section 8.03, the Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance with provisions of this Section 5.05. Any Investment Securities that are registrable securities shall be registered in the name of the Trustee.

The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

Section 5.06 Rebate Fund.

(a) The Trustee shall establish, maintain and hold in trust a separate fund designated as the Rebate Fund. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be specified in writing by the City in order to comply with the Tax Certificate

and Agreement. Subject to the transfer provisions provided in paragraph (e) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Amount (as defined in the Tax Certificate and Agreement), for payment to the federal government of the United States of America. The Authority, the City and the Holder of any Bonds shall have no rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section, by Section 6.06 and by the Tax Certificate and Agreement (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the City including the City's supplying all necessary information in the manner provided in the Tax Certificate, and shall have no liability or responsibility to enforce compliance by the City or the Authority with the terms of the Tax Certificate.

(b) Upon the City's written direction, an amount shall be deposited to the Rebate Fund by the Trustee from deposits by the City, if and to the extent required, so that the balance in the Rebate Fund shall equal the Rebate Amount. Computations of the Rebate Amount shall be furnished by or on behalf of the City in accordance with the Tax Certificate.

(c) The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to this Section, other than from moneys held in the Rebate Fund or provided to it by the City.

(d) At the written direction of the City, the Trustee shall invest all amounts held in the Rebate Fund in Investment Securities, subject to the restrictions set forth in the Tax Certificate and Agreement. The Trustee shall not be liable for any consequences arising from such investment. Money shall not be transferred from the Rebate Fund except as provided in subsection (E) below.

(e) Upon receipt of the City's written directions, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States of America, as so directed. In addition, if the City so directs, the Trustee will deposit money into or transfer money out of the Rebate Fund from or into such accounts or funds as directed by the City's written directions. Any funds remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Amount, or provision made therefor satisfactory to the Trustee, and payment of any amount then owed to the Trustee, shall be withdrawn and remitted to the City.

(f) Notwithstanding any other provision of this Indenture, including in particular Article X, the obligation to remit the Rebate Amounts to the United States of America and to comply with all other requirements of this Section, Section 6.06 and the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.01 Punctual Payment. The Authority shall punctually cause to be paid the principal of, Redemption Price, if any, and interest on the Bonds, in strict conformity with the