

less, the final maturity of the Bonds in connection with which such letter of credit was obtained, or (iii) deliver to the Trustee a Reserve Facility satisfying the requirements of Section 5.05(B). Upon delivery of such replacement Reserve Facility, the Trustee shall deliver the then-effective letter of credit to or upon the order of the Authority. If the Authority shall fail to deposit a replacement Reserve Facility with the Trustee, the Authority shall immediately commence to make monthly deposits with the Trustee so that an amount equal to the Reserve Requirement relating to the Bonds to which such Reserve Fund relates will be on deposit in such Reserve Fund no later than the stated expiration date of the letter of credit. If an amount equal to the Reserve Requirement relating to the Bonds to which such Reserve Fund relates as of the date following the expiration of the letter of credit is not on deposit in such Reserve Fund one (1) week prior to the expiration date of the letter of credit (excluding from such determination the letter of credit), the Trustee shall draw on the letter of credit to fund the deficiency resulting therefrom in such Reserve Fund.

(B) In lieu of making a Reserve Requirement deposit in cash or in replacement of moneys then on deposit in a Reserve Fund (which shall be transferred by the Trustee to the Authority) or in substitution of any Reserve Facility comprising part of a Reserve Requirement for any Bonds, the Authority may, at any time and from time to time, deliver to the Trustee a surety bond or an insurance policy securing an amount which, together with moneys, Investment Securities, or other Reserve Facilities then on deposit in a Reserve Fund, is no less than the Reserve Requirement relating to the Bonds to which such Reserve Fund relates. Such surety bond or insurance policy shall be issued by an insurance company whose unsecured debt obligations (or for which obligations secured by such insurance company's insurance policies) are rated at the time of delivery in one of the two highest Rating Categories of [Moody's and Standard & Poor's]. Such surety bond or insurance policy shall have a term of no less than the final maturity of the Bonds in connection with which such surety bond or insurance policy is obtained. In the event that such surety bond or insurance policy for any reason lapses or expires, the Authority shall immediately implement (i) or (iii) of the preceding paragraph or make the required deposits to such Reserve Fund.

(C) Subject to Section 5.05(E), all amounts in any Reserve Fund (including all amounts which may be obtained from a Reserve Facility on deposit in such Reserve Fund) shall be used and withdrawn by the Trustee, as hereinafter provided: (i) for the purpose of making up any deficiency in the Interest Fund or the Principal Fund relating to the Bonds of the Series to which such Reserve Fund relates; or (ii) together with any other moneys available therefor, (x) for the payment or redemption of all Bonds then Outstanding of the Series to which such Reserve Fund relates, (y) for the defeasance or redemption of all or a portion of the Bonds then Outstanding of the Series to which such Reserve Fund relates, provided, however, that if funds on deposit in any Reserve Fund are applied to the defeasance or redemption of a portion of the Series of Bonds to which such Reserve Fund relates, the amount on deposit in the Reserve Fund immediately subsequent to such partial defeasance or redemption shall equal the Reserve Requirement applicable to all Bonds of such Series Outstanding immediately subsequent to such partial defeasance or redemption, or (z) for the payment of the final principal and interest payment of the Bonds of such Series. Unless otherwise directed in a Supplemental Indenture establishing the terms and provisions of a Series of Bonds, the Trustee shall apply amounts held in cash or Investment Securities in any Reserve Fund prior to applying amounts held in the form of Reserve Facilities in any Reserve Fund, and if there is more than one Reserve Facility being held on deposit in any Reserve Fund, shall, on a pro rata basis with respect to the portion of a

Reserve Fund held in the form of a Reserve Facility (calculated by reference to the maximum amount of such Reserve Facility), draw under each Reserve Facility issued with respect to such Reserve Fund, in a timely manner and pursuant to the terms of such Reserve Facility to the extent necessary in order to obtain sufficient funds on or prior to the date such funds are needed to pay the Bond Obligation of, Mandatory Sinking Account Payments with respect to, and interest on the Bonds of the Series to which such Reserve Fund relates when due. In the event that the Trustee has notice that any payment of principal of or interest on a Bond has been recovered from a Holder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee, pursuant to the terms of, and if so provided by, the terms of the Reserve Facility, if any, securing the Bonds of such Series, shall so notify the Authority thereof and draw on such Reserve Facility to the lesser of the extent required or the maximum amount of such Reserve Facility in order to pay to such Holders the principal and interest so recovered.

(D) The Trustee shall notify the Authority of any deficiency in any Reserve Fund (i) due to a withdrawal from such Reserve Fund for purposes of making up any deficiency in the Interest Fund or the Principal Fund relating to the Bonds of the Series to which such Reserve Fund relates or (ii) resulting from a valuation of Investment Securities held on deposit in such Reserve Fund pursuant to Section 5.10 and shall request that the Authority replenish such deficiency or repay any and all obligations due and payable under the terms of any Reserve Facility comprising part of any Reserve Requirement. Upon receipt of such notification from the Trustee, the Authority shall instruct the Trustee to commence setting aside in each month following receipt of Sales Tax Revenues for deposit in the applicable Reserve Fund an amount equal to one-twelfth (1/12th) of the aggregate amount of each unreplenished prior withdrawal from such Reserve Fund or decrease resulting from a valuation pursuant to Section 5.10 and shall further instruct the Trustee to transfer to each Reserve Facility Provider providing a Reserve Facility satisfying a portion of the Reserve Requirement relating to the Bonds of the Series to which such Reserve Fund relates, an amount equal to one-twelfth (1/12th) of the aggregate amount of any unreplenished prior withdrawal on such Reserve Facility, such amount to be transferred by the Trustee as promptly as possible after receipt of the Sales Tax Revenues each month, commencing with the month following the Authority's receipt of notification from the Trustee of withdrawal or decrease resulting from a valuation, as applicable, until the balance on deposit in such Reserve Fund is at least equal to the Reserve Requirement relating to the Bonds of the Series to which such Reserve Fund relates.

