

**Section 11.08 Evidence of Rights of Bondholders.** Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bondholders may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bondholders in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the bond registration books held by the Trustee.

Any request, consent, or other instrument or writing of the Holder of any Bond shall bind every future Holder of the same Bond and the Holder of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

**Section 11.09 Disqualified Bonds.** In determining whether the Holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds that are held by or for the account of the Authority or the City, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority, the City or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned that have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority, the City or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

**Section 11.10 Money Held for Particular Bonds.** The money held by the Trustee for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds (or portions of Bonds in the case of registered Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto, subject, however, to the provisions of Section 10.04.

**Section 11.11 Funds and Accounts.** Any fund or account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the

accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with industry standards to the extent practicable, and with due regard for the requirements of Section 6.06 and for the protection of the security of the Bonds and the rights of every Holder thereof. The Trustee may establish such additional funds and accounts as it deems necessary to perform its obligations hereunder.

**Section 11.12 Waiver of Personal Liability.** No member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal or Redemption Price or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

**Section 11.13 Credit Provider.** So long as the Credit Provider is not in default under the Credit Facility, the Credit Provider shall be deemed to be the owner of the Bonds for the purpose of all approvals, consents, waivers or institution of any action and the direction of all remedies, except as otherwise provided herein.

**Section 11.14 Business Days.** When any action is provided for herein to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day other than a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

**Section 11.15 Governing Law.** This Indenture and the Bonds are contracts made under the laws of the State of California, and shall be governed by and construed in accordance with such laws applicable to contracts made and performed in said State.

**Section 11.16 Execution in Several Counterparts.** This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the PASADENA PUBLIC FINANCING AUTHORITY has caused this Indenture to be signed in its name by its duly authorized officer and DEUTSCHE BANK NATIONAL TRUST COMPANY, N.A., in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by one of the officers thereunto duly authorized all as of the day and year first above written.

PASADENA PUBLIC FINANCING AUTHORITY

By \_\_\_\_\_  
Authorized Representative

ATTEST:

\_\_\_\_\_  
Jane L. Rodriguez,  
Secretary

DEUTSCHE BANK NATIONAL TRUST  
COMPANY, N.A., as Trustee

By \_\_\_\_\_  
Authorized Representative

## EXHIBIT A

### AUCTION RATE SECURITIES AUCTION PROCEDURES

*Section 1.01. Certain Definitions.* In addition to the terms defined elsewhere in this Indenture, the following terms shall have the following meanings with respect to the Bonds while they are Auction Rate Securities, unless the context otherwise requires:

“*Agent Member*” means a member of, or participant in, the Securities Depository who will act on behalf of a Bidder.

“*All Hold Rate*” means, as of any Auction Date, a per annum rate equal to 55% of the Auction Rate Index in effect on such Auction Date.

“*Auction*” means each periodic implementation of the Auction Procedures.

“*Auction Agent*” means the auction agent appointed in accordance with Section 1.11 or 1.12 of this Exhibit A.

“*Auction Agreement*” means an agreement between the Auction Agent and the City pursuant to which the Auction Agent agrees to follow the procedures specified in this Exhibit A, as such agreement may from time to time be amended or supplemented.

“*Auction Date*” means the Business Day immediately preceding the first day of each Auction Period (or such other day that the Auction Agent shall establish as the Auction Date therefor pursuant to Section 1.10(b) of this Exhibit A); provided, however, that the last Auction Date in an Auction Period shall be the earlier of (i) the Business Day next preceding the last Interest Payment Date before a Mode Change Date and (ii) the Business Day next preceding the last Interest Payment Date before the Maturity Date of the Bonds.

“*Auction Period*” means, while the Bonds are Auction Rate Securities, the following:

(i) the period from and including an Auction Rate Mode Change Date, to and including the first Auction Date following such Auction Rate Mode Change Date, as applicable; and

(ii) thereafter until a Mode Change Date or until the Maturity Date of the Bonds, each period of \_\_\_ days (unless changed as described in Section 1.10 of this Exhibit A) from and including the last Interest Payment Date for the immediately preceding Auction Period, to and including the next succeeding Auction Date or, in the event of an Auction Period with an Interest Payment Date on a Monday, the Sunday following the next succeeding Auction Date, or in the event of a change to a different Mode, to but excluding the Mode Change Date;

*provided*, if any day that would be the last day of any such period does not immediately precede a Business Day, such period shall end on the next day which immediately precedes a Business Day.

*“Auction Procedures”* means the procedures for conducting Auctions for the Auction Rate Securities during an Auction Period set forth in this Exhibit A.

