

INDENTURE OF TRUST

by and between the

CATHEDRAL CITY PUBLIC FINANCING AUTHORITY

and

[TRUSTEE],
as Trustee

Dated as of September 1, 2015

Relating to

\$_____
Cathedral City Public Financing Authority
Local Agency Revenue Bonds, 2015 Series A

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this “Indenture”) is made and entered into as of September 1, 2015, by and between the CATHEDRAL CITY PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the “Authority”), and [TRUSTEE], a national banking association organized and existing under the laws of the United States of America having a corporate trust office in Los Angeles, California, and being qualified to accept and administer the trusts hereby created (the “Trustee”);

WITNESSETH:

WHEREAS, the Authority is a joint powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated December 1, 1993, by and between the City of Cathedral City, California (the “City”) and the Cathedral City Redevelopment Agency, and under the provisions of Articles 1 through 4 (commencing with Section 6500), Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the “Act”), and is authorized pursuant to Article 4 of the Act (the “Bond Law”) to borrow money for the purpose of financing public capital improvements; and

WHEREAS, the Authority has previously issued its Cathedral City Public Financing Authority Local Agency Revenue Bonds, 2004 Series A (Limited Obligations) (the “Prior Authority Bonds”) in order to finance the purchase of the City’s Limited Obligation Refunding Improvement Bonds, City of Cathedral City Assessment District No. 96-1 (Rio Vista) (Reassessment and Refunding of 2004) Series 2004 (the “2004 Local Obligations”) and the City’s Limited Obligation Refunding Bonds (Property Secured Only – No Issuer Liability, City of Cathedral City, Districts No. 85-1, 86-1, 86-5, 88-2 and 88-3, Series 1996 (the “1996 Local Obligations”);

WHEREAS, the City has previously issued the bonds identified in Schedule A hereto including the 1996 Local Obligations (collectively, the “Local Obligations”) for the purpose of financing certain public improvements in the various assessment districts located within the City (the “Assessment Districts”);

WHEREAS, the Local Obligations were each issued pursuant to separate fiscal agent agreements (each a “Fiscal Agent Agreement”) each by and between the City and the fiscal agent named thereunder (each a “Fiscal Agent”), and the debt service on such Local Obligations is payable from special assessments levied on property located within the respective Assessment Districts;

WHEREAS, the City now desires to redeem but not cancel the Local Obligations pursuant to the terms of each Fiscal Agent Agreement as provided in a written instruction to each applicable Fiscal Agent; and

WHEREAS, the Authority now desires to assist the City with its plan of redemption through the issuance of \$_____ principal amount of Cathedral City Public Financing Authority Local Agency Revenue Bonds 2015 Series A (the “Bonds”);

WHEREAS, the Authority intends to use a portion of the proceeds of the Bonds to (i) redeem the Prior Authority Bonds, after which such redemption the Authority shall acquire the 1996 Local Obligations, and (ii) to purchase from the each of the Fiscal Agents for the Local Obligations, the Local Obligations following the redemption but not the cancellation of such Local Obligations by the applicable Fiscal Agent;

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and to secure the payment of the principal thereof, premium (if any) and interest thereon, the Authority has authorized the execution and delivery of this Indenture; and

WHEREAS, the Authority has found and determined, and hereby affirms, that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture have been in all respects duly authorized:

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and premium (if any) on all Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and repaid, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS; EQUAL SECURITY

Section 1.01 Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes of this Indenture of any Supplemental Indenture and of the Bonds and of any certificate, opinion, request or other documents herein mentioned have the meanings herein specified.

“Accredited Investor” means an “accredited investor” as defined under Regulation D of the Securities Act of 1933, as amended, as in effect as of the Closing Date.

“Act” means Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State, as in existence on the Closing Date or as thereafter amended from time to time.

“Annual Debt Service” means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds in such Bond Year, and (b) the principal amount of the Outstanding Bonds scheduled to be paid in such Bond Year.

“Authority” means the Cathedral City Public Financing Authority, a joint powers authority duly organized and existing under the Joint Exercise of Powers Agreement and the laws of the State..

“Authority Representative” means the Chairman, Vice Chairman, Executive Director, Chief Financial Officer/Administrative Services Director of the Authority, or any other authorized representative of the Authority as evidenced by a certificate of the Chairman or Executive Director.

“Authorized Denominations” means \$100,000 or any integral multiple of \$1,000 in excess thereof.

“Board” means the Board of Directors of the Authority.

“Bond Counsel” means Norton Rose Fulbright US LLP, or any attorney or firm of attorneys appointed by or acceptable to the Authority of nationally-recognized experience in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds or notes.

“Bond Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.02(b) hereof.

“Bond Law” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of the Act (commencing with Section 6584), as in existence on the Closing Date or as thereafter amended from time to time.

“Bond Purchase Fund” means the fund established pursuant to Section 3.03 hereof.

“Bond Year” means each twelve-month period beginning on September 3 of each year and ending September 2 of the following year, except that the first Bond Year shall begin on the Closing Date and end on September 2, 2016.

“Bonds” means the Cathedral City Public Financing Authority Local Agency Revenue Bonds, 2015 Series A, authorized by, and at any time Outstanding pursuant to, the Bond Law and this Indenture.

“Business Day” means any day other than (i) a Saturday or a Sunday, (ii) a day on which the offices of the City are not open for business, or (iii) a day on which banking institutions in the state in which the Trustee has its principal corporate trust office is authorized or obligated by law or executive order to be closed.

“Certificate” or “Written Request” of the Authority means a written certificate or written request signed in the name of the Authority by an Authority Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument,

opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

“City” means the City of Cathedral City, a political subdivision organized and existing under the laws of the State.

“Closing Date” means the date of delivery of the Bonds to the original purchasers thereof.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Corporate Trust Office” means the corporate trust office of the Trustee at the address set forth in Section 9.13 and such office as the Trustee may designate in writing to the Authority from time to time.

“Costs of Issuance” means all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds, the purchase of the Local Obligations, including but not limited to all compensation, fees and expenses (including but not limited to fees and expenses for legal counsel) of the Authority, the Trustee and the developer, compensation to any financial consultants or underwriters, legal fees and expenses, filing and recording costs, rating agency fees, costs of preparation and reproduction of documents and costs of printing.