(E) Unless the Authority shall otherwise direct in writing, any amounts in any Reserve Fund in excess of the Reserve Requirement relating to the Bonds of the Series to which such Reserve Fund relates shall be transferred by the Trustee to the Authority on the Business Day following August 15 of each year; provided that such amounts shall be transferred only from the portion of such Reserve Fund held in the form of cash or Investment Securities. In addition, amounts on deposit in any Reserve Fund shall be transferred by the Trustee to the Authority upon the defeasance, retirement or refunding of Bonds of the Series to which such Reserve Fund relates or upon the replacement of cash on deposit in such Reserve Fund with one or more Reserve Facilities in accordance with Section 5.05(A) or Section 5.05(B). The Reserve Requirement shall be calculated upon the issuance or retirement of a Series of Bonds or upon the defeasance of all or a portion of a Series of Bonds.

SECTION 5.06. Application of Subordinate Obligations Fund. All moneys in the Subordinate Obligations Fund shall be applied to the payment of principal of and interest on Subordinate Obligations in accordance with Section 5.02(A)(4).

SECTION 5.07. Application of Fees and Expenses Fund. All amounts in the Fees and Expenses Fund shall be used and withdrawn by the Trustee solely for the purpose of paying fees, expenses and similar charges owed by the Authority in connection with the Bonds or any Parity Obligations or Subordinate Obligations as such amounts shall become due and payable.

SECTION 5.08. Application of Redemption Fund. The Trustee shall establish, maintain and hold in trust a special fund designated as the "Redemption Fund." All moneys deposited by the Authority with the Trustee for the purpose of optionally redeeming Bonds of any Series shall, unless otherwise directed by the Authority, be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of redeeming Bonds of such Series and maturity as shall be specified by the Authority in a Request to the Trustee, in the manner, at the times and upon the terms and conditions specified in the Supplemental Indenture pursuant to which the Series of Bonds was created; provided that, at any time prior to giving such notice of redemption, the Trustee shall, upon receipt of a Request of the Authority, apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding, in the case of Current Interest Bonds, accrued interest, which is payable from the Interest Fund) as is directed by the Authority, except that the purchase price (exclusive of any accrued interest) may not exceed the Redemption Price then applicable to such Bonds. All Term Bonds purchased or redeemed from the Redemption Fund shall be allocated to Mandatory Sinking Account Payments applicable to such Series and maturity of Term Bonds as may be specified in a Request of the Authority.

SECTION 5.09. Rebate Fund.

(A) Upon receipt of funds to be applied to the Rebate Requirement, the Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund. Within the Rebate Fund, the Trustee shall maintain such accounts as shall be necessary in order to comply with the terms and requirements of each Tax Certificate as directed in writing by the Authority. Subject to the transfer provisions provided in paragraph (C) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the federal government of the United States of America, and neither the Trustee nor any Holder nor any other Person shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Indenture and by the applicable Tax Certificates. The Authority hereby covenants to comply with the directions contained in each Tax Certificate and the Trustee hereby covenants to comply with all written instructions of the Authority delivered to the Trustee pursuant to each Tax Certificate (which instructions shall state the actual amounts to be deposited in or withdrawn from the Rebate Fund and shall not require the Trustee to make any calculations with respect thereto). The Trustee shall be deemed conclusively to have complied with the provisions of this Section 5.09(A) if it follows such instructions of the Authority, and the Trustee shall have no liability or responsibility to enforce

compliance by the Authority with the terms of any Tax Certificate nor to make computations in connection therewith.

(B) Pursuant to each Tax Certificate, an amount shall be deposited in the Rebate Fund by the Authority so that the balance of the amount on deposit thereto shall be equal to the Rebate Requirement applicable to the Series of Bonds to which such Tax Certificate relates. Computations of each Rebate Requirement shall be furnished by or on behalf of the Authority to the Trustee in accordance with the applicable Tax Certificate.

(C) The Trustee shall invest all amounts held in the Rebate Fund, pursuant to written instructions of the Authority, in Investment Securities, subject to the restrictions set forth in the applicable Tax Certificate. Money shall not be transferred from the Rebate Fund except as provided in paragraph (D) below.

(D) Upon receipt of Rebate Instructions, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States of America, as so directed. In addition, if the Rebate Instructions so direct, the Trustee will deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds as directed by the Rebate Instructions. Any funds remaining in the Rebate Fund after redemption and payment of all of a Series of Bonds and payment and satisfaction of any Rebate Requirement applicable to such Series of Bonds, shall be withdrawn and remitted to the Authority in accordance with a Request of the Authority.

(E) Notwithstanding any other provision of the Indenture, including in particular Article X thereof, the obligation to remit the Rebate Requirement applicable to each Series of Bonds to the federal government of the United States of America and to comply with all other requirements of this Section and each Tax Certificate shall survive the defeasance or payment in full of the Bonds.

SECTION 5.10. Investments in Funds and Accounts. All moneys in any of the funds and accounts held by the Trustee and established pursuant to this Indenture shall be invested, as directed by the Authority, solely in Investment Securities. All Investment Securities shall, as directed by the Authority in writing, be acquired subject to the limitations set forth in Section 6.05, the limitations as to maturities hereinafter in this Section set forth and such additional limitations or requirements consistent with the foregoing as may be established by Request of the Authority. If and to the extent the Trustee does not receive investment instructions from the Authority with respect to the moneys in the funds and accounts held by the Trustee pursuant to this Indenture, such moneys shall be invested in Investment Securities described in clause (5) of the definition thereof provided the Authority has specified in a written direction to the Trustee the name of the mutual fund and the Trustee shall thereupon request investment instructions from the Authority for such moneys.

Moneys in any Reserve Fund shall be invested in Investment Securities available when needed for the purpose of payment of the Bonds to which such Reserve Fund relates as provided herein. Moneys in the remaining funds and accounts shall be invested in Investment Securities maturing or available on demand not later than the date on which it is estimated that such moneys will be required by the Trustee.