*“Auction Rate”* means the rate of interest to be borne by the Auction Rate Securities during each Auction Period, not greater than the Maximum Rate, determined in accordance with Section 2.12 of this Indenture and Section 1.05 of this Exhibit A. *“Auction Rate”* means (i) if Sufficient Clearing Bids exist, the Winning Bid Rate; provided, however, that if all of the Auction Rate Securities are the subject of Submitted Hold Orders, the Auction Rate will be the All Hold Rate and (ii) if Sufficient Clearing Bids do not exist, the Auction Rate will be the Maximum Rate.

*“Auction Rate Index”* has the meaning specified in Section 1.08 of this Exhibit A.

*“Auction Rate Mode Change Date”* means the date on which the Bonds convert from a Mode other than an Auction Mode and begin to bear interest at an Auction Rate.

*“Auction Rate Securities”* means the Bonds during any Auction Period.

*“Available Bonds”* means the aggregate principal amount of the Auction Rate Securities that are not the subject of Submitted Hold Orders.

*“Beneficial Owner”* means the customer of a Broker-Dealer who is listed on the records of that Broker-Dealer (or, if applicable, the Auction Agent) as a holder of a Bond, provided, however, that for the purpose of conducting an Auction, the Auction Agent may consider a Broker-Dealer acting on behalf of its customer as an Existing Owner.

*“Bid”* has the meaning specified in subsection (a) of Section 1.03 of this Exhibit A.

*“Bidder”* means each Existing Owner and Potential Owner who places an Order.

*“Broker-Dealer”* means any entity that is permitted by law to perform the function required of a Broker-Dealer in this Exhibit A that is a member of, or a direct participant in, the Securities Depository, that has been selected by the City, and that is a party to a Broker-Dealer Agreement with the Auction Agent.

*“Broker-Dealer Agreement”* means an agreement between the Auction Agent and a Broker Dealer pursuant to which such Broker-Dealer agrees to follow the procedures specified in this Exhibit A, as such agreement may from time to time be amended or supplemented.

*“Broker-Dealer Rate”* means a rate of 0.25% or such different rate as may be established pursuant to a Broker-Dealer Agreement, provided that the Broker-Dealer Rate must be the same in all Broker-Dealer Agreements.

*“Existing Owner”* means a Person or a Broker Dealer who is listed as the Beneficial Owner of the Auction Rate Securities in the records of the Auction Agent.

*“Hold Order”* has the meaning specified in subsection (a) of Section 1.03 of this Exhibit A.

“*Order*” means a Hold Order, Bid or Sell Order.

“*Potential Owner*” means any Person, including any Existing Owner, who may be interested in acquiring a beneficial interest in Auction Rate Securities in addition to the Auction Rate Securities at the time owned by such Person, if any.

“*Principal Office of the Auction Agent*” means the office of the Auction Agent designated in writing to the Authority, the Trustee, the City and each Broker-Dealer.

“*Securities Depository*” means The Depository Trust Company and its successors and assigns or any other securities depository selected by the Trustee which agrees to follow the procedures required to be followed by such securities depository in connection with the Auction Rate Securities.

“*Sell Order*” has the meaning specified in subsection (a) of Section 1.03 of this Exhibit A.

“*Submission Deadline*” means 1:00 p.m., New York City time, on each Auction Date, or such other time on such date as shall be specified from time to time by the Auction Agent pursuant to the Auction Agreement as the time by which Broker-Dealers are required to submit Orders to the Auction Agent.

“*Submitted Bid*” has the meaning specified in subsection (b) of Section 1.05 of this Exhibit A.

“*Submitted Hold Order*” has the meaning specified in subsection (b) of Section 1.05 of this Exhibit A.

“*Submitted Order*” has the meaning specified in subsection (b) of Section 1.05 of this Exhibit A.

“*Submitted Sell Order*” has the meaning specified in subsection (b) of Section 1.05 of Exhibit A.

“*Sufficient Clearing Bids*” means an Auction for which the aggregate principal amount of the Auction Rate Securities that are the subject of Submitted Bids by Potential Owners specifying one or more rates not higher than the Maximum Rate is not less than the aggregate principal amount of the Auction Rate Securities that are the subject of Submitted Sell Orders and of Submitted Bids by Existing Owners specifying rates higher than the Maximum Rate.

“*Winning Bid Rate*” means the lowest rate in any Submitted Bid which, if selected by the Auction Agent as the Auction Rate, would cause the aggregate principal amount of Auction Rate Securities that are the subject of Submitted Bids specifying rates not greater than such rate to be at least equal to the aggregate principal amount of Available Bonds.

