

terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in this Indenture.

**Section 6.02 Extension of Payment of Bonds.** The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon that shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Authority to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

**Section 6.03 Against Encumbrances.** The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, and reserves the right to issue other obligations for such purposes.

**Section 6.04 Power to Issue Bonds and Make Pledge and Assignment.** The Authority is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues and other assets purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding limited obligations of the Authority in accordance with their terms, and the Authority and Trustee shall at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bondholders under this Indenture against all claims and demands of all persons whomsoever.

**Section 6.05 Accounting Records and Financial Statements.**

(a) The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with the Trustee's accounting practices for books of record and account relating to similar trust accounts, in which complete and accurate entries shall be made of all transactions relating to the proceeds of Bonds, the Revenues, the Sublease and all funds and accounts established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Authority, the City, the Credit Provider, the Remarketing Agent, the Auction Agent, if any, and any Bondholder, or his agent or representative duly authorized in writing, at reasonable hours and under reasonable circumstances.

(b) The Trustee shall file and furnish on or before the 15th day of each month to the Authority, the City, the Credit Provider, the Remarketing Agent if any and each Bondholder who shall have filed his or her name and address with the Trustee for such purpose a complete financial statement (which need not be audited) covering receipts, disbursements,

allocation and application of Revenues and any other moneys (including proceeds of Bonds) in any of the funds and accounts established pursuant to this Indenture for the preceding month; provided, that the Trustee shall not be required to deliver an accounting for any fund or account that (1) has a balance of \$0.00 and (2) has not had any activity since the last reporting date.

**Section 6.06 Tax Covenants.** The Authority shall at all times do and perform all acts and things permitted by law and this Indenture that are necessary or desirable in order to assure that interest paid on the Bonds will be excluded from gross income for purposes of federal income taxes and shall take no action that would result in such interest not being excluded from gross income for federal income taxes. Without limiting the generality of the foregoing, the Authority agrees to comply with the provisions of the Tax Certificate.

**Section 6.07 Enforcement and Amendment of Sublease.**

(a) The Trustee shall promptly collect all amounts due from the City pursuant to the Sublease, shall perform all duties imposed upon it pursuant to the Sublease and shall diligently enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of all of the rights of the Authority assigned to it hereunder and all of the obligations of the City relating thereto.

(b) The Authority may amend, modify or terminate any of the terms of the Sublease, or consent to any such amendment, modification or termination, with the written consent of (i) the Credit Provider or (ii) the Holders of a majority in principal amount of the Bonds then Outstanding (if the Credit Facility is no longer in effect or the Credit Provider is then in default under its payment obligations under the Credit Facility) if consent to such amendment, modification or termination shall have been filed with the Trustee. The Trustee shall give such written consent only if (1) in the opinion of the Trustee, which may be based on an opinion of Bond Counsel, such amendment, modification or termination will not materially adversely affect the interests of the Bondholders or result in any material impairment of the security hereby given for the payment of the Bonds; or (2) the Trustee first obtains the written consent of the Holders of a majority in principal amount of the Bonds then Outstanding to such amendment, modification or termination; or (3) even if consent of Holders would otherwise be required (i) if such amendment will be effective upon the remarketing of the Bonds following the mandatory tender of the Bonds pursuant to Sections 4.07, 4.08, 4.09 or 4.10 hereof or (ii) with respect to the Bonds in a Daily Mode, a Weekly Mode or a R-FLOATs Mode (except during any Non-Remarketing Period) only, if notice of such proposed modification or amendment is given to Holders (in the same manner as notices of redemption are given) at least 15 days before the effective date thereof and on or before such effective date, the Holders have the right to demand purchase of their Bonds pursuant to Section 4.06 hereof (provided, that, on or prior to the effective date of such modification or amendment, the Trustee shall obtain Favorable Opinion of Bond Counsel); provided that in the case of (1) (2) or (3), no such amendment, modification or termination shall reduce the amount of Base Rental Payments to be made to the Authority or the Trustee by the City pursuant to the Sublease, or extend the time for making such payments, without the written consent of all of the Holders of the Bonds then Outstanding.

**Section 6.08 Waiver of Laws.** The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law

now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority to the extent permitted by law.

**Section 6.09 Further Assurances.** The Authority will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Holders of the Bonds of the rights and benefits provided in this Indenture.