Unless otherwise provided in a Supplemental Indenture establishing the terms and provisions of a Series of Bonds: (i) all interest, profits and other income received from the investment of moneys in the Interest Fund representing accrued interest or capitalized interest shall be retained in the Interest Fund; (ii) all interest, profits and other income received from the investment of moneys in a Reserve Fund shall be retained in such Reserve Fund to the extent of any deficiency therein, and otherwise shall be transferred to the Revenue Fund; (iii) all interest, profits and other income received from the investment of moneys in a Costs of Issuance Fund shall be transferred to the Revenue Fund; (iv) all interest, profits and other income received from the investment of moneys in a Project Fund shall be retained in such Project Fund, unless the Authority shall direct that such earnings be transferred to the Rebate Fund; (v) all interest, profits and other income received from the investment of moneys in the Rebate Fund shall be retained in the Rebate Fund, except as otherwise provided in Section 5.09, (vi) all interest, profits and other income received from the investment of moneys in any Purchase Fund shall be retained in such Purchase Fund; and (vii) all interest, profits and other income received from the investment of moneys in any other fund or account shall be transferred to the Revenue Fund. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Investment Security equal to the amount of accrued interest, if any, paid as part of the purchase price of such Investment Security shall be credited to the fund or account from which such accrued interest was paid.

All Investment Securities credited to any Reserve Fund shall be valued (at market value) as of June 30 of each year (or the next succeeding Business Day if such day is not a Business Day), such market value to be determined by the Authority in the manner then currently employed by the Authority. Notwithstanding anything to the contrary herein, in making any valuations of investments hereunder, the Trustee may utilize and rely on generally recognized pricing services (including brokers and dealers in securities) or computerized securities pricing services that may be available to it, including those available through its regular accounting system.

The Trustee may commingle any of the funds or accounts established pursuant to this Indenture (except the Rebate Fund and any Purchase Fund) into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Indenture. The Trustee may act as principal or agent in the making or disposing of any investment and, may impose its customary charge therefor. The Trustee may sell at the best price obtainable, or present for redemption, any Investment Securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Investment Security is credited. The Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance herewith. The Authority acknowledges that regulations of the Comptroller of the currency grant the Authority the right to receive brokerage confirmations of the security transactions as they occur, at no additional cost. To the extent permitted by law, the Authority specifically waives compliance with 12 C.F.R. 12 and hereby notifies the Trustee that no brokerage confirmations need be sent relating to the security transactions as they occur.

ARTICLE VI.

COVENANTS OF THE AUTHORITY

SECTION 6.01. Punctual Payment. The Authority will punctually pay or cause to be paid the principal of and interest on all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof.

SECTION 6.02. Against Encumbrances. Except only as permitted in Section 3.06, the Authority will not issue any obligations payable from, or secured by, the Sales Tax Revenues or any other amounts pledged under this Indenture, and will not create any pledge, lien or charge upon any of the Sales Tax Revenues or any other amounts pledged under this Indenture prior to or on a parity with the Bonds or Parity Obligations, except only as permitted in Section 3.06.

SECTION 6.03. Accounting Records and Financial Statements. The Authority will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions relating to the Sales Tax Revenues. Such books of record and account shall be available for inspection by the Trustee and each Credit Provider at reasonable hours and under reasonable circumstances.

The Authority will furnish the Trustee, and each Credit Provider within seven (7) months after the end of each Fiscal Year, the financial statements of the Authority for such Fiscal Year, together with the report and opinion of an independent certified public accountant stating that the financial statements have been prepared in accordance with generally accepted accounting principles and that such accountant's examination of the financial statements was performed in accordance with generally accepted auditing standards and a Certificate of the Authority stating that no event which constitutes an Event of Default or which with the giving of notice or the passage of time or both would constitute an Event of Default has occurred and is continuing as of the end of such Fiscal Year, or specifying the nature of such event and the actions taken and proposed to be taken by the Authority to cure such default. The Trustee shall have no duty or obligation to review, analyze or verify such financial statements and shall retain such financial statements solely as a repository for the Bondholders. The Trustee shall not be deemed to have notice of any information contained therein or any Event of Default that may be disclosed therein.

SECTION 6.04. Collection of Sales Tax Revenues. (a) The Authority covenants and agrees that it has duly levied the Sales Tax in accordance with the Act, pursuant to and in accordance with the Ordinance, duly passed and adopted by the Authority and the electorate of the County. Said Ordinance will not be amended, modified or altered so long as any of the Bonds are Outstanding or any Parity Obligations remains unpaid in any manner which would reduce the amount of or timing of receipt of Sales Tax Revenues, and the Authority will continue to levy and collect the Sales Tax to the full amount permitted by law. The Authority further covenants that on or before February 15, 2011, it will take such actions as required to cause the BOE to process and supervise collection of said transactions and use taxes and to transmit Sales Tax Revenues directly to the Trustee. Said agreement will be continued in effect so long as any of the Bonds are Outstanding or any Parity Obligations remain unpaid and shall not be amended,

modified or altered other than as provided in Section 5.01(b) hereof without the written consent of the Trustee and the Credit Providers so long as any of the Bonds are Outstanding or any Parity Obligations remain unpaid. The Authority will receive and hold in trust for (and remit immediately to) the Trustee any Sales Tax Revenues paid to the Authority by the BOE.

Sales Tax Revenues received by the Trustee shall be transmitted to the Authority under the terms and conditions set forth in Article V; provided that, during the continuance of an Event of Default, any Sales Tax Revenues received by the Trustee shall be applied first to the payment of the costs and expenses of the Trustee in declaring such Event of Default and pursuing remedies, including reasonable compensation of its agents, attorneys and counsel, which costs and expenses shall be paid from the Revenue Fund, and second, to deposit into the Interest Fund and Principal Fund and to the payment of Bonds and Parity Obligations as more fully set forth in Section 7.02.

The Authority covenants and agrees to separately account for all Sales Tax Revenues and to provide to the Trustee access to such accounting records at reasonable hours and under reasonable circumstances.

The Authority covenants that so long as the Bonds are Outstanding or any Parity Obligations remain unpaid, it will comply with the Act and the Ordinance and will not, to the best of its ability, suffer or permit any change, modification or alteration to be made to the Act which would materially and adversely affect the rights of Bondholders, any Credit Provider or the owners of any Parity Obligations.