*Section 1.02 Auction Procedures.* While the Bonds bear interest at the Auction Rate, Auctions shall be conducted on each Auction Date (other than the Auction Date immediately preceding each Auction Period commencing after the ownership of the Auction Rate Securities is

no longer maintained in the book-entry system pursuant to Section 2.21 of this Indenture). If there is an Auction Agent on such Auction Date, Auctions shall be conducted in the manner set forth in this Exhibit A.

*Section 1.03 Orders by Existing Owners and Potential Owners.* (a) Prior to the Submission Deadline on each Auction Date:

(i) each Existing Owner may submit to a Broker-Dealer, in writing or by such other method as shall be reasonably acceptable to such Broker-Dealer, information as to:

(A) the principal amount of the Auction Rate Securities, if any, held by such Existing Owner which such Existing Owner irrevocably commits to continue to hold for the next succeeding Auction Period without regard to the rate determined by the Auction Procedures for such Auction Period,

(B) the principal amount of the Auction Rate Securities, if any, held by such Existing Owner which such Existing Owner irrevocably commits to continue to hold for the next succeeding Auction Period if the rate determined by the Auction Procedures for such Auction Period shall not be less than the rate per annum then specified by such Existing Owner (and which such Existing Owner irrevocably offers to sell on the next succeeding Interest Payment Date if the rate determined by the Auction Procedures for the next succeeding Auction Period shall be less than the rate per annum then specified by such Existing Owner), and/or

(C) the principal amount of the Auction Rate Securities, if any, held by such Existing Owner which such Existing Owner irrevocably offers to sell on the next succeeding Interest Payment Date without regard to the rate determined by the Auction Procedures for the next succeeding Auction Period; and

(ii) for the purpose of implementing the Auctions and thereby to achieve the lowest possible interest rate on the Auction Rate Securities, the Broker-Dealers shall attempt to contact Potential Owners, including Persons that are Existing Owners, to determine the principal amount of the Auction Rate Securities, if any, which each such Potential Owner irrevocably offers to purchase if the rate determined by the Auction Procedures for the next succeeding Auction Period is not less than the rate per annum then specified by such Potential Owner.

An Order containing the information referred to in clause (i)(A) of this subsection (a) is herein referred to as a “*Hold Order*,” an Order containing the information referred to in clause (i)(B) or clause (ii) of this subsection (a) is herein referred to as a “*Bid*”, and an Order containing the information referred to in clause (i)(C) of this subsection (a) is herein referred to as a “*Sell Order*.”

(b)(i) A Bid by an Existing Owner shall constitute an irrevocable offer to sell:

(A) the principal amount of the Auction Rate Securities specified in such Bid if the rate determined by the Auction Procedures on such Auction Date shall be less than the rate specified therein; or

(B) such principal amount or a lesser principal amount of the Auction Rate Securities to be determined as set forth in subsection (a)(v) of Section 1.06 hereof if the rate determined by the Auction Procedures on such Auction Date shall be equal to such specified rate; or

(C) a lesser principal amount of the Auction Rate Securities to be determined as set forth in subsection (b)(iv) of Section 1.06 hereof if such specified rate shall be higher than the Maximum Rate and Sufficient Clearing Bids do not exist.

(ii) A Sell Order by an Existing Owner shall constitute an irrevocable offer to sell:

(A) the principal amount of the Auction Rate Securities specified in such Sell Order; or

(B) such principal amount or a lesser principal amount of the Auction Rate Securities as set forth in subsection (b)(iv) of Section 1.06 hereof if Sufficient Clearing Bids do not exist.

(iii) A Bid by a Potential Owner shall constitute an irrevocable offer to purchase:

(A) the principal amount of the Auction Rate Securities specified in such Bid if the rate determined by the Auction Procedures on such Auction Date shall be higher than the rate specified therein; or

(B) such principal amount or a lesser principal amount of the Auction Rate Securities as set forth in subsection (a)(vi) of Section 1.06 hereof if the rate determined by the Auction Procedures on such Auction Date shall be equal to such specified rate.

(c) Anything herein to the contrary notwithstanding:

(i) for purposes of any Auction, any Order which specifies the Auction Rate Securities to be held, purchased or sold in a principal amount which is not \$25,000 or an integral multiple thereof shall be rounded down to the nearest \$25,000, and the Auction Agent shall conduct the Auction Procedures as if such Order had been submitted in such lower amount;

(ii) for purposes of any Auction, any portion of an Order of an Existing Owner which relates to an Auction Rate Security which has been called for redemption on or prior to the Interest Payment Date next succeeding such Auction shall be invalid with



respect to such portion and the Auction Agent shall conduct the Auction Procedures as if such portion of such Order had not been submitted; and

(iii) for purposes of any Auction, no portion of an Auction Rate Security which has been called for redemption on or prior to the Interest Payment Date next succeeding such Auction shall be included in the calculation of Available Bonds for such Auction.