**Section 6.10 Continuing Disclosure.** Pursuant to Section 11.07 of the Sublease, the City has covenanted to comply with and carry out all of the provisions of a disclosure agreement with respect to the Bonds, if required by the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission (as amended from time to time, the "Rule"), that complies with the provisions of the Rule and is in form and substance satisfactory to the Participating Underwriters (as defined in the Rule). Notwithstanding any other provision of this Indenture, failure of the City to enter into and comply with such a disclosure agreement shall not be considered an Event of Default; however, any Bondholder or beneficial owner may and the Trustee, at the written request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, but only to the extent it has been indemnified to its satisfaction from any loss, liability or expense, including without limitation, fees and expenses of its attorneys and advisors and additional fees and expenses of the Trustee, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under Section 11.07 of the Sublease.

**Section 6.11 Compliance with Lease and Sublease.** The Authority and the City will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Lease and Sublease required to be complied with, kept, observed and performed by them and, together with the Trustee, will enforce the Lease and Sublease against the other party thereto in accordance with their respective terms.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

**Section 7.01 Events of Default.** Any one or more of the following events shall be Events of Default:

(a) default in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable;

(b) default in the due and punctual payment of interest on any Bond when and as the same shall become due and payable;

(c) default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, if such default shall have continued for a period of 60 days after written notice thereof, specifying such default

and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority and the Trustee by the Credit Provider, or the Holders of not less than 25% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that if such default can be remedied but not within such 60 day period and if the Authority has taken all action reasonably possible to remedy such default within such 60 day period, such default shall not become an Even of Default for so long as the City shall diligently proceed to remedy the same in accordance with and subject to any directions or limitations of time reasonably established by the Trustee; or

(d) a Sublease Default Event.

**Section 7.02 Action on Default.** In each and every case during the continuance of an Event of Default, the Trustee or the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding shall be entitled, upon notice in writing to the Authority and City, with the consent of the Credit Provider, to exercise any of the remedies granted to the City under the Lease or to the Authority under the Sublease, and in addition, to take whatever action at law or in equity may appear necessary or desirable to protect and enforce any of the rights vested in the Trustee or such Owners by this Indenture or by such Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right, including any one or more of the remedies set forth in Section 7.03(a), (b) or (c) hereof.

**Section 7.03 Other Remedies of the Trustee.** The Trustee shall have the right--

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Authority or any member, officer or employee thereof, and to compel the Authority or any such member, officer or employee to perform or carry out its or his or her duties under law and the agreements and covenants required to be performed by it or him or her contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee; or

(c) by suit in equity upon the happening of any default hereunder to require the Authority to account as the trustee of an express trust.

**Section 7.04 Application of Revenues and Other Funds After Default.** If an Event of Default shall occur and be continuing, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture (subject to the requirements of Section 11.10 relating to the use of moneys held for particular Bonds) shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds and payment of reasonable charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under this Indenture;

(b) To the payment of the principal and interest then due on the Bonds, ratably without preference or priority of any kind, according to the amounts first due and payable; and

(c) To the payment of all amounts due any Credit Provider under the Sublease and the Credit Facility.

**Section 7.05 Trustee to Represent Bondholders.** The Trustee is hereby irrevocably appointed (and the successive respective Holders of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney in fact of the Holders of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Bonds, this Indenture, the Sublease and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondholders, the Trustee in its discretion may, and upon the written request of or the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding, with the consent of and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Holders and by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee, in or in such Holders and under this Indenture, the Sublease, the Act or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Holders of such Bonds, subject to the provisions of this Indenture (including Section 6.02).

**Section 7.06 Bondholders' Direction of Proceedings.** Anything in this Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding, but with the consent of shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction that in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

**Section 7.07 Limitation on Bondholders' Right to Sue.** No Holder of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Sublease or any other applicable law with respect to such Bond, unless (a) such Holder shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding

in its own name; (c) such Holder or said Holders shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Holders of Bonds, or to enforce any right under this Indenture, the Sublease or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Holders of the Outstanding Bonds, subject to the provisions of this Indenture (including Section 6.02).

**Section 7.08 Absolute Obligation of Authority.** Nothing in Section 7.07 or in any other provision of this Indenture, or in the Bonds, contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Holders of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of such Holders, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

**Section 7.09 Termination of Proceedings.** In case any proceedings taken by the Trustee, the Credit Provider or any one or more Bondholders on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, the Credit Provider or the Bondholders, then in every such case the Authority, the Credit Provider, the Trustee and the Bondholders, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Authority, the Credit Provider, the Trustee and the Bondholders shall continue as though no such proceedings had been taken.