SECTION 6.05. Tax Covenants. The Authority covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103 of the Code; provided that, prior to the issuance of any Series of Bonds, the Authority may exclude the application of the covenants contained in this Section 6.05 and Section 6.06 to such Series of Bonds. Without limiting the generality of the foregoing, the Authority shall comply with all requirements and covenants contained in each Tax Certificate. In the event that at any time the Authority is of the opinion that for purposes of this Section 6.07 it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under this Indenture, the Authority shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

Notwithstanding any provision of this Section 6.05 and Section 6.06 hereof, if the Authority shall receive an Opinion of Bond Counsel to the effect that any action required under any Tax Certificate or this Section 6.05 or Section 6.06 hereof is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Bonds pursuant to Section 103 of the Code, the Authority and the Trustee may rely conclusively on such opinion in complying with the provisions hereof, and the covenants hereunder shall be deemed to be modified to that extent.

SECTION 6.06. Pledge of the Subsidy Payments. As additional security for the payment of all amounts owing on the Bonds, there are irrevocably pledged to the Trustee all Subsidy Payments received with respect to the issuance of a Series of Bonds, subject to the provisions of the Supplemental Indenture permitting the application thereof for the purposes and

on the terms and conditions set forth in such Supplemental Indenture. Such Subsidy Payments shall immediately be subject to this pledge, and this pledge shall constitute a first lien on and security interest in such collateral which shall immediately attach to the collateral and be effective, binding and enforceable against the Authority and all others asserting the rights therein, to the extent set forth, and in accordance with, such Supplemental Indenture irrespective of whether those parties have notice of this pledge and without the need for any physical delivery, recordation, filing or further act. The pledge of Subsidy Payments with respect to the issuance of a Series of Bonds made shall be irrevocable until all of the Bonds are no longer Outstanding and no amounts are owed in connection with the Bonds. The Authority shall cause the Subsidy Payments with respect to a Series of Bonds to be sent directly to the Trustee, and the Trustee shall deposit the Subsidy Payments, when received, to the Interest Fund.

SECTION 6.07. Waiver of Laws. The Authority will 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 6.08. Further Assurances. The Authority will make, execute and deliver any and all such 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 Owners of the Bonds of the rights and benefits provided in this Indenture.

ARTICLE VII.

EVENTS OF DEFAULT AND REMEDIES

SECTION 7.01. Events of Default. 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, whether at maturity as therein expressed or by declaration;
- (b) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;
- (c) if the Authority shall fail to observe or perform any covenant, condition, agreement or provision in this Indenture on its part to be observed or performed, other than as referred to in subsection (a) or (b) of this Section, for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, has been given to the Authority by the Trustee; except that, if such failure can be remedied but not within such sixty (60) day period and if the Authority has taken all action reasonably possible to remedy such failure within such sixty (60) day period, such failure shall not become an Event of Default for so long as the Authority shall diligently proceed to remedy the same in accordance with and subject to any directions or limitations of time established by the Credit Provider, if any, as provided herein;

(d) if any default shall exist under any agreement governing any Parity Obligations and such default shall continue beyond the grace period, if any, provided for with respect to such default or if the holder of any Parity Obligations exercises a right under the Parity Obligations or the corresponding instruments pursuant to which such Parity Obligations were issued to declare the principal thereof to be accelerated and payable immediately;

(e) if any event of default shall exist under any Credit Agreement and such event of default shall continue beyond the grace period, if any, provided for with respect to such event of default;

(f) if the Authority files a petition in voluntary bankruptcy, for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself;

(g) if a court of competent jurisdiction shall enter an order, judgment or decree declaring the Authority insolvent, or adjudging it bankrupt, or appointing a trustee or receiver of the Authority, or approving a petition filed against the Authority seeking reorganization of the Authority under any applicable law or statute of the United States of America or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of the entry thereof; or

(h) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Authority or of the Sales Tax Revenues, and such custody or control shall not be terminated within sixty (60) days from the date of assumption of such custody or control.

The Trustee shall provide written notice to each Credit Provider promptly upon its having actual knowledge of the occurrence of an Event of Default.

SECTION 7.02. Application of the Sales Tax Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, to the fullest extent permitted by law, the Authority shall immediately transfer all Sales Tax Revenues held by it to the Trustee, and the Trustee shall apply all Sales Tax Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture (except as otherwise provided in this Indenture) as follows and in the following order:

(1) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds, each Credit Provider and the owners of any Parity Obligations, including the costs and expenses of the Trustee, each Credit Provider and the Bondholders in declaring such Event of Default, and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its counsel and other agents) incurred in and about the performance of its powers and duties under this Indenture, provided that no funds on deposit in any Credit Facility Fund may be applied to the payment of the costs and expenses of the Trustee and the Trustee shall not have a lien on any Credit Facility Fund for the payment of its fees, costs and expenses; and

(2) To the payment to the persons entitled thereto of all installments of interest then due and the unpaid principal of any Bonds and any Parity Obligations which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate or rates borne by the respective Bonds, subject to the provisions of this Indenture; and, if the amount available shall not be sufficient to pay in full all the Bonds and any Parity Obligations due or to become due, together with such interest, then to the payment thereof ratably, according to the amounts of principal or interest due or to become due to the persons entitled thereto, without any discrimination or preference, provided, that, notwithstanding any other provision herein, the payment of principal and interest on a Series of Bonds shall have priority over the payment of any amounts owing to the Credit Provider of any Credit Facility with respect to such Series of Bonds other than Reimbursement Obligations.

SECTION 7.03. Trustee to Represent Bondholders. Subject to Section 7.10, 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 the Owners of not less than twenty-five percent (25%) in aggregate amount of Bonds then Outstanding or any Credit Provider, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners 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 or in such Owners under this Indenture, 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 and the Act, 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 Owners of such Bonds, subject to the provisions of this Indenture (including Section 7.05). Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan or reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding without the approval of the Holders so affected.

SECTION 7.04. Bondholders' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding (except provisions relating to the rights of a Credit Provider to direct proceedings with respect to a Series of Bonds for which such Credit Provider is providing a Credit Facility as set forth in Section 7.10 hereof), the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee and upon furnishing the Trustee with indemnification satisfactory to it, 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, that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders or holders of Parity Obligations not parties

to such direction; provided that in the event of a conflict in the written directions given the Trustee, the directions represented by such person holding a majority in aggregate principal amount of Bonds shall control.