*Section 1.04 Submission of Orders by Broker-Dealers to Auction Agent.* (a) Each Broker Dealer shall submit to the Auction Agent in writing or by such other method as shall be reasonably acceptable to the Auction Agent, prior to the Submission Deadline on each Auction Date, all Orders obtained by such Broker-Dealer and specifying, if requested in writing by the Auction Agent, with respect to each Order:

(i) the name of the Bidder placing such Order;

(ii) the aggregate principal amount of the Auction Rate Securities that are the subject of such Order;

(iii) to the extent that such Bidder is an Existing Owner:

(A) the principal amount of the Auction Rate Securities, if any, subject to any Hold Order placed by such Existing Owner;

(B) the principal amount of the Auction Rate Securities, if any, subject to any Bid placed by such Existing Owner and the rate specified in such Bid; and

(C) the principal amount of the Auction Rate Securities, if any, subject to any Sell Order placed by such Existing Owner; and

(iv) to the extent such Bidder is a Potential Owner, the rate specified in such Bid.

(b) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth of one percent (0.001%).

(c) If an Order or Orders covering all of the Auction Rate Securities held by an Existing Owner is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Owner covering the principal amount of the Auction Rate Securities held by such Existing Owner and not subject to Orders submitted to the Auction Agent; provided, however, that if there is a conversion from one Auction Period to another Auction Period and Orders have not been submitted to the Auction Agent prior to the Submission Deadline covering the aggregate principal amount of the Auction Rate Securities held by such Existing Owner, the Auction Agent shall deem a Sell Order to have been submitted on behalf of such Existing Owner covering the principal amount of the Auction Rate Securities held by such Existing Owner not subject to Orders submitted to the Auction Agent.

(d) If one or more Orders covering in the aggregate more than the principal amount of the Outstanding Auction Rate Securities held by any Existing Owner are submitted to the Auction Agent, such Orders shall be considered valid as follows:

(i) all Hold Orders shall be considered Hold Orders, but only up to and including in the aggregate the principal amount of the Auction Rate Securities held by such Existing Owner;

(ii) (A) any Bid of an Existing Owner shall be considered valid as a Bid of an Existing Owner up to and including the excess of the principal amount of the Auction Rate Securities held by such Existing Owner over the principal amount of the Auction Rate Securities subject to Hold Orders referred to in paragraph (i) above;

(B) subject to clause (A), all Bids of an Existing Owner with the same rate shall be aggregated and considered a single Bid of an Existing Owner up to and including the excess of the principal amount of the Auction Rate Securities held by such Existing Owner over the principal amount of the Auction Rate Securities held by such Existing Owner subject to Hold Orders referred to in paragraph (i) above,

(C) subject to clause (A), if more than one Bid with different rates is submitted on behalf of such Existing Owner, such Bids shall be considered Bids of an Existing Owner in the ascending order of their respective rates up to the amount of the excess of the principal amount of the Auction Rate Securities held by such Existing Owner over the principal amount of the Auction Rate Securities held by such Existing Owner subject to Hold Orders referred to in paragraph (i) above, and

(D) the principal amount, if any, of such Auction Rate Securities subject to Bids not considered to be Bids of an Existing Owner under this paragraph (ii) shall be treated as the subject of a Bid by a Potential Owner; and

(iii) all Sell Orders shall be considered Sell Orders, but only up to and including a principal amount of the Auction Rate Securities equal to the excess of the principal amount of the Auction Rate Securities held by such Existing Owner over the sum of the principal amount of the Auction Rate Securities considered to be subject to Hold Orders pursuant to paragraph (i) above and the principal amount of the Auction Rate Securities considered to be subject to Bids of such Existing Owner pursuant to paragraph (ii) above.

(e) If more than one Bid is submitted on behalf of any Potential Owner, each Bid submitted with the same rate shall be aggregated and considered a single Bid and each Bid submitted with a different rate shall be considered a separate Bid with the rate and the principal amount of the Auction Rate Securities specified therein.

(f) The City, the Authority, the Trustee and the Auction Agent shall not be responsible for the failure of any Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Owner or Potential Owner.

*Section 1.05 Determination of Auction Rate.* (a) Not later than 9:30 a.m., New York City time, on each Auction Date, the Auction Agent shall advise the Broker-Dealers and the Trustee by telephone of the All Hold Rate and the Auction Rate Index.

(b) Promptly after the Submission Deadline on each Auction Date, the Auction Agent shall assemble all Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to as a "Submitted Hold Order," a "Submitted Bid" or a "Submitted Sell Order," as the case may be, and collectively as a "Submitted Order") and shall determine (i) the Available Bonds (ii) whether there are Sufficient Clearing Bids, and (iii) the Auction Rate.