**Section 7.10 Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Trustee, the Credit Provider or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

**Section 7.11 No Waiver of Default.** No delay or omission of the Trustee, the Credit Provider or of any Holder of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee, the Credit Provider or the Holders of the Bonds may be exercised from time to time and as often as may be deemed expedient. The Trustee shall not waive any Event of

Default if, in connection with such Event of Default, there has been a draw on the Credit Facility, unless the Credit Provider has notified the Trustee that such Credit Facility has been reinstated.

**Section 7.12 Notice to Bondholders of Default.** The Trustee shall promptly give written notice by first class mail to the Bondholders and the Credit Provider of the occurrence of an Event of Default, if the Trustee has actual knowledge of such Event of Default, and of the giving of any notice under Section 7.01(c) hereof.

## ARTICLE VIII

### THE TRUSTEE

#### **Section 8.01 Duties, Immunities and Liabilities of Trustee.**

(a) The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default that may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default (that has not been cured), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent trustee would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Authority may, and upon written request of the City shall, remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by the Credit Provider by an instrument or concurrent instruments in writing signed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (E) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint, with the written consent of the City and the Credit Provider, a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Authority, Remarketing Agent, and the Credit Provider and by giving the Bondholders notice of such resignation by mail at the addresses shown on the bond registration books maintained by the Trustee. Upon receiving such notice of resignation, the Authority shall promptly appoint, with the written consent of the City and the Credit Provider, a successor Trustee by an instrument in writing. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall only become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bondholder (on behalf of himself and all other Bondholders) may petition any court of

competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice if any as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture, shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Request of the Authority or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture (including the Credit Facility if the predecessor Trustee is the beneficiary thereof) and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Authority shall mail a notice of the succession of such Trustee to the trusts hereunder to each Rating Agency then rating the Bonds, the Credit Provider and to the Bondholders at the addresses shown on the bond registration books maintained by the Trustee. If the Authority fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

(e) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a trust company or bank having the powers of a trust company in the State of California, having (or if such trust company or bank is a member of a bank holding company system, its bank holding company has) a combined capital and surplus of at least \$50,000,000, and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (E), the Trustee shall resign immediately in the manner and with the effect specified in this Section.



**Section 8.02 Merger or Consolidation.** Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (E) of Section 8.01 shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

**Section 8.03 Liability of Trustee.**

(a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Authority, and the Trustee shall assume no responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture or of the Bonds, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it except for any recital or representation specifically relating to the Trustee or its powers. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the owner of Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depository for and permit any of their officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders, whether or not such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Bondholders pursuant to the provisions of this Indenture unless such Bondholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that may be incurred therein or thereby. The Trustee has no obligation or liability to the Holders for the payment of interest on, principal of or premium, if any, with respect to the Bonds from its own funds; but rather the Trustee's obligations shall be limited to the performance of its duties hereunder.

(e) Except with respect to Events of Default specified in Section 7.01(A) or (B) hereof, the Trustee shall not be deemed to have knowledge of any Event of Default unless and until an officer at the Trustee's corporate trust operation responsible for the administration of

its duties hereunder shall have actual knowledge thereof or the Trustee shall have received written notice thereof at the Principal Corporate Trust Office. The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of a default or Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

(f) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through attorneys in fact, agents or receivers, and shall not be answerable for the negligence or misconduct of any such attorney-of-fact, agent or receiver selected by it with due care. The Trustee shall be entitled to advice of counsel and other professionals concerning all matters of trust and its duty hereunder, including verification reports in connection with any defeasance of the Bonds, but the Trustee shall not be answerable for the professional malpractice of any attorney in law or certified public accountant in connection with the rendering of his professional advice in accordance with the terms of this Indenture, if such attorney in law or certified public accountant was selected by the Trustee with due care.

(g) The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys that shall be released or withdrawn in accordance with the provisions hereof.

(h) Whether or not therein expressly so provided, every provision of this Indenture and the Sublease, relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provision of this Article.