SECTION 7.05. Limitation on Bondholders' Right to Sue. No Owner 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 or any applicable law with respect to such Bond, unless: (1) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted; (3) such Owner or said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (5) the Trustee shall not have received contrary directions from the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

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 Owner of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners 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 Owners of Bonds or any Credit Provider, or to enforce any right under this Indenture, or under 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 Owners of the Outstanding Bonds and each Credit Provider, subject to the provisions of this Indenture.

SECTION 7.06. Absolute Obligation of the Authority. Nothing in Section 7.05 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 Owners of the Bonds at their respective dates of maturity, except as is provided in Section 7.10, but only out of the Sales Tax Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

SECTION 7.07. Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Bondholders or any Credit Provider 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 or the Bondholders or any Credit Provider, then in every such case the Authority, the Trustee, the Bondholders and each Credit Provider, 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 Trustee, the Bondholders and each Credit Provider shall continue as though no such proceedings had been taken.

SECTION 7.08. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the Bonds or any Credit Provider 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 7.09. Waivers of Events of Default. Except as otherwise provided herein, the Trustee in its discretion, may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of all Bonds Outstanding shall, waive any Event of Default hereunder and rescind its consequences; provided, however, that no Event of Default may be waived unless the Credit Facility delivered in connection with such Series of Bonds shall have been reinstated in full. In the case of any such waiver and rescission, the Authority, each Credit Provider then providing a Credit Facility in connection with a Series of Bonds, each Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, but no such waiver and rescission shall extend to any subsequent or other default, or impair any right consequent thereon. All waivers under this Indenture shall be in writing and a copy thereof shall be delivered to the Authority.

SECTION 7.10. Control of Remedies and Waivers by Credit Provider. Anything in this Indenture to the contrary notwithstanding, provided that a Credit Facility is in full force and effect with respect to a Series of Bonds and the Credit Provider providing such Credit Facility has not failed to honor a drawing as required in connection therewith, the Credit Provider shall have the right, at any time during the continuance of an Event of Default, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture with respect to such Series of Bonds, including, without limitation, the right to approve all waivers of any Event of Default with respect to such Series of Bonds, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture and provided further that no Event of Default may be waived unless the Credit Facility provided by such Credit Provider shall have been reinstated, and no remedy or right may be exercised under this Indenture and no Event of Default may be waived with respect to such Series of Bonds without the prior written consent of the Credit Provider for such Series of Bonds.

ARTICLE VIII.

THE TRUSTEE

SECTION 8.01. Appointment: Duties, Immunities and Liabilities of Trustee. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as Trustee under this Indenture and hereby accepts the duties imposed upon it as Trustee hereunder and hereby agrees to perform all the functions and duties of the Trustee hereunder, subject to the terms and conditions set forth in this Indenture. The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of an Event of Default (which had 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 person would exercise or use under the circumstances in the conduct of his or her own affairs.

The Authority may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and the Trustee may be removed for cause at any time, by the Owners of not less than a majority in aggregate amount of principal 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 each Credit Provider, and thereupon shall appoint a successor Trustee by an instrument in writing.

The Trustee may at any time resign by giving written notice of such resignation to the Authority, and each Credit Provider. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing.

Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the retiring Trustee or any Bondholder (on behalf of himself and all other Bondholders) or any Credit Provider 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 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 give notice of the succession of such Trustee to the trusts hereunder by mail to each Credit Provider.

Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank having the powers of a trust company or a trust company or a national banking association having the powers of a trust company, having a combined capital and surplus of at least one hundred million dollars (\$100,000,000), subject to supervision or examination by federal or state authority. If such bank or trust company or national banking association

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 or national banking association 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 promptly 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. The recitals of facts herein and in the Bonds contained shall be taken as statements of the Authority, and the Trustee assumes no responsibility for the correctness of the same, and makes no representations as to the validity or sufficiency of this Indenture or of the Bonds as to the sufficiency of the Sales Tax Revenues or the priority of the lien of this Indenture thereon, or as to the financial or technical feasibility of any portion of the Project and shall not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly herein or in the Bonds assigned to or imposed upon it. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own gross negligence or willful misconduct. The Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owner of a Bond may be entitled to take, with like effect as if the Trustee was not the Trustee under this Indenture. The Trustee may in good faith hold any other form of indebtedness of the Authority, own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the Authority and make disbursements for the Authority and enter into any commercial or business arrangement therewith, without limitation. The Trustee may rely conclusively on any notice, certificate or other document furnished to it hereunder and reasonably believed by it to be genuine. The Trustee shall not be liable for any action taken by it (i) in good faith and reasonably believed by it to be within the discretion or powers conferred upon it, (ii) in good faith omitted to be taken by it and reasonably believed to be beyond the discretion or powers conferred upon it, (iii) taken by it pursuant to any direction or instruction by which is governed hereunder, or (iv) omitted to be taken by it by reason of the lack of direction or instruction required hereby for such action; nor shall it be liable for the consequences of any error of judgment reasonably made by it. The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or indirectly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

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 Credit Provider or the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding (or such other percentage in aggregate principal amount of Bonds at the time Outstanding as shall be provided herein) 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.

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 the Credit Provider or any of the Bondholders pursuant to the provisions of this Indenture, including, without limitation, the provisions of Article VII hereof, unless the Credit Provider or such Bondholders shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby.

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 or exercise of any of its duties hereunder, or in the exercise of its rights or powers, if repayment of such funds or adequate indemnity against such risk or liability is not assured to its satisfaction.

The Trustee shall not be deemed to have knowledge of and shall not be required to take any action with respect to, any Event of Default (other than an Event of Default described in subsections (a) or (b) of Section 7.01) or event which would, with the giving of notice, the passage of time or both, constitute an Event of Default, unless the Trustee shall have actual knowledge of such event or shall have been notified of such event by the Authority, the Credit Provider or the Owners of 25% of the principal amount of the Bonds at the time Outstanding. Without limiting the generality of the foregoing, the Trustee shall not be required to ascertain, monitor or inquire as to the performance or observance by the Authority of the terms, conditions, covenants or agreements set forth in Article VI hereof (including, without limitation, the covenants of the Authority set forth in Sections 6.06 or 6.07 hereof), other than the covenants of the Authority to make payments with respect to the Bonds when due as set forth in Section 6.01 and to file with the Trustee when due, such reports and certifications as the Authority is required to file with the Trustee hereunder.