(c) Promptly after the Auction Agent has made the determinations pursuant to subsection (b) above, the Auction Agent shall advise the Trustee and the City by telephone (promptly confirmed in writing), telex or facsimile transmission of the Auction Rates for the next succeeding Auction Period.

(d) In the event the Auction Agent shall fail to calculate or, for any reason, shall fail to provide the Auction Rate for any Auction Period (i) if the preceding Auction Period was a period of 35 days or less (other than a daily Auction Period), the new Auction Period shall be the same as the preceding Auction Period and the Auction Rate for the new Auction Period shall be the same as the Auction Rate for the preceding Auction Period, and (ii) if the preceding Auction Period was a period of greater than 35 days, the preceding Auction Period shall be extended to the seventh day following the day that would have been the last day of such Auction Period had it not been extended (or if such seventh day is not followed by a Business Day then to the next succeeding day which is followed by a Business Day) and the Auction Rate in effect for the preceding Auction Period shall continue in effect for the Auction Period as so extended. In the event the Auction Period is extended as set forth in clause (ii) of the preceding sentence, an Auction shall be held on the last Business Day of the Auction Period as so extended. Notwithstanding the foregoing, no Auction Rate shall be extended for more than 35 days. If at the end of 35 days the Auction Agent fails to calculate or provide the Auction Rate, the Auction Rate shall be the Maximum Rate.

(e) In the event of a failed change of Mode to a Unit Pricing Mode, a Daily Mode, a Weekly Mode, a Term Rate Mode, a R-FLOATS Mode, an Indexed Rate, a Stepped Coupon Rate or a Fixed Rate Mode, or in the event of a failure to change the length of the current Auction Period due to the lack of Sufficient Clearing Bids at the Auction on the Auction Date for the first new Auction Period, the Auction Rate for the next Auction Period shall be the Maximum Rate and the Auction Period shall be a seven-day Auction Period.

In the event the Bonds are no longer held in book-entry form by the Securities Depository, the Auction Rate shall be the Maximum Rate.

*Section 1.06 Allocation of the Auction Rate Securities.* (a) In the event of Sufficient Clearing Bids, subject to the further provisions of subsections (c) and (d) below, Submitted Orders shall be accepted or rejected in the following order of priority:

(i) the Submitted Hold Order of each Existing Owner shall be accepted, thus requiring each such Existing Owner to continue to hold the Auction Rate Securities that are the subject of such Submitted Hold Order;

(ii) the Submitted Sell Order of each Existing Owner shall be accepted and the Submitted Bid of each Existing Owner specifying any rate that is higher than the Winning Bid Rate shall be rejected, thus requiring each such Existing Owner to sell the Auction Rate Securities that are the subject of such Submitted Sell Order or Submitted Bid;

(iii) the Submitted Bid of each Existing Owner specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Existing Owner to continue to hold the Auction Rate Securities that are the subject of such Submitted Bid;

(iv) the Submitted Bid of each Potential Owner specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Potential Owner to purchase the Auction Rate Securities that are the subject of such Submitted Bid;

(v) the Submitted Bid of each Existing Owner specifying a rate that is equal to the Winning Bid Rate shall be accepted, thus requiring each such Existing Owner to continue to hold the Auction Rate Securities that are the subject of such Submitted Bid, but only up to and including the principal amount of the Auction Rate Securities obtained by multiplying (A) the aggregate principal amount of the Outstanding Auction Rate Securities which are not the subject of Submitted Hold Orders described in paragraph (i) above or of Submitted Bids described in paragraphs (iii) or (iv) above by (B) a fraction the numerator of which shall be the principal amount of the Outstanding Auction Rate Securities held by such Existing Owner subject to such Submitted Bid and the denominator of which shall be the aggregate principal amount of the Outstanding Auction Rate Securities subject to such Submitted Bids made by all such Existing Owners that specified a rate equal to the Winning Bid Rate, and the remainder, if any, of such Submitted Bid shall be rejected, thus requiring each such Existing Owner to sell any excess amount of the Auction Rate Securities;

(vi) the Submitted Bid of each Potential Owner specifying a rate that is equal to the Winning Bid Rate shall be accepted, thus requiring each such Potential Owner to purchase the Auction Rate Securities that are the subject of such Submitted Bid, but only in an amount equal to the principal amount of the Auction Rate Securities obtained by multiplying (A) the aggregate principal amount of the Outstanding Auction Rate Securities which are not the subject of Submitted Hold Orders described in paragraph (i) above or of Submitted Bids described in paragraphs (iii) (iv) or (v) above by (B) a fraction the numerator of which shall be the principal amount of the Outstanding Auction Rate Securities subject to such Submitted Bid and the denominator of which shall be the sum of the aggregate principal amount of the Outstanding Auction Rate Securities subject to such Submitted Bids made by all such Potential Owners that specified a rate equal to the Winning Bid Rate, and the remainder of such Submitted Bid shall be rejected; and

(vii) the Submitted Bid of each Potential Owner specifying any rate that is higher than the Winning Bid Rate shall be rejected.

(b) In the event there are not Sufficient Clearing Bids, subject to the further provisions of subsections (c) and (d) below, Submitted Orders shall be accepted or rejected as follows in the following order of priority:

(i) the Submitted Hold Order of each Existing Owner shall be accepted, thus requiring each such Existing Owner to continue to hold the Auction Rate Securities that are the subject of such Submitted Hold Order;

(ii) the Submitted Bid of each Existing Owner specifying any rate that is not higher than the Maximum Rate shall be accepted, thus requiring each such Existing Owner to continue to hold the Auction Rate Securities that are the subject of such Submitted Bid;

(iii) the Submitted Bid of each Potential Owner specifying any rate that is not higher than the Maximum Rate shall be accepted, thus requiring each such Potential Owner to purchase the Auction Rate Securities that are the subject of such Submitted Bid;

(iv) the Submitted Sell Orders of each Existing Owner shall be accepted as Submitted Sell Orders and the Submitted Bids of each Existing Owner specifying any rate that is higher than the Maximum Rate shall be deemed to be and shall be accepted as Submitted Sell Orders, in both cases only up to and including the principal amount of the Auction Rate Securities obtained by multiplying (A) the aggregate principal amount of the Auction Rate Securities subject to Submitted Bids described in paragraph (iii) of this subsection (b) by (B) a fraction the numerator of which shall be the principal amount of the Outstanding Auction Rate Securities held by such Existing Owner subject to such Submitted Sell Order or such Submitted Bid deemed to be a Submitted Sell Order and the denominator of which shall be the principal amount of the Outstanding Auction Rate Securities subject to all such Submitted Sell Orders and such Submitted Bids deemed to be Submitted Sell Orders, and the remainder of each such Submitted Sell Order or Submitted Bid shall be deemed to be and shall be accepted as a Hold Order and each such Existing Owner shall be required to continue to hold such excess amount of the Auction Rate Securities; and

(v) the Submitted Bid of each Potential Owner specifying any rate that is higher than the Maximum Rate shall be rejected.

(c) If, as a result of the procedures described in subsection (a) or (b) above, any Existing Owner or Potential Owner would be required to purchase or sell an aggregate principal amount of Auction Rate Securities which is not an integral multiple of \$25,000 on any Auction Date, the Auction Agent shall by lot round up or down the principal amount of the Auction Rate Securities to be purchased or sold by any Existing Owner or Potential Owner on such Auction Date so that the aggregate principal amount of the Auction Rate Securities purchased or sold by each Existing Owner or Potential Owner on such Auction Date shall be an integral multiple of

\$25,000, even if such allocation results in one or more of such Existing Owners or Potential Owners not purchasing or selling any of the Auction Rate Securities on such Auction Date.

(d) If, as a result of the procedures described in subsection (a) above, any Potential Owner would be required to purchase less than \$25,000 in principal amount of the Auction Rate Securities on any Auction Date, the Auction Agent shall by lot allocate the Auction Rate Securities for purchase among Potential Owners so that the principal amount of Auction Rate Securities purchased on such Auction Date by any Potential Owner shall be an integral multiple of \$25,000, even if such allocation results in one or more of such Potential Owners not purchasing the Auction Rate Securities on such Auction Date.

*Section 1.07 Notice of Auction Rate.* (a) On each Auction Date, the Auction Agent shall notify by telephone each Broker-Dealer that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Owner or Potential Owner of:

- (i) the Auction Rate fixed for the succeeding Auction Period;
- (ii) whether Sufficient Clearing Bids existed for the determination of the Winning Bid Rate;
- (iii) if such Broker-Dealer submitted a Bid or a Sell Order on behalf of an Existing Owner, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of the Auction Rate Securities, if any, to be sold by such Existing Owner;
- (iv) if such Broker-Dealer submitted a Bid on behalf of a Potential Owner, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of the Auction Rate Securities, if any, to be purchased by such Potential Owner;
- (v) if the aggregate principal amount of the Auction Rate Securities to be sold by all Existing Owners on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different from the aggregate principal amount of the Auction Rate Securities to be purchased by all Potential Owners on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more Broker-Dealers (and the Agent Member, if any, of each such other Broker-Dealer) and the principal amount of the Auction Rate Securities to be (A) purchased from one or more Existing Owners on whose behalf such other Broker-Dealers submitted Bids or Sell Orders or (B) sold to one or more Potential Owners on whose behalf such Broker-Dealer submitted Bids; and
- (vi) the immediately succeeding Auction Date.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Owner or Potential Owner shall:

- (i) advise each Existing Owner and Potential Owner on whose behalf such Broker-Dealer submitted a Bid or Sell Order whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Potential Owner's Agent Member to pay to such Broker-Dealer (or its Agent Member) through the Securities Depository the amount necessary to purchase the principal amount of the Auction Rate Securities to be purchased pursuant to such Bid against receipt of such Auction Rate Securities;

(iii) instruct each Existing Owner on whose behalf such Broker-Dealer submitted a Sell Order that was accepted or a Bid that was rejected, in whole or in part, to instruct such Existing Owner's Agent Member to deliver to such Broker-Dealer (or its Agent Member) through the Securities Depository the principal amount of the Auction Rate Securities to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Owner on whose behalf such Broker-Dealer submitted an Order and each Potential Owner on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next succeeding Auction Period;

(v) advise each Existing Owner on whose behalf such Broker-Dealer submitted an Order of the Auction Date of the next succeeding Auction; and

(vi) advise each Potential Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the Auction Date of the next succeeding Auction.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order shall allocate any funds received by it pursuant to subparagraph (b)(ii) above, and any Auction Rate Securities received by it pursuant to (b)(iii) above, among the Potential Owners, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Owners, if any, on whose behalf such Broker-Dealer submitted Bids or Sell Orders, and any Broker-Dealer identified to it by the Auction Agent pursuant to subparagraph (a)(v) above.

(d) On the Business Day after the Auction Date, the Securities Depository shall execute the transactions described above, debiting and crediting the accounts of the respective Agent Members as necessary to effect the purchase and sale of Auction Rate Securities as determined in the Auction.

*Section 1.08 Auction Rate Index.* (a) The Auction Rate Index on any Auction Date shall be LIBOR if the Auction Period is 35 days or less, otherwise it will equal the yield on United States government obligations having a maturity most closely equal to the length of the Auction Period.

"LIBOR" means, on any date of determination for an Auction Period, the offered rate (rounded up to the next highest one one-thousandth of one percent (0.001%)) for deposits in U.S. dollars for a one-month period which appears on L.P.'s Bloomberg Professional System at approximately 11:00 A.M., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

(b) If for any reason on any Auction Date, the Auction Rate Index shall not be determined as hereinabove provided in this Section, the Auction Rate Index shall be the Auction Rate Index for the Auction Period ending on such Auction Date.

(c) The determination of the Auction Rate Index as provided herein shall be conclusive and binding upon the Authority, the City, the Trustee, the Broker-Dealers, the Auction Agent and the Holders and Beneficial Owners of the Auction Rate Securities.

*Section 1.09 Miscellaneous Provisions Regarding Auctions.* (a) In this Exhibit A, each reference to the purchase, sale or holding of "Auction Rate Securities" shall refer to beneficial interests in the Auction Rate Securities, unless the context clearly requires otherwise.

(b) During an Auction Period, the provisions of this Exhibit A including, without limitation, the definitions of All-Hold Rate, Maximum Rate, Auction Rate Index, Interest Payment Date and Auction Rate may be amended pursuant to Article IX of this Indenture. If the amendment is pursuant to Section 9.01(A) of this Indenture, on the first Auction Date occurring at least 20 days after the date on which the Trustee mailed notice of such proposed amendment to the Holders of the Outstanding Auction Rate Securities affected by such amendment, as required by Section 9.01(A) (i) Sufficient Clearing Bids have been received or all of the affected Auction Rate Securities are subject to Submitted Hold Orders, and (ii) there is delivered to the Authority and the Trustee a Favorable Opinion of Bond Counsel with respect to such amendment, the proposed amendment shall be deemed to have been consented to by the Holders of all Outstanding Auction Rate Securities affected by such amendment.

(c) During an Auction Period, so long as the ownership of the Auction Rate Securities is maintained in book-entry form by the Securities Depository, an Existing Owner or a Beneficial Owner may sell, transfer or otherwise dispose of an Auction Rate Security only pursuant to a Bid or Sell Order in accordance with the Auction Procedures or to or through a Broker Dealer, provided that (i) in the case of all transfers other than pursuant to Auctions, such Existing Owner or its Broker-Dealer or its Agent Member advises the Auction Agent of such transfer and (ii) a sale, transfer or other disposition of the Auction Rate Securities from a customer of a Broker Dealer who is listed on the records of that Broker-Dealer as the Holder of such Auction Rate Securities to that Broker-Dealer or another customer of that Broker-Dealer shall not be deemed to be a sale, transfer or other disposition for purposes of this Section 1.09 if such Broker Dealer remains the Existing Owner of the Auction Rate Securities so sold, transferred or disposed of immediately after such sale, transfer or disposition.

*Section 1.10 Changes in Auction Period or Auction Date.*

(a) *Changes in Auction Period.* (i) During any Auction Period, the City may, from time to time on any Interest Payment Date, change the length of the Auction Period with respect to the Auction Rate Securities (provided that if the Auction Period is less than 180 days the length of the first Auction Period after such change in length or a change in Auction Date may be the number of days necessary to result in the immediately following Auction Period having a length which is an integral multiple of seven days) or to a six-month Auction Period in order to accommodate economic and financial factors that may affect or be relevant to the length of the Auction Period and the interest rate borne by such Auction Rate Securities. The City shall



initiate the change in the length of the Auction Period by giving written notice at least 10 Business Days prior to the Auction Date for such Auction Period to the Authority, the Trustee, the Auction Agent, the Broker-Dealers, and the Securities Depository that the Auction Period will change if the conditions described herein are satisfied and the proposed effective date of the change.

(ii) Any such changed Auction Period shall be for a period of any integral multiple of seven days and shall be for all of the Auction Rate Securities in an Auction Period.

(iii) The change in the length of the Auction Period shall not be allowed unless Sufficient Clearing Bids existed at both the Auction before the date on which the notice of the proposed change was given as provided in this subsection (a) and the Auction immediately preceding the proposed change.

(iv) The change in length of the Auction Period shall take effect only if Sufficient Clearing Bids exist at the Auction on the Auction Date for such first Auction Period. For purposes of the Auction for such first Auction Period only, each Existing Owner shall be deemed to have submitted Sell Orders with respect to all of its Auction Rate Securities except to the extent such Existing Owner submits an Order with respect to such Auction Rate Securities. If the condition referred to in the first sentence of this paragraph (iv) is not met, the Auction Rate for the next Auction Period shall be the Maximum Rate, and the Auction Period shall be a seven-day Auction Period.

(b) *Changes in Auction Date.* During any Auction Period, the Auction Agent, with the written consent of the City and may specify an earlier Auction Date (but in no event more than five Business Days earlier) than the Auction Date that would otherwise be determined in accordance with the definition of "Auction Date" in order to conform with then current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date and the interest rate borne on the Auction Rate Securities. The Auction Agent shall provide notice of its determination to specify an earlier Auction Date for an Auction Period by means of a written notice delivered at least 45 days prior to the proposed changed Auction Date to the Trustee, the City, the Authority, the Broker-Dealers, the Auction Agent and the Securities Depository.

*Section 1.11 Auction Agent.* (a) The initial Auction Agent shall be [Auction Agent/any auction agent] or any successor appointed by the City with the consent of to perform the functions specified herein. The Auction Agent shall designate its Principal Office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument, delivered to the Authority, the Trustee, the City, and each Broker-Dealer which will set forth such procedural and other matters relating to the implementation of the Auction Procedures as shall be satisfactory to the City and the Trustee.

(b) Subject to any applicable governmental restrictions, the Auction Agent may be or become the owner of or trade in the Auction Rate Securities with the same rights as if such entity were not the Auction Agent.

*Section 1.12 Qualifications of Auction Agent: Resignation; Removal.* The Auction Agent shall be (a) a bank or trust company organized under the laws of the United States or any state or territory thereof having a combined capital stock, surplus and undivided profits of at least \$50,000,000, or (b) a member of NASD having a capitalization of at least \$50,000,000 and, in either case, authorized by law to perform all of the duties imposed upon it by this Indenture and a member of or a participant in, the Securities Depository. The Auction Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 90 days notice to the Authority, the City, the Trustee and the Credit Provider. The Auction Agent may be removed at any time by the City by written notice, delivered to the Auction Agent, the Trustee and the Insurer. Upon any such resignation or removal, the City shall appoint a successor Auction Agent meeting the requirements of this Section. In the event of the resignation or removal of the Auction Agent, the Auction Agent shall pay over, assign and deliver any moneys and Auction Rate Securities held by it in such capacity to its successor. The Auction Agent shall continue to perform its duties hereunder until its successor has been appointed by the City. In the event that the Auction Agent has not been compensated for its services, the Auction Agent may resign by giving 45 days notice to the Authority, the City, the Trustee and even if a successor Auction Agent has not been appointed.

**EXHIBIT B**  
**FORM OF BOND**

[see separately attached file]