**Section 8.04 Right of Trustee and Tender Agent to Rely on Documents.** The Trustee and the Tender Agent shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee and the Tender Agent may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Authority, and such Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

**Section 8.05 Preservation and Inspection of Documents.** All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority, the City, the Credit Provider,

and any Bondholder, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

**Section 8.06 Separate or Co-Trustee.** At any time or times, for the purpose of meeting any legal requirements of any jurisdiction, the Trustee shall have power to appoint, and, upon the request of the Credit Facility Provider, or the Holders of at least 25% in aggregate principal amount of Bonds Outstanding and with the consent of the City and the Credit Provider, shall appoint, one or more Persons approved by the Trustee either to act as co-trustee or co-trustees, jointly with the Trustee, to act as separate trustee or separate trustees, and to vest in such Person or Persons, in such capacity, such rights, powers, duties, trusts or obligations as the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

Every co-trustee or separate trustee shall, to the extent permitted by law but to such extent only, be appointed subject to the following terms, namely:

- (a) The Bonds shall be authenticated and delivered solely by the Trustee.
- (b) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such co-trustee or co-trustees or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.
- (c) Any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee.
- (d) Any co-trustee or separate trustee may, to the extent permitted by law, delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.
- (e) The Trustee at any time, by any instrument in writing, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section.
- (f) No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder, nor will the act or omission of any trustee hereunder be imputed to any other trustee.
- (g) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Trustee shall be deemed to have been delivered to each such co-trustee or separate trustee.
- (h) Any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested with such rights, powers, duties or obligations, as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms hereof. Every such acceptance shall be filed with the Trustee. To the extent permitted by law, any co-trustee or separate trustee may, at any time by an instrument in writing, constitute the Trustee its or his attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its or his behalf and in its or his name.

In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, all rights, powers, trusts, duties and obligations of said co trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

**Section 8.07 Compensation and Indemnification.** The Authority shall pay to the Trustee and the Tender Agent (solely from Additional Rental) from time to time reasonable compensation for all services rendered under this Indenture, and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Indenture.

No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers, if it has not received the agreed compensation for such services or, in cases where the Trustee has a right to reimbursement or indemnification for such performance or exercise, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it; provided, however, that the Tender Agent and the Trustee shall in no event condition any draw upon the Credit Facility or any payment to Bondholders from such draws under the Credit Facility upon the provision of any indemnification for such performance.

**Section 8.08 Notice to Rating Agency.** The Trustee shall give written notice to any Rating Agency if (i) a successor Trustee is appointed hereunder, (ii) if this Indenture, the Sublease, the Remarketing Agreement or the Credit Facility is amended or supplemented in any material manner, or, if any of such documents are amended with the consent of the Credit Provider, (iii) if the Credit Facility expires, is terminated, substituted, or is extended, (iv) if a successor Remarketing Agent is appointed, (v) if the Bonds are paid and this Indenture defeased pursuant to Section 10.01 or (vi) if the Bonds are redeemed in whole or in part pursuant to Section 4.01 or are subject to mandatory tender pursuant to Section 4.07, provided that the Trustee shall incur no liability for failure to give any such notice.

## ARTICLE IX

### MODIFICATION OR AMENDMENT OF THIS INDENTURE

#### Section 9.01 Amendments Permitted.

(a) This Indenture and the rights and obligations of the Authority and of the Holders of the Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, which the Authority and the Trustee may enter into when the written consent of the Holders of a majority in aggregate principal amount of all Bonds then Outstanding and the Credit Provider shall have been filed with the Trustee. No such modification or amendment shall (1) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment, or reduce any premium payable upon the redemption thereof, without the consent of the Holder of each Bond so affected, or (2) reduce the aforesaid percentage of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture, or deprive the Holders of the Bonds of the lien created by this Indenture on such Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Holders of all of the Bonds then Outstanding, or (3) modify any of the rights or obligations of the Trustee without its prior written consent thereto; nor shall the Trustee be required to consent to any such amendment that adversely affects its rights or obligations hereunder or under the Sublease, the Credit Facility or the Remarketing Agreement. It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture pursuant to this subsection (a), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to each Rating Agency then rating the Bonds, to the Credit Provider and to the Holders of the Bonds at the addresses shown on the bond registration books of the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) This Indenture and the rights and obligations of the Authority, of the Trustee and of the Holders of the Bonds may also be modified or amended from time to time and at any time by an indenture or indentures supplemental hereto, which the Authority and the