No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy.

The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Authority, personally or by agent or attorney.

The Trustee shall not be responsible for:

- (1) the application or handling by the Authority of the proceeds of the Bonds transferred to the Authority, pursuant to Request of the Authority or otherwise, in accordance with the terms and conditions hereof;
- (2) the application and handling by the Authority of any fund or account designated to be held by the Authority hereunder;

(3) any error or omission by the Authority in making any computation or giving any instruction pursuant to Sections 6.06 and 6.07 hereof and may rely conclusively on any computations or instructions furnished to it by the Authority in connection with the requirements of Sections 6.06, 6.07 and the Tax Certificate; or

(4) the construction, operation or maintenance of any portion of the Project.

Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article VIII.

The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. the Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Authority agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

The Trustee shall have no responsibility or liability with respect to any information, statements, or recitals in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds. The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

SECTION 8.04. Right of Trustee to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, note 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 may consult with counsel, including, without limitation, 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 seem reasonable. The Trustee may also rely conclusively on any report or certification of any certified public accountant, investment banker, financial consultant, or other expert selected by the Authority or selected by the Trustee with due care in connection with matters required to be proven or ascertained in connection with its administration of the trusts created hereby.

SECTION 8.05. Compensation and Indemnification of Trustee. The Authority covenants to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties hereunder of the Trustee, and the Authority will pay or reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expenses, disbursement or advance as may arise from its negligence, default or willful misconduct, and if not paid when due, shall be subject to interest at the base rate of the Trustee. The Authority, regardless of any agreement to maintain insurance, shall indemnify and save harmless, to the fullest extent permitted by law and not as a result of its negligence, default or willful misconduct, the Trustee and its directors, officers, employees and agents from and against (a) any and all losses, liability, suits, expenses, costs, damages, judgments and claims by or on behalf of any person arising out of (1) any condition of the Project, or (2) the construction, reconstruction, improvement, use, occupancy, conduct or management of the Project or any work or anything whatsoever done or omitted to be done in or about the Project, or (3) any accident, injury or damage whatsoever to any person occurring in or about the Project, or (4) any breach or default by the Authority of or in any of its obligations hereunder, or (5) any act or omission of the Authority, (6) the offering, issuance, sale or any resale of the Bonds, but only to the extent permitted by law, or (7) this Indenture and any documents executed in connection herewith, and (b) any and all costs, counsel fees, expenses or liabilities reasonably incurred in connection with any such claim or any action or proceeding brought thereon. In case any action or proceeding is brought against the Trustee or any such director, officer, employee or agent by reason of any such claim, the Authority upon notice from the affected party shall resist or defend such action or proceeding. The rights of the Trustee and the obligations of the Authority under this Section 8.05 shall survive the discharge of the Bonds and this Indenture and the resignation or removal of the Trustee.

When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

ARTICLE IX.

MODIFICATION OR AMENDMENT OF THIS INDENTURE

SECTION 9.01. Amendments Permitted. (a) (1) This Indenture and the rights and obligations of the Authority, the Owners of the Bonds and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority

and the Trustee may enter into with the written consent of the Owners of a majority in aggregate principal amount of the Bonds (or, if such Supplemental Indenture is only applicable to a Series of Bonds, such Series of Bonds) then Outstanding, as well as each Credit Provider, which written consent shall have been filed with the Trustee; provided that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under this Section. If the amendment is proposed prior to the issuance of Bonds, the owners of such Bonds shall be deemed to have consented to such amendment by the purchase of such Bonds and no formal consent shall be required of such Owners.

(2) While all Outstanding Bonds shall be payable under a Credit Facility in the form of a letter of credit or have credit support for the payments of principal of and interest on the Bonds pursuant to a Credit Agreement, this Indenture and the rights and obligations of the Authority, the Owners of the Bonds and the Trustee may be modified or amended without the consent of any Owners of the Bonds from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into which shall become binding when the written consent of each Credit Provider shall have been filed with the Trustee.

(3) No such modification or amendment shall (1) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, or extend the time of payment provided for any Bond, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected, or (2) reduce the aforesaid percentage of principal the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Sales Tax Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture, or deprive the Owners of the Bonds of the lien created by this Indenture on such Sales Tax Revenues and other assets (in each case, except as expressly provided in this Indenture), without the consent of the Owners of all of the Bonds then Outstanding. 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.

(b) 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 a Supplemental Indenture, which the Authority may adopt without the consent of any Bondholders, but with the written consent of each Credit Provider then providing a Credit Facility for any Series of Bonds which shall be materially and adversely affected by such amendment, which consent shall not be unreasonably withheld; provided, however, that such written consent shall be required only if the Credit Facility provided by such Credit Provider is in full force and effect and if the Credit Provider is not then failing to make a payment as required in connection therewith, but only to the extent permitted by law and only for any one or more of the following purposes:

(1) 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;

- (2) 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 which shall not materially and adversely affect the interests of the Holders of the Bonds;
- (3) 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, and which shall not materially and adversely affect the interests of the Holders of the Bonds;
- (4) to provide for the issuance of an additional Series of Bonds pursuant to the provisions of Article III hereof.
- (5) to make modifications or adjustments necessary, appropriate or desirable to provide for the issuance or incurrence, as applicable, of Parity Obligations, Subordinate Obligations or Variable Rate Indebtedness, with such interest rate, payment, maturity and other terms as the Authority may deem desirable; subject to the provisions of Section 3.02, Section 3.03 and Section 3.05;
- (6) to make modifications or adjustments necessary, appropriate or desirable to provide for change from one interest rate mode to another in connection with any Series of Bonds;
- (7) to make modifications or adjustments necessary, appropriate or desirable to accommodate Credit Facilities, Liquidity Facilities and Reserve Facilities;
- (8) to make modifications or adjustments necessary, appropriate or desirable to provide for the appointment of an auction agent, a broker-dealer, a remarketing agent, a tender agent and/or a paying agent in connection with any Series of Bonds;
- (9) to modify the auction provisions applicable to any Series of Bonds in accordance with the terms and provisions set forth in the Supplemental Indenture establishing the terms and provisions of such Series of Bonds;
- (10) to provide for any additional covenants or agreements necessary to maintain the tax-exempt status of interest on any Series of Bonds;
- (11) if the Authority agrees in a Supplemental Indenture to maintain the exclusion of interest on a Series of Bonds from gross income for purposes of federal income taxation, to make such provisions as are necessary or appropriate to ensure such exclusion;
- (12) to provide for the issuance of Bonds in book-entry form or bearer form and/or to modify or eliminate the book-entry registration system for any Series of Bonds;
- (13) to modify, alter, amend or supplement this Indenture in any other respect, including amendments that would otherwise be described in Section 9.01(A), if the effective date of such amendments is a date on which all Bonds affected thereby are subject to