“Costs of Issuance Fund” means the fund established and held by the Trustee pursuant to Section 3.04 hereof.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Event of Default” means any of the events described in Section 8.01 hereof.

“Excess Investment Earnings” means the amount of excess investment earnings determined to be subject to rebate to the United States of America with respect to the investment of the gross proceeds of the Bonds, determined pursuant to Section 148(f) of the Code.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide, arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code,

(iii) the investment is a United States Treasury Security-State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

“Federal Securities” means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for funds held by the Trustee, as shall be certified by the Authority to the Trustee:

- (1) direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the United States Department of the Treasury) and obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as “stripped” obligations and coupons; and
- (2) any of the following obligations of the following agencies of the United States of America: (a) direct obligations of the Export-Import Bank, (b) certificates of beneficial ownership issued by the Farmers Home Administration, (c) participation certificates issued by the General Services Administration, (d) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, (e) project notes issued by the United States Department of Housing and Urban Development, and (f) public housing notes and bonds guaranteed by the United States of America; or refunded municipal obligations, the timely payment of principal of and interest on are fully guaranteed by the United States of America.

“Fiscal Agent” means, as context requires, means the fiscal agent for the applicable Local Obligations.

“Fiscal Agent Agreement” means, as context requires, the fiscal agent agreement, relating to the applicable Local Obligations, each by and between the City and the Fiscal Agent for such Local Obligations.

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period and certified to the Trustee in writing by an Authority Representative.

“Indenture” means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions hereof.

“Independent Accountant” means any certified public accountant or firm of certified public accountants appointed and paid by the Authority, and who, or each of whom (a) is in fact independent and not under domination of the Authority or the City; (b) does not have any substantial interest, direct or indirect, in the Authority or the City; and (c) is not connected with

the Authority or the City as an officer or employee of the Authority or the City but who may be regularly retained to make annual or other audits of the books of or reports to the Authority or the City.

“Information Services” means Electronic Municipal Market Access system (referred to as “EMMA”), a facility of the Municipal Securities Rulemaking Board, at www.emma.msrb.org; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to the redemption of bonds as the Authority may designate in a Written Request of the Authority delivered to the Trustee.

“Interest Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(c)(i) hereof.

“Interest Payment Date” means March 2 and September 2 in each year, beginning [March 2, 2016], and continuing thereafter so long as any Bonds remain Outstanding.

“Letter of Representations” means the letter of the Authority and the Trustee delivered to and accepted by DTC (or such other applicable Securities Depository) on or prior to the issuance of the Bonds in book-entry form setting forth the basis on which DTC (or such other applicable Securities Depository) serves as depository for the Bonds issued in book-entry form, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute Securities Depository.

“Local Obligations” means the obligations listed on Schedule I.

“Maximum Annual Debt Service” means, as of the date of calculation, the maximum amount obtained by totaling, for the current or any future Bond Year, the sum of: (a) the principal amount of all such Outstanding Bonds maturing in such Bond Year; and (b) the interest which would be due during such Bond Year on the aggregate principal amount of such Bonds which would be Outstanding in such period if such Bonds are retired as scheduled, but deducting and excluding from such aggregate principal amount the aggregate principal amount of such Bonds no longer Outstanding.

“Moody’s” means Moody’s Investors Service, and its successors and assigns.

“Original Purchaser” means City National Bank and its successors.

“Outstanding,” when used as of any particular time with reference to Bonds, means all Bonds theretofore executed, issued and delivered by the Authority under this Indenture except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of Section 9.03; and (c) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered pursuant to this Indenture or any Supplemental Indenture.

“Owner” or “Bond Owner,” when used with respect to any Bond, means the person in whose name the ownership of such Bond shall be registered on the Registration Books.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein (the Trustee entitled to rely on written investment direction of the Authority as a determination that such investment is a legal investment), but only to the extent that the same are acquired at Fair Market Value:

(a) Federal Securities;

(b) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) obligations of the Federal Financing Bank; (iv) debentures of the Federal Housing Administration; (v) participation certificates of the General Services Administration; (vi) guaranteed mortgage-backed bonds or guaranteed pass-through obligations of the Government National Mortgage Association; (vii) guaranteed Title XI financings of the U.S. Maritime Administration; and (viii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development;

(c) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself): (i) senior debt obligations of the Federal Home Loan Bank System; (ii) participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation; (iii) mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association (excluding stripped mortgage securities which are valued greater than par on the portion of unpaid principal); (iv) senior debt obligations of the Student Loan Marketing Association; (v) obligations (but only the interest component of stripped obligations) of the Resolution Funding Corporation; and (vi) consolidated systemwide bonds and notes of the Farm Credit System;

(d) money market funds (including funds of the Trustee or its affiliates) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of “AAAm-G,” “AAAm” or “AAm,” and, if rated by Moody’s, rated “Aaa,” “Aa1” or “Aa2;”

(e) certificates of deposit secured at all times by collateral described in (a) or (b) above, which have a maturity of one year or less, which are issued by commercial banks, savings and loan associations or mutual savings banks, and such collateral must be held by a third party, and the Trustee must have a perfected first security interest in such collateral;

(f) certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are fully insured by the Federal Deposit Insurance Corporation or secured at all times by collateral described in (a) or (b) above;

(g) investment agreements, including guaranteed investment contracts, forward purchase agreements and Reserve Account put agreements, which are general obligations of an entity whose long-term debt obligations, or claims paying ability, respectively, is rated in one of the two highest rating categories by Moody's or S&P or collateralized by Federal Securities;

(h) commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by S&P;

(i) bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies;

(j) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P;

(k) repurchase agreements which provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date, which satisfy the following criteria:

(i) repurchase agreements must be between the Trustee and (A) a primary dealer on the Federal Reserve reporting dealer list which falls under the jurisdiction of the Securities Investors Protection Corporation which are rated "A" or better by Moody's and S&P, or (B) a bank rated "A" or better by Moody's and S&P;