Trustee may enter into without the consent of any Bondholders (but with the consent of the Credit Provider unless such modification or amendment affects only the Fixed Rate Bonds), if the Trustee determines that the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Holders of the Bonds, including, without limitation, for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority in this Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the Authority may deem necessary or desirable and not inconsistent with this Indenture;

(iii) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(iv) to make the Bonds eligible for deposit with any securities depository;

(v) to obtain a rating on the Bonds;

(vi) to conform to the terms and provisions of any Credit Facility; or

(vii) to make any modification or amendment to this Indenture, even if consent of Holders would otherwise be required (i) if such amendment will be effective upon the remarketing of Bonds following the mandatory tender of the Bonds pursuant to Sections 4.07, 4.08, 4.09 or 4.10 hereof or (ii) with respect to the Bonds in a Daily Mode, a Weekly Mode or a R-FLOATs Mode (except during any Non-Remarketing Period) only, if notice of such proposed modification or amendment is given to Holders (in the same manner as notices of redemption are given) at least 15 days before the effective date thereof and on or before such effective date, the Holders have the right to demand purchase of their Bonds pursuant to Section 4.06 hereof; provided, that, on or prior to the effective date of such modification or amendment, the Trustee shall obtain a Favorable Opinion of Bond Counsel.

The Trustee shall give notice of any such modification or amendment to each Rating Agency then rating the Bonds provided the Trustee shall incur no liability for failure to do so.

(c) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by subsections (a) or (b) of this Section that materially adversely affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

**Section 9.02 Effect of Supplemental Indenture.** Upon the execution of any Supplemental Indenture pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Authority, the Trustee, the Credit Provider and all Holders of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

**Section 9.03 Endorsement of Bonds; Preparation of New Bonds.** Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Holder of any Bond Outstanding at the time of such execution and presentation of his Bond for the purpose at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bond. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand of the Holders of any Bonds then Outstanding shall be exchanged at the Principal Corporate Trust Office, without cost to any Bondholder, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amounts.

**Section 9.04 Amendment of Particular Bonds.** The provisions of this Article shall not prevent any Bondholder from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

## ARTICLE X

### DEFEASANCE

**Section 10.01 Discharge of Indenture.** The Bonds may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable hereunder by the Authority:

- (a) by paying or causing to be paid the principal or Redemption Price of and interest on the Bonds, as and when the same become due and payable;
- (b) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem all Bonds then Outstanding; or
- (c) by delivering to the Trustee, for cancellation by it, all Bonds then Outstanding.

If the Authority shall also pay or cause to be paid all other sums payable hereunder by the Authority and no amounts are owing to the Credit Provider, then and in that case, at the election

of the Authority (evidenced by a Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and this Indenture and upon receipt by the Trustee of an Opinion or Opinions of Counsel to the effect that the obligations under this Indenture have been discharged, and notwithstanding that any Bonds shall not have been surrendered for payment, this Indenture and the pledge of Revenues and other assets made under this Indenture and all covenants, agreements and other obligations of the Authority under this Indenture shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in Sections 5.06 and 10.02. In such event, upon Request of the Authority, the Trustee shall cause an accounting for such period or periods as may be requested by the Authority to be prepared and filed with the Authority and shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to this Indenture that are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption (i) to the Credit Provider to the extent of any amounts owed to such Credit Provider pursuant to the Reimbursement Agreement and (ii) otherwise, to the City; provided that in all events moneys in the Rebate Fund shall be subject to the provisions of Section 5.06.

**Section 10.02 Discharge of Liability on Bonds.** Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such Bond shall cease, terminate, become void and be completely discharged and satisfied, except only that thereafter the Holder thereof shall be entitled to payment of the principal or Redemption Price of and interest on such Bond by the Authority and the Authority shall remain liable for such payment, but only out of such money or securities deposited with the Trustee as aforesaid for its payment, provided further, however, that the provisions of Section 10.04 shall apply in all events.

**Section 10.03 Deposit of Money or Securities with Trustee.** Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture (other than the Purchase Fund and the Rebate Fund) and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity (based on the Maximum Rate for periods for which the actual interest rate is not known), except that, in the case of Bonds that are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date (based on the Maximum Rate for periods for which the actual interest rate is not known); or



(b) Investment Securities described in clause (1) of the definition thereof in Section 1.01 (not callable by the Authority thereof prior to maturity, unless with respect to Investment Securities described in clause (1)(b) such call by the Authority was anticipated in the verification report relating to the escrow of which such Investment Securities are a part) the principal of and interest on which when due (without any income from the reinvestment thereof) will provide money sufficient to pay the principal or Redemption Price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed (based on an assumed interest rate of 12% per annum for periods for which the actual interest rate is not known), as such principal or Redemption Price and interest become due, provided that, in the case of Bonds that are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Request of the Authority) to apply such money to the payment of such principal or Redemption Price and interest on such Bonds.