mandatory tender for purchase pursuant to the provisions of this Indenture or if notice of the proposed amendments is given to Holders of the affected Bonds at least thirty (30) days before the proposed effective date of such amendments and, on or before such effective date, such Holders have the right to demand purchase of their Bonds pursuant to the provisions of this Indenture or if all Bonds affected thereby are in an auction mode and a successful auction is held following notice of such amendment;

(14) to add to the list of "Investment Securities" as provided in the definition thereof; and

(15) for any other purpose that does not materially and adversely affect the interests of the Holders of the Bonds.

Any Supplemental Indenture entered into pursuant to this Section shall be deemed not to materially adversely affect the interest of the Holders so long as (i) all Bonds are secured by a Credit Facility and (ii) each Credit Provider shall have given its written consent to such Supplemental Indenture as provided in Section 9.01(A).

SECTION 9.02. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective 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, each Credit Provider, the Trustee, and all Owners 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. The Trustee shall be entitled, prior to executing any Supplemental Indenture hereunder, to receive an opinion of counsel to the effect that such Supplemental Indenture is authorized or permitted under this Indenture. The Trustee shall not be obligated to enter into any Supplemental Indenture that adversely affects its rights, duties, immunities or indemnities hereunder.

SECTION 9.03. 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. Payment of Bonds. Bonds of any Series or a portion thereof may be paid by the Authority in any of the following ways:

(a) by paying or causing to be paid the principal of and interest on such Outstanding Bonds, as and when the same become due and payable;

(b) by depositing with the Trustee, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 10.03) to pay such Outstanding Bonds; or

(c) by delivering to the Trustee, for cancellation by it, such Outstanding Bonds.

If the Authority shall pay all Series for which any Bonds are Outstanding and also pay or cause to be paid all other sums payable hereunder by the Authority, including any fees, costs and expenses of the Trustee, and shall pay all Advances and Credit Provider Loans and all other amounts 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 notwithstanding that any Bonds shall not have been surrendered for payment, this Indenture and the pledge of Sales Tax Revenues and other assets made under this Indenture and, except as provided in Section 6.06 and Section 6.07, all covenants, agreements and other obligations of the Authority under this Indenture shall cease, terminate, become void and be completely discharged and satisfied. 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 to the Authority all moneys (other than those held in the Rebate Fund or any Credit Facility Fund) or securities or other property held by it pursuant to this Indenture which, as evidenced by a verification report, upon which the Trustee may conclusively rely, from a firm of independent certified public accountants, or other firm acceptable to the Trustee, are not required for the payment of Bonds not theretofore surrendered for such payment.

SECTION 10.02. Discharge of Liability on Bonds. Upon the deposit with the Trustee for Bonds of such Series, escrow agent or other fiduciary, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay any Outstanding Bond, then (provided that the Credit Provider providing a Credit Facility in connection with such Bond has been paid in full all amounts then owing under its Credit Agreement) all liability of the Authority in respect of such Bond shall cease, terminate and be completely discharged, provided that the Owner thereof shall thereafter be entitled to the payment of the principal of and interest on such Bond, and the Authority shall remain liable for such payment, but only out of such money or securities deposited as aforesaid for their payment, subject, however, to the provisions of Section 10.04 and the continuing duties of the Trustee hereunder.

The Authority may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

SECTION 10.03. Deposit of Money or Securities. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust money or securities in the necessary amount to pay any Bond, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts (other than the Rebate Fund and the Credit Facility Fund) established pursuant to this Indenture 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; or

(b) noncallable and non-prepayable investment securities consisting of:
(i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed as to full and timely payment by, the United States of America, (ii) Investment Securities of the type described in clause (iii) of the definition thereof, or (iii) any certificates, receipts, securities or other obligations (excluding mutual funds and unit investment trusts) evidencing ownership of, or the right to receive, a specified portion of one or more interest payments or principal payments, or any combination thereof, to be made on any bond, Bond, or other obligation described above in clause (i), the principal of and interest on which when due will, in the opinion of an independent certified public accountant delivered to the Trustee, provide money sufficient to pay the principal of and all unpaid interest to maturity, on the Bonds to be paid, as such principal and interest become due; provided, in each case, that the applicable Trustee, escrow agent or other fiduciary shall have been irrevocably instructed (by the terms of the Request of the Authority) to apply such money to the payment of such principal and interest with respect to such Bonds.

SECTION 10.04. Payment of Bonds After Discharge of Indenture. Any moneys (other than those held in the Rebate Fund) held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for one (1) year after the principal of all of the Bonds has become due and payable, if such moneys were so held at such date, or one (1) year after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall, upon Request of the Authority, be repaid (without liability for interest) to the Authority free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease. All moneys held by or on behalf of the Trustee for the payment of principal of or interest on Bonds shall be held uninvested, in trust for the account of the Owners thereof, and the Trustee shall not be required to pay Owners any interest on, or be liable to the Owners or any other person (other than the Authority) for any interest earned on, moneys so held. Any interest earned thereon (other than on funds held in the Rebate Fund) shall belong to the Authority and shall be deposited monthly by the Trustee into the Interest Fund.

ARTICLE XI.

MISCELLANEOUS

SECTION 11.01. Liability of Authority Limited to Sales Tax 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 of income other than the Sales Tax Revenues and other assets pledged hereunder for any of the purposes in this Indenture mentioned, whether for the payment of the principal of or interest on the Bonds or for any other purpose of this Indenture. The Authority may, however, advance funds for any such purpose, provided such funds are derived from a source legally available for such purpose.

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 Authority, Trustee, Credit Providers, Liquidity Providers 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, each Credit Provider, Liquidity Provider and the Owners of the Bonds and the holders of any Parity Obligations, 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; all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, each Credit Provider, each Liquidity Provider and the Owners of the Bonds and the holders of any Parity Obligations.

SECTION 11.04. Waiver of Notice. Whenever in this Indenture the giving of notice by mail 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 or Delivery of Canceled 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 may, in its sole discretion, in lieu of such cancellation and delivery, destroy such Bonds, and deliver a certificate of such destruction to the Authority, upon its request.

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 adopted this Indenture and each and every other Section, subsection, 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, subsections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

SECTION 11.07. Notices. Except as otherwise provided herein or in the Indenture, any Credit Agreement or any Agreement, for the purposes of this Indenture each such agreement, respectively, any notice to or demand may be served or presented, and such demand may be made and shall be deemed to have been sufficiently given or served for all purposes by being deposited, first-class mail postage prepaid, in a post office letter box, addressed, as the case may be, to the parties as follows:

Authority: Orange County Local Transportation Authority
550 South Main St.
P.O. Box 14184
Orange, California 92863-1584

Attention: Treasury / Public Finance Department
Phone (714) 560-5674
Fax (714) 560-5800

Trustee: The Bank of New York Mellon Trust Company, N.A.
700 S. Flower St., Suite 500
Los Angeles, CA 90017
Attention: Corporate Trust Department
Phone (213) 630-6239
Fax (213) 630-6480

SECTION 11.08. Notice to Rating Agencies. The Trustee shall give notice to each Rating Agency of any supplements or amendments to this Indenture any changes to, or expiration, substitution, termination or extension of the term of, any Credit Facility and any Alternate Credit Facility, any substitution of any the appointment of a successor Trustee and of when there are no longer any Bonds outstanding, including as a result of a defeasance thereof, initially at each respective address given below, or at such other address as may be furnished to the Authority from time to time by each Rating Agency:

SECTION 11.09. 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. The Trustee may establish a record date as of which to measure consent of the Bondowners in order to determine whether the requisite consents are received.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner 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 11.10. Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Authority, 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 or

any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination unless all such Bonds are so owned; except that in determining whether the Trustee shall be protected in relying upon any such approval or consent of a Holder, only Bonds which the Trustee actually knows to be owned or held by or for the account of the Authority, 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 or any other obligor on the Bonds shall be so disregarded. Bonds so owned which 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 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 11.11. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest or principal due on any date with respect to particular Bonds or Parity Obligations shall, on and after such date and pending such payment, be set aside on books of the Trustee, as applicable, and held in trust by the Trustee for the Owners of the Bonds or Parity Obligations entitled thereto, subject, however, to the provisions of Section 10.04.

SECTION 11.12. Funds and Accounts. Any fund 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 shall at all times be maintained in accordance with customary standards of the industry, to the extent practicable, and with due regard for the protection of the security of the Bonds and Parity Obligations and the rights of every Holder thereof.

SECTION 11.13. Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

SECTION 11.14. Waiver of Personal Liability. No Board member, officer, agent or employee of the Authority or the Trustee shall be individually or personally liable for the payment of the principal of 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 Board member, officer, agent or employee of the Authority or the Trustee from the performance of any official duty provided by law or by this Indenture.

SECTION 11.15. Credit Provider or Liquidity Provider. All provisions hereof regarding consents, approvals, directions, appointments or requests by any Credit Provider or Liquidity Provider shall be deemed not to require or permit such consents, approvals, directions, appointments or requests by such Credit Provider or Liquidity Provider and shall be read as if such Credit Provider or Liquidity Provider were not mentioned therein and as if its Credit Facility or Liquidity Facility were not in effect during any time in which such Credit Provider or Liquidity Provider has failed to honor a draft or a request to purchase Bonds presented to it in strict conformance with the applicable provisions of such Credit Facility or Liquidity Facility, or after such Credit Facility or Liquidity Facility shall at any time for any reason cease to be valid and binding on such Credit Provider or Liquidity Provider, or shall be declared to be null and void, or while such Credit Provider or Liquidity Provider is denying further liability or obligation under such Credit Facility or Liquidity Facility (unless such Credit Facility has been fully drawn or the full amount of the commitment under such Liquidity Facility has been met or to the extent that the conditions to drawing thereunder or requesting the purchase of Bonds have not been fully satisfied) or after such Credit Provider has rescinded or repudiated such Credit Facility or such Liquidity Provider has rescinded or repudiated such Liquidity Facility or after a receiver, conservator or liquidator has been appointed for the Credit Provider or the Liquidity Provider.

All provisions herein relating to any Credit Provider or Liquidity Provider shall be of no force and effect with respect to such Credit Provider or Liquidity Provider if its Credit Facility and Credit Agreement or Liquidity Facility are not in effect and all amounts owing to such Credit Provider under its Credit Agreement or the Liquidity Provider under the Liquidity Facility have been paid.

SECTION 11.16. Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State of California.

SECTION 11.17. Business Day. Except as specifically set forth in a Supplemental Indenture, any payments or transfers which would otherwise become due on any day which is not a Business Day shall become due or shall be made on the next succeeding Business Day.

SECTION 11.18. Effective Date of Indenture. This Indenture shall take effect upon its execution and delivery.

SECTION 11.19. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Indenture by their officers thereunto duly authorized as of the day and year first written above.

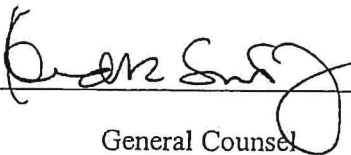
ORANGE COUNTY
LOCAL TRANSPORTATION AUTHORITY

By: 
Executive Director of Finance and Administration

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

By: 
Authorized Officer

APPROVED AS TO FORM:

By: 
General Counsel