(ii) the written repurchase agreement contract must include the following: (A) securities acceptable for transfer, which may be direct U.S. government obligations, or federal agency obligations backed by the full faith and credit of the U.S. government; (B) the term of the repurchase agreement may be up to 30 days; (C) the collateral must be delivered to the Trustee or a third party acting as agent for the Trustee simultaneous with payment (perfection by possession of certificated securities); (D) the Trustee must have a perfected first priority security interest in the collateral; (E) the collateral must be free and clear of third-party liens and, in the case of a broker which falls under the jurisdiction of the Securities Investors Protection Corporation, are not subject to a repurchase agreement or a reverse repurchase agreement; (F) failure to maintain the requisite collateral percentage, after a two-day restoration period, will require the Trustee to liquidate the collateral; and (G) the securities must be valued weekly, marked-to-market at current market price plus accrued interest and the value of collateral

must be equal to 104% of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus accrued interest (unless the securities used as collateral are obligations of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, in which case the collateral must be equal to 105% of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus accrued interest). If the value of securities held as collateral falls below 104% of the value of the cash transferred by the Trustee, then additional cash and/or acceptable securities must be transferred; and

(iii) a legal opinion must be delivered to the Trustee to the effect that the repurchase agreement meets guidelines under state law for legal investment of public funds; and

(l) the Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

“Principal Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(c)(ii) hereof.

“Qualified Institutional Buyer” means a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as amended, as in effect as of the Closing Date.

“Rebate Account” means the account established and held by the Trustee pursuant to Section 4.02(c)(v) hereof.

“Record Date” means, with respect to any Interest Payment Date, the fifteenth (15th) calendar day of the month preceding such Interest Payment Date.

“Redemption Fund” means the fund by such name established and held by the Trustee pursuant to Section 4.04 hereof.

“Redemption Revenues” means (a) amounts received from the redemption of the Local Obligations from amounts constituting prepayments of Reassessments, (b) amounts received from the optional redemption of the Local Obligations, and (c) amounts received from the special mandatory redemption and mandatory redemption of the Local Obligations.

“Registration Books” means the records maintained by the Trustee pursuant to Section 2.07 for the registration and transfer of ownership of the Bonds.

[“Reserve Account” means the account by that name established and held by the Trustee pursuant to Section 4.02(c)(iii) hereof.]

[“Reserve Requirement” means, as of any calculation date, an amount equal to the least of (i) ten percent (10%) of the proceeds of the Bonds (within the meaning of section 148 of the Code), (ii) 125% of average Annual Debt Service; or (iii) Maximum Annual Debt Service.

Provided, however, the Reserve Requirement on any calculation date shall not be greater than the Reserve Requirement amount on the Closing Date.

“Revenue Fund” means the fund by that name established and held by the Trustee pursuant to Section 4.02(a) hereof.

“Revenues” means: (a) all amounts received by the Authority from the City as principal of or interest on the Local Obligations; (b) all moneys deposited and held from time to time by the Trustee in the funds and accounts established hereunder for the Bonds, other than the Rebate Account and the Redemption Fund; and (c) income and gains with respect to the investment of amounts on deposit in the funds and accounts established hereunder for the Bonds, other than the Rebate Account and the Redemption Fund.

“S&P” means Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., its successors and assigns.

“Securities Depositories” means DTC, 55 Water Street, New York 10041, Attention: Call Notification Department, Fax-(212) 855-7232 and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

“State” means the State of California.

“Supplemental Indenture” means any indenture, agreement or other instrument hereafter duly executed by the Authority and the Trustee in accordance with the provisions of Section 7.01 hereof.

“Tax Regulations” means temporary and permanent regulations promulgated under or with respect to Section 103 and Sections 141 through 150, inclusive, of the Code.

“Trustee” means [TRUSTEE], and its successors and assigns, and any other corporation or association which may at any time be substituted in its place as provided in Article VI hereof.

Section 1.02 Rules of Construction. All references in this Indenture to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.03 Authorization and Purpose of Bonds. The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Bonds and has found, as a result of such review, and hereby finds and determines that all things, conditions, and acts required by law to exist, happen and be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Authority is now authorized under the Bond Law and each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture. Accordingly, the Authority hereby authorizes the issuance of the Bonds pursuant to the Bond Law and this Indenture for the purpose of providing funds to pay for Local Obligations.]

Section 1.04 Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, this Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Owners from time to time of the Bonds; and the covenants and agreements herein set forth to be performed on behalf of the Authority shall be for the equal and proportionate benefit, security and protection of all Owners of Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

ARTICLE II

ISSUANCE OF THE BONDS

Section 2.01 Terms of the Bonds. The Bonds authorized to be issued by the Authority under and subject to the Bond Law and the terms of this Indenture shall be designated the “Cathedral City Public Financing Authority Local Agency Revenue Bonds, 2015 Series A” which shall be issued in the original aggregate principal amount of \$_____.

The principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

The Bonds shall be issued in fully-registered form without coupons in Authorized Denominations, so long as no Bond shall have more than one maturity date. The Bonds shall be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, and shall be evidenced by one Bond for each of the maturities in the principal amounts set forth below, and DTC is hereby appointed depository for the Bonds, and registered ownership may not thereafter be transferred except as set forth in Section 2.05 hereof. The Bonds shall be dated as of the Closing Date, shall mature in the following amounts and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the following rates:

Maturity Date	Principal	Interest
<u>September 2</u>	<u>Amount</u>	<u>Rate</u>

Interest on the Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee

mailed by first-class mail, postage prepaid, on each Interest Payment Date to the Owner at the address of such Owner as it appears on the Registration Books as of the preceding Record Date; provided, however, that at the written request of the Owner of at least \$1,000,000 in aggregate principal amount of Outstanding Bonds filed with the Trustee prior to any Record Date, interest on such Bonds shall be paid to such Owner on each succeeding Interest Payment Date by wire transfer of immediately available funds to an account in the continental United States designated in such written request. Any such written request shall remain in effect until rescinded in writing by the Owner. Principal of and premium (if any) on any Bond shall be paid upon presentation and surrender thereof, at maturity or the prior redemption thereof, at the Corporate Trust Office. The principal of and interest and premium (if any) on the Bonds shall be payable in lawful money of the United States of America.

Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated on or before the Interest Payment Date and after the close of business on the preceding record date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before February 15, 2013, in which event it shall bear interest from the Closing Date; or (c) interest with respect to any outstanding Bond is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously paid in full or made available for payment thereon payable on each Interest Payment Date.

Section 2.02 Redemption of Bonds.

(a) Optional Redemption. The Bonds are subject to redemption prior to maturity at the option of the Authority on any date on or after September 2, 20__, as a whole or in part from such maturities as selected by the Authority and by lot within a maturity, from any available source of funds at the redemption price equal to the principal amount of Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

(b) Mandatory Sinking Payment Redemption. The Bonds maturing on September 2, 20__ are subject to mandatory redemption in part by lot, on September 2 in each year, commencing September 2, 20__ from mandatory sinking payments made by the Authority into the Principal Account of the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest thereon to the date of redemption in the aggregate principal amounts and on September 2 in the respective years as set forth in the following schedules; provided, however, that (i) in lieu of redemption thereof, such Bonds may be purchased by the Authority and tendered to the Trustee, and (ii) if some but not all of such Bonds have been redeemed pursuant to the redemption provisions described in subsections (a) above or (c) or (d) below, the total amount of all future mandatory sinking payments will be reduced by the aggregate principal amount of such Bonds so redeemed, to be allocated among such mandatory sinking payments on a pro rata basis (as nearly as practicable) in Authorized Denominations, as determined by the Authority.

Bonds Maturing on September 2, 20__

Sinking Fund

Redemption Date (September 2)	Principal Amount to be Redeemed
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(c) Special Mandatory Redemption From Prepayment of Assessments and from Surplus Funds. The Bonds shall also be subject to mandatory redemption prior to maturity on any date on or after September 2, 20__, in whole or in part from such maturities as selected by the Authority and by lot within a maturity, from the redemption of Local Obligations from amounts constituting prepayments of at the following redemption prices (expressed as a percentage of the principal amount of Bonds to be redeemed) together with accrued interest thereon to the redemption date.

<u>Redemption Dates</u>	<u>Redemption Prices</u>
September 2, 20__ through September 1, 20__	
September 2, 20__ and thereafter	

(d) Selection of Bonds for Redemption. If less than all of the Bonds Outstanding are to be redeemed, the portion of any Bond of an Authorized Denomination to be redeemed shall be in Authorized Denominations or an integral multiple thereof. In selecting portions of such Bonds for redemption, the Trustee shall treat such Bonds as representing that number of Bonds of Authorized Denominations which is obtained by dividing the principal amount of such Bonds to be redeemed in part by \$5,000. The Trustee shall promptly notify the Authority in writing of the Bonds, or portions thereof, selected for redemption.

(e) Notice of Redemption. The Trustee on behalf and at the expense of the Authority shall mail (by first-class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Securities Depositories and to one or more Information Services, at least twenty (20) days but not more than sixty (60) days prior to the date fixed for redemption. Neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, and the redemption price and shall designate the CUSIP numbers, the Bond numbers (but only if less than all of the Outstanding Bonds are to be redeemed) and the maturity of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Corporate Trust Office for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

If at the time of mailing of any notice of optional redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption moneys with the Trustee not

later than the opening of business on the redemption date and will be of no effect unless such moneys are so deposited.

The Authority shall have the right to rescind any notice of optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of such redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default hereunder. The Authority and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

In addition to the foregoing notice, further notice shall be given by the Trustee in said form by first-class mail to any Bond Owner whose Bond has been called for redemption but who has failed to tender his Bond for payment by the date which is sixty days after the redemption date, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(f) Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same series and maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

(g) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. All Bonds redeemed pursuant to this Section 2.02 shall be canceled and destroyed.

(h) Purchase in Lieu of Redemption. In lieu of redemption of any Bond, amounts on deposit in the Revenue Fund may also be used and withdrawn by the Trustee at any time, upon the Written Request of the Authority, for the purchase of such Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Authority may in its discretion determine in accordance with all applicable laws and in accordance with the priority afforded the relative Bond under this Indenture.

(i) Authority Notice. Notwithstanding any provisions in this Indenture to the contrary, upon any optional redemption or mandatory redemption from Reassessments in part,

the Authority shall deliver a Written Certificate to the Trustee at least sixty (60) days prior to the proposed redemption date or such later date as shall be acceptable to the Trustee so stating that the remaining payments of principal and interest on the Local Obligations, together with other Revenues will be sufficient on a timely basis to pay debt service on the Bonds. The Authority shall certify in such Written Certificate that sufficient moneys for purposes of such redemption are or will be on deposit in the Redemption Fund, and is required to deliver such moneys to the Trustee together with other Revenues, if any, then to be delivered to the Trustee, which moneys are required to be identified to the Trustee in the Written Certificate delivered with the Revenues.

Section 2.03 Form of the Bonds. The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, shall be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

Section 2.04 Execution of Bonds. The Bonds shall be signed in the name and on behalf of the Authority with the manual or facsimile signatures of its Chairperson or Executive Director and attested with the manual or facsimile signature of its Secretary or any assistant duly appointed by the Board, and shall be delivered to the Trustee for authentication by it. In case any officer of the Authority who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though the individual who signed the same had continued to be such officer of the Authority. Also, any Bond may be signed on behalf of the Authority by any individual who on the actual date of the execution of such Bond shall be the proper officer although on the nominal date of such Bond such individual shall not have been such officer.

Only such of the Bonds as shall bear thereon a certificate of authentication in substantially the form set forth in Exhibit A manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.05 Transfer of Bonds. Subject to Section 2.10, any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of like maturity and aggregate principal amount of authorized denominations. The Trustee may require payment by the Bond Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. The Trustee shall not be required to transfer, pursuant to this Section, either (a) all Bonds during the period established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected for redemption pursuant to Section 2.02. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Authority.

Notwithstanding anything to the contrary herein, transfers of any Bond shall be limited to transfers of ownership or beneficial ownership, as applicable, to Qualified Institutional Buyers (or to a trust or other custodial arrangement the owners of the beneficial interests in which are Qualified Institutional Buyers) or to Accredited Investors, evidence of which shall be confirmed in writing to the Trustee by delivery of an Investor Letter in the form set forth hereto as Exhibit B prior to any transfer and any attempt to transfer any Bond without compliance with such restrictions will render such transfer of the Bond void.

Section 2.06 Exchange of Bonds. The Bonds of any series may be exchanged at the Corporate Trust Office for a like aggregate principal amount of Bonds of the same series of other authorized denominations and of the same maturity. The Trustee shall not be required to exchange, pursuant to this Section, either (a) all Bonds during the period established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected for redemption pursuant to Section 2.02. The cost of printing Bonds and any service rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the Authority.

Section 2.07 Registration Books. The Trustee will keep or cause to be kept at its Corporate Trust Office sufficient records for the registration and transfer of the Bonds which shall at all reasonable times during regular business hours be open to inspection by the Authority with reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said records Bonds as hereinbefore provided.

Section 2.08 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like series, tenor and authorized denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and destroyed. If any Bond hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and the Authority and, if such evidence be satisfactory to the Trustee and the Authority and indemnity for the Trustee and the Authority satisfactory to the Trustee shall be given, the Authority, at the expense of the Bond Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like series and tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Trustee). The Authority may require payment of a fee for preparing and authenticating each new Bond issued under this Section and of expenses which may be incurred by the Authority and the Trustee. Any Bond issued under the provisions of this Section 2.08, in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of the Authority whether or not the Bond alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

Section 2.09 CUSIP Numbers. The Trustee and the Authority shall not be liable for any defect or inaccuracy in the CUSIP number that appears on any Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the Trustee, or the Authority shall be liable for any inaccuracies in such numbers.

Section 2.10 Use of Securities Depository.

(a) The Bonds shall be initially registered as provided in Section 2.01. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except:

(i) to any successor of Cede & Co., as nominee of DTC, as its nominee, or to any substitute depository designated pursuant to clause (ii) of this Section (a “substitute depository”); provided, that any successor of Cede & Co., as nominee of DTC or a substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) to any substitute depository upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the Authority to substitute another depository for DTC (or its successor) because DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided, that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon (1) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository, or (2) a determination by the Authority to remove DTC or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) hereof, upon receipt of the Outstanding Bonds by the Trustee, together with a Written Request of the Authority to the Trustee, a new Bond for each maturity shall be authenticated and delivered in the aggregate principal amount of the Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Written Request of the Authority.

(c) In the case of any transfer pursuant to clause (iii) of subsection (a) hereof upon receipt of the Outstanding Bonds by the Trustee, together with a Written Request of the Authority to the Trustee, new Bonds shall be authenticated and delivered in such denominations numbered in the manner determined by the Trustee and registered in the names of such persons as are requested in such a Written Request of the Authority, subject to the limitations of Section 2.01 hereof, provided, the Trustee shall not be required to deliver such new Bonds within a period less than sixty (60) days from the date of receipt of such a Written Request of the Authority. After any transfer pursuant to this subsection, the Bonds shall be transferred pursuant to Section 2.05.

(d) The Authority and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority; and the Authority and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Bonds, and neither the Authority nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party, including DTC or its successor (or substitute depository or its successor), except for the Owner of any Bonds.

(e) So long as the Outstanding Bonds are registered in the name of Cede & Co. or its registered assigns, the Authority and the Trustee shall cooperate with Cede & Co., as sole registered Owner, or its registered assigns in effecting payment of the principal of and interest on the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

(f) Notwithstanding anything to the contrary contained herein, so long as the Bonds are registered as provided in this Section 2.10, payment of principal of and interest on the Bonds shall be made in accordance with the Letter of Representations delivered to DTC with respect to the Bonds.

Section 2.11 Temporary Bonds. The Bonds may be initially delivered in temporary form exchangeable for definitive Bonds when ready for delivery, which temporary Bonds shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Trustee, shall be in fully registered form and shall contain such reference to any of the provisions hereof as may be appropriate. Every temporary Bond shall be authenticated and delivered by the Trustee upon the same conditions and terms and in substantially the same manner as definitive Bonds. If the Trustee authenticates and delivers temporary Bonds, it will register and authenticate definitive Bonds, and in that case, upon demand of the Owner of any temporary Bonds, such definitive Bonds shall be exchanged by the Trustee at its Corporate Trust Office, without cost to such Owner for temporary Bonds upon surrender of such temporary Bonds, and until so exchanged such temporary Bonds shall be entitled to the same benefit, protection and security hereunder as the definitive Bonds executed and delivered hereunder. All temporary Bonds surrendered pursuant to the provisions of this Section shall be canceled by the Trustee and shall not be redelivered.

Section 2.12 Representation Letter. To qualify the Bonds for the Depository's book-entry system if necessary in the future, the Authority is authorized to execute, countersign and deliver to such Depository a letter from the Authority representing such matters as shall be necessary to so qualify the Bonds (the "Representation Letter"). The execution and delivery of the Representation Letter shall not in any way limit the provisions of Section 2.10 hereof or in any other way impose upon the Authority any obligation whatsoever with respect to persons having beneficial interests in the Bonds other than the Owners, as shown in the Bond Register kept by the Trustee. In the written acceptance by the Trustee of the Representation Letter, the Trustee shall agree, and hereby agrees, to take all actions necessary for all representations of the Trustee in the Representation Letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of the Representation Letter, the Authority Representative and all other officers of the Authority, and their respective deputies and

designees, each is hereby authorized to take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

Section 2.13 Transfers Outside Book-Entry System. If the Bonds are registered in the name of the Nominee and the Depository notifies the Authority that it is unwilling or unable to continue as Depository with respect to the Bonds or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Depository is not appointed by the Authority within 90 days after the Authority receives notice or becomes aware of such condition, as the case may be, Section 2.10 hereof shall no longer be applicable and the Authority shall execute and the Trustee shall authenticate and deliver Bonds as provided below. In addition, the Authority may determine at any time that the Bonds shall no longer be represented by global bonds and that the provisions of Section 2.10 hereof shall no longer apply to the Bonds. In any such event the Authority shall execute and the Trustee shall authenticate and deliver Bonds as provided below. Bonds executed, authenticated and delivered in exchange for global bonds pursuant to this Section 2.13 shall be registered in such names and delivered in such Authorized Denominations as the Depository, pursuant to instructions from the Depository Participants or otherwise, shall instruct the Authority and the Trustee. The Trustee shall deliver such Bonds to the persons in whose names such Bonds are so registered.

If the Authority determines to replace the Depository with another qualified securities depository, the Authority shall prepare or cause to be prepared a new fully-registered global bond for each of the maturities of the Bonds, registered in the name of such successor or substitute securities depository or its nominee, or make such other arrangements as are acceptable to the Authority, the Trustee and such securities depository and not inconsistent with the terms of this Indenture.

Section 2.14 Payments and Notices to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments of principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository. Initially, the Bonds shall be registered in the name of the Original Purchaser and all payments of principal of, premium, if any, and interest on the Bonds and all notices with respect thereto shall be made and given, respectively, to the Original Purchaser as provided herein.

ARTICLE III

DEPOSIT AND APPLICATION OF PROCEEDS OF BONDS

Section 3.01 Issuance of Bonds. Upon the execution and delivery of this Indenture, the Authority shall execute and deliver the Bonds in the aggregate principal amount of _____ Dollars (\$_____) to the Trustee for authentication and delivery to the original purchaser thereof upon the Written Request of the Authority.

Section 3.02 Application of Proceeds of Sale of Bonds and Other Amounts. Upon the receipt of payment for the Bonds on the Closing Date, the Trustee shall apply the proceeds of

sale thereof in the amount of \$_____ (being the principal amount of \$_____, less an underwriter's discount of \$_____), along with other available moneys in the amount of \$_____, as follows:

(a) The Trustee shall deposit the amount of \$_____ in the Bond Purchase Fund, which amount constitutes the purchase price of the Local Obligations.

(b) The Trustee shall transfer of \$_____ to the escrow fund established for the redemption of the Prior Authority Bonds.

(c) [The Trustee shall deposit the amount of \$_____ in the Reserve Account, which amount equals 50% of the initial Reserve Requirement].

(d) The Trustee shall deposit the amount of \$_____ in the Costs of Issuance Fund.

Section 3.03 Bond Purchase Fund. The Trustee shall establish and maintain a separate fund to be known as the "Bond Purchase Fund" into which shall be deposited a portion of the proceeds of the sale of the Bonds in the amount set forth in Section 3.02(a). The Trustee shall disburse all amounts in the Bond Purchase Fund on the Closing Date to purchase the Local Obligations. The Trustee shall transfer all amounts in the Bond Purchase Fund to the Fiscal Agent for deposit pursuant to the Fiscal Agent Agreement. The Trustee shall hold the Local Obligations in the Bond Purchase Fund.

Section 3.04 Costs of Issuance Fund. There is hereby established a fund to be held by the Trustee known as the "Costs of Issuance Fund" into which shall be deposited a portion of the Bond proceeds as set forth in Section 3.02(c). The moneys in the Costs of Issuance Fund shall be used to pay Costs of Issuance from time to time upon receipt of a Written Request of the Authority. On the date which is one hundred twenty (120) days following the Closing Date or upon the earlier receipt by the Trustee of a Written Request of the Authority stating that all Costs of Issuance have been paid, the Trustee shall transfer all remaining amounts in the Costs of Issuance Fund to the Revenue Fund. The Authority may at any time file a Written Request of the Authority requesting that the Trustee retain a specified amount in the Costs of Issuance Fund and transfer to the Revenue Fund all remaining amounts, and the Trustee shall comply with such request.

Section 3.05 Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be affected in any way of any proceedings taken by the City with respect to the application of the proceeds of the sale of the Local Obligations, and the recital contained in the Bonds that the same are issued pursuant to the Bond Law shall be conclusive evidence of their validity and of the regularity of their issuance.

ARTICLE IV

REVENUES; FLOW OF FUNDS

Section 4.01 Pledge of Revenues; Assignment of Rights. The Bonds shall be secured by a first lien on and pledge (which shall be effected in the manner and to the extent hereinafter

provided) of all of the Revenues and Redemption Revenues and a first pledge of all of the moneys in the Bond Fund, the Revenue Fund and the Redemption Fund, including all amounts derived from the investment of such moneys. The Bonds shall be equally secured by a pledge, charge and first lien upon the Revenues and Redemption Revenues and such moneys without priority for number, date of Bonds, date of execution or date of delivery; and the payment of the interest on and principal of the Bonds and any premiums upon the redemption of any thereof shall be and are secured by an exclusive pledge, charge and first lien upon the Revenues and Redemption Revenues and such moneys.

So long as any of the Bonds are Outstanding, the Revenues and Redemption Revenues and such other money shall not be used for any other purpose except as described hereunder for the payment of the Bonds; except that out of the Revenues and Redemption Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by Section 4.02.

The Authority hereby transfers in trust and assigns to the Trustee, for the benefit of the Owners from time to time of the Bonds, all of the Revenues and all of the right, title and interest of the Authority in the Local Obligations. The Trustee shall be entitled to and shall receive all of the Revenues, and any Revenues collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The assignment to the Trustee is solely in its capacity as Trustee under this Indenture and in accepting such assignment and taking any actions with respect to the Local Obligations, the Trustee shall be entitled to all the indemnities, protections, immunities and limitations from liability afforded it as Trustee under this Indenture. The Trustee also shall be entitled to and, subject to the provisions hereof, shall take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the Local Obligations.

Section 4.02 Receipt, Deposit and Applications of Revenues.

(a) Deposit of Revenues; Revenue Fund. All Revenues (excluding Redemption Revenues) shall be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the "Revenue Fund" which the Trustee shall establish, maintain and hold in trust hereunder.

(b) Deposit of Revenues; Bond Fund: The Trustee shall establish, maintain and hold in trust a fund, entitled "Bond Fund." Within such fund, the Trustee shall establish, maintain and hold in trust separate special accounts entitled "Interest Account," "Principal Account" and "Reserve Account." On or before each Interest Payment Date, the Trustee shall transfer from the Revenue Fund for deposit into the Bond Fund the following amounts, in the priority set forth in Subsection (c) below.

(c) Application of Revenues; Bond Fund. On or before each Interest Payment Date, the Trustee shall transfer from the Revenue Fund and deposit into the Bond Fund and the following respective special accounts therein, the following amounts in the following order of priority, the requirements of each such special account (including the making up of any deficiencies in any such account resulting from lack of Revenues sufficient to make any earlier

required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority;

(i) *Interest Account.* On or before each Interest Payment Date, the Trustee shall deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to equal the amount of interest becoming due and payable on such Interest Payment Date on all Outstanding Bonds. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the interest becoming due and payable upon all Outstanding Bonds on such Interest Payment Date. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds redeemed prior to maturity).

(ii) *Principal Account.* On or before each date on which the principal of the Bonds shall be payable, the Trustee shall deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the aggregate amount of principal (including sinking fund payments) coming due and payable on such date on the Bonds pursuant to Section 2.01. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds (including sinking fund payments).

(iii) *[Reserve Account.* All amounts on deposit in the Revenue Fund on or before each Interest Payment Date, to the extent not required to pay any interest on or principal of any Outstanding Bonds then having come due and payable, shall be credited to the replenishment of the Reserve Account in an amount sufficient to maintain the Reserve Requirement therein.

The Authority shall deposit from the repayment of the Local Obligations or from amounts transferred from the [Reassessment Revenue Fund held under the Fiscal Agent Agreement], and, to the extent necessary and to the extent permitted by law, from available surplus revenues with respect to other series of bonds issued by the Authority relating to local agency bonds, and maintain an amount of money equal to the Reserve Requirement in the Reserve Account at all times while the Bonds are Outstanding (except on the Closing Date the Reserve Account shall be funded in an amount equal to 50% of the Reserve Requirement and such requirement to maintain an amount of money equal to the Reserve Requirement in the Reserve Account shall commence on September 3, 201_). Amounts in the Reserve Account will be used to pay debt service on the Bonds to the extent other moneys are not available therefor. Earnings on amounts in the Reserve Account in excess of the Reserve Requirement shall be deposited into the Revenue Fund, if and to the extent such earnings are not required to be retained in the Reserve Account to meet the Reserve Requirement. Upon redemption of the Bonds, amounts on deposit in the Reserve Account shall be reduced (to an amount not less than the Reserve Requirement) and the excess moneys shall be transferred to the Redemption Account and used for the redemption of the Bonds. Amounts in the Reserve Account may be used to pay the final year's debt service on the Bonds.

(iv) *Surplus.* All remaining amounts on September 3 (or the next Business Day to the extent September 3 is not a Business Day) of each year, commencing September 3, 2016, on deposit in the Revenue Fund shall be transferred to the [_____].

(v) *Rebate Account.* The Trustee shall deposit in the Rebate Account (which account is hereby established as a separate account to be held by the Trustee) from time to time, as set forth in this Indenture, an amount determined by the Authority to be subject to rebate to the United States of America in accordance with Section 5.07(h). Amounts in the Rebate Account shall be applied and disbursed by the Trustee solely for the purposes and at the times set forth in written requests of the Authority filed with the Trustee pursuant to Section 5.07(h). The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report or rebate calculations. The Trustee shall be deemed conclusively to have complied with the provisions of this Indenture and any other agreement relating to the Bonds regarding calculation and payment of rebate if it follows the directions of the Authority and it shall have no independent duty to review such calculations or enforce the compliance with such rebate requirements by the Authority.

Section 4.03 Reserved

Section 4.04 Redemption Fund. There is hereby established as a separate fund to be held by the Trustee, the “Redemption Fund,” to the credit of which the Authority shall deposit, immediately upon receipt, all Redemption Revenues. Moneys in the Redemption Fund shall be held in trust by the Trustee for the benefit of the Authority and the Owners of the Bonds, and shall be used and withdrawn by the Trustee to redeem Bonds pursuant to Sections 2.02(a), 2.02(c) and 2.02(d) hereof on the applicable date thereof.

Section 4.05 Reserved.

Section 4.06 Investments. All moneys in any of the funds or accounts established with the Trustee pursuant to this Indenture shall be invested by the Trustee solely in Permitted Investments pursuant to the Written Request of the Authority given to the Trustee at least two (2) Business Days in advance of the making of such investments, which by their terms mature prior to the date on which such moneys are required to be paid out hereunder. Each such written direction shall contain the representation of the Authority that the investments identified therein constitute Permitted Investments hereunder upon which the Trustee may conclusively rely. In the absence of any such direction from the Authority, the Trustee shall invest any such moneys in clause (d) of the definition of Permitted Investments. Obligations purchased as an investment of moneys in any funds shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the fund or account from which such investment was made. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder upon the Written Request of the Authority. The Trustee or its affiliate may (but shall not be obligated to) act as principal or agent in the acquisition or disposition of any investment and shall be entitled to its customary fees therefor. The Trustee is required to sell or present for redemption, any Permitted Investment it purchases whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or

disbursement from the fund to which such permitted investment is created. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section.

The Trustee shall furnish the Authority periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the Authority. Upon the Authority's election, such statements will be delivered via the Trustee's Online Trust and Custody service and upon electing such service, paper statements will be provided only upon request. The Authority waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The Authority further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. Copies of such cash statements may be mailed to any owner of at least 50% aggregate principal amount of Bonds Outstanding, upon the owner's written request at a cost not to exceed the Trustee's actual costs of duplication and mailing.

The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section. The Trustee may act as purchaser or agent in the making or disposing of any investment. Such investments, if registered, shall be registered in the name of the Trustee for the benefit of the Owners and held by the Trustee.

The Trustee or any of its affiliates may act as sponsor, advisor or manager or provide administrative services in connection with any Permitted Investments.

Section 4.07 Valuation and Disposition of Investments. Except as otherwise provided in the next sentence, all investments of amounts deposited in any fund, or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under the applicable provisions of the Code shall be valued at their present value (within the meaning of section 148 of the Code).

ARTICLE V

COVENANTS OF THE AUTHORITY

Section 5.01 Punctual Payment. The Authority shall punctually pay or cause to be paid the principal, interest and premium (if any) to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, but only out of Revenues and other assets pledged for such payment as provided in this Indenture.

Section 5.02 Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any

default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Section 5.03 Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including, but not limited to, the purchase of other programs under the Bond Law, and reserves the right to issue other obligations for such purposes.

Section 5.04 Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues, the Local Obligations and other assets purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms and priority of payment, and the Authority and the Trustee, subject to the provisions of this Indenture, shall at all times, to the extent permitted by law, defend, preserve and protect said pledge and assignment of Revenues and other assets and all the rights of the Bond Owners under this Indenture against all claims and demands of all persons whomsoever.

Section 5.05 Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with industry standards, in which complete and accurate entries shall be made of all transactions made by the Trustee relating to the proceeds of Bonds, the Revenues and all funds and accounts established by the Trustee pursuant to this Indenture. Such books of record and account shall be available for inspection by the Authority, during regular business hours with reasonable prior notice.

Section 5.06 No Parity Debt. Except for the Bonds, or bonds issued for the purpose of refunding the Bonds, the Authority covenants that no additional bonds, notes or other indebtedness shall be issued or incurred which are payable out of the Revenues in whole or in part.

Section 5.07 Tax Covenants Relating to Bonds.

(a) Special Definitions. When used in this Section, the following terms have the following meanings:

- (i) “Bonds” means, unless otherwise qualified, the Bonds.
- (ii) “Code” means the Internal Revenue Code of 1986.

(iii) “Computation Date” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

(iv) “Gross Proceeds” means any proceeds as defined in section 1.148-1(b) of the Tax Regulations (referring to sales, investment and transferred proceeds), and any replacement proceeds as defined in section 1.148-1(c) of the Tax Regulations, of the Bonds.

(v) “Investment” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

(vi) “Nonpurpose Investment” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and that is not acquired to carry out the governmental purposes of that series of Bonds.

(vii) “Prior Bonds” means the Prior Authority Bonds.

(viii) “Rebate Amount” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

(ix) “Tax Regulations” means the United States Treasury Regulations promulgated pursuant to sections 103 and 141 through 150 of the Code, or section 103 of the 1954 Code, as applicable.

(x) “Yield” of any Investment has the meaning set forth in section 1.148-5 of the Tax Regulations; and of any issue of governmental obligations has the meaning set forth in section 1.148-4 of the Tax Regulations.

(b) Not to Cause Interest to Become Taxable. The Authority covenants that it shall not use, and shall not permit the use of, and shall not omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner that if made or omitted, respectively, could cause the interest on any Bond to fail to be excluded pursuant to Section 103(a) of the Code from the gross income, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Trustee receives a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect such exclusion of the interest on any Bond from the gross income of the owner thereof for federal income tax purposes, the Authority shall comply with each of the specific covenants in this Section.

(c) Private Use and Private Payments. Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations, the Authority shall take all actions necessary to assure that the City or other public agency at all times prior to the final cancellation of the last of the Bonds to be retired:

(i) exclusively owns, operates and possesses all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds and not use or permit the use of such Gross Proceeds (including through any contractual arrangement with terms different than those

applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) does not directly or indirectly impose or accept any charge or other payment by any person or entity (other than a state or local government) who is treated as using any Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds.

(d) No Private Loan. Except as would not cause any Bond to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not use or permit the use of Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (i) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction that creates a debt for federal income tax purposes; (ii) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (iii) indirect benefits of such Gross Proceeds, or burdens and benefits of ownership of any property acquired, constructed or improved with such Gross Proceeds, are otherwise transferred in a transaction that is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except as would not cause the Bonds to become “arbitrage bonds” within the meaning of section 148 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not (and shall not permit any person to), at any time prior to the final cancellation of the last Bond to be retired, directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, would materially exceed the Yield of the Bonds within the meaning of said section 148.

(f) Not Federally-Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Tax Regulations and rulings thereunder, the Authority shall not take or omit to take (and shall not permit any person to take or omit to take) any action that would cause any Bond to be “federally guaranteed” within the meaning of section 149(b) of the Code and the Tax Regulations and rulings thereunder.

(g) Information Report. The Authority shall timely file any information required by section 149(e) of the Code with respect to Bonds with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Tax Regulations:

(i) The Authority shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of

accounting for at least six years after the day on which the last Bond is discharged. However, to the extent permitted by law, the Authority may commingle Gross Proceeds of Bonds with its other moneys, provided that it separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date, the Authority shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Tax Regulations and rulings thereunder. The Authority shall maintain a copy of the calculation with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(iii) In order to assure the excludability pursuant to section 103(a) of the Code of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, the Authority shall pay to the United States the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of the Final Computation Date as defined in section 1.148-3(e)(2) of the Tax Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. Upon the Written Request of the Authority, the Trustee shall pay over to the Authority amounts in the Rebate Account for such purpose. In all cases, such rebate payments shall be made by the Authority at the times and in the amounts as are or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder for execution and filing by the Authority. Notwithstanding the foregoing, and provided that the Authority takes all steps available to it to cause the provision of such amounts, the monetary obligation of the Authority under this paragraph (iii) shall be limited to amounts provided to it for such purpose by the City.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Tax Regulations and rulings thereunder, the Authority shall not and shall not permit any person to, at any time prior to the final cancellation of the last of the Bonds to be retired, enter into any transaction that reduces the amount required to be paid to the United States pursuant to paragraph (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yields on the Bonds not been relevant to either party.

(j) Bonds Not Hedge Bonds.

(i) The Authority represents that none of the Prior Bonds or the Bonds will become a "hedge bond" within the meaning of section 149(g) of the Code.

(ii) Without limitation of paragraph (i) above: the Authority believes (upon appropriate investigation) (A) that on the date of issuance of the Prior Bonds, the City reasonably expected that at least 85% of the spendable proceeds of the Prior Bonds would be expended within the three-year period commencing on such date of issuance, and (B) no more than 50% of the proceeds of the Prior Bonds were invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more.

(k) Elections. The Authority hereby directs and authorizes any Authority Representative to make elections permitted or required pursuant to the provisions of the Code or the Tax Regulations, as such Representative (after consultation with Bond Counsel) deems necessary or appropriate in connection with the Bonds, in the *Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986*, or similar or other appropriate certificate, form or document.

(l) Closing