**Section 10.04 Payment of Bonds After Discharge of Indenture.** Notwithstanding any provisions of this Indenture, any moneys held by the Trustee in trust for the payment of the Redemption Price or the principal of, or interest on, any Bonds and remaining unclaimed for two years (or, if less, one day before such moneys would escheat to the State of California under then applicable State law) after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption as provided in this Indenture), if such moneys were so held at such date, or two years (or, if less, one day before such moneys would escheat to the State of California under then applicable State law) after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the City (unless such moneys are proceeds of the Credit Facility and moneys are owed to the Credit Provider by the City, in which event to the Credit Provider) free from the trusts created by this Indenture upon receipt of an indemnification agreement acceptable to the Trustee indemnifying the Trustee with respect to claims of Holders of Bonds that have not yet been paid, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the City or Credit Provider as aforesaid, the Trustee may (at the cost of the City) first mail to the Holders of Bonds that have not yet been paid, at the addresses shown on the bond registration books maintained by the Trustee, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the City or Credit Provider of the moneys held for the payment thereof.

## ARTICLE XI

### MISCELLANEOUS

**Section 11.01 Liability of Authority Limited to Revenues.** Notwithstanding anything in this Indenture or in the Bonds contained, the Authority shall not be required to advance any moneys derived from any source other than the Revenues and other assets pledged under this Indenture for any of the purposes in this Indenture mentioned, whether for the payment of the principal or Redemption Price of or interest on the Bonds or for any other purpose of this

Indenture. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes hereof any funds of the Authority that may be made available to it for such purposes.

**Section 11.02 Successor Is Deemed Included in All References to Predecessor.**

Whenever in this Indenture either the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

**Section 11.03 Limitation of Rights to Parties, City, Credit Provider and Bondholders.** Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the City, the Credit Provider and the Holders of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the City, the Credit Provider and the Holders of the Bonds. The Credit Provider is expressly deemed to be a third-party beneficiary of this Indenture.

**Section 11.04 Waiver of Notice.** Whenever in this Indenture the giving of notice by mail, Electronic Means or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

**Section 11.05 Destruction of Bonds.** Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee shall, in lieu of such cancellation and delivery, destroy such Bonds and deliver a certificate of such destruction to the Authority.

**Section 11.06 Severability of Invalid Provisions.** If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

**Section 11.07 Notices.** All notices to the Credit Provider shall be given by Electronic Means (unless otherwise provided herein) and confirmed in writing as soon as practicable. Any notice required to be given to Bondholders shall also be given to the Credit Provider. Any notice to or demand upon the Trustee may be served or presented, and such demand may be made, at the Principal Corporate Trust Office (original address shown below), or at such other address as

may have been filed in writing by the Trustee with the Authority. Except with respect to notices to the Credit Provider or with respect to claims under the Credit Facility, which notices shall be given in accordance with such documents, any notice to or demand upon the Authority, the City, the Remarketing Agent or the Tender Agent, if any, shall be deemed to have been sufficiently given or served for all purposes by being delivered or sent by telex or by being deposited, postage prepaid, in a post office letter box, addressed, as the case may be, to the respective following addresses (or to such other address as may have been filed in writing by such party with the Trustee):

- (1) to the Authority at:  
117 East Colorado Boulevard, 5th Floor  
P.O. Box 7115  
Pasadena, California 91105  
Attention: Director of Finance
- (2) to the Remarketing Agent at:  
Municipal Money Markets  
Municipal Bond Division  
Merrill Lynch, Pierce, Fenner & Smith Incorporated  
4 World Financial Center, 9th Floor  
New York, NY 10080  
Attention: Mona Payton
- (3) to the Trustee or the Tender Agent at:  
101 California Street  
San Francisco, California 94111  
Attention: Corporate Trust
- (4) to S&P at:  
25 Broadway, 20th Floor  
New York, New York 10004  
Attention: Public Finance
- (5) to Fitch at:  
One State Street Plaza  
New York, New York 10004  
Attention: Public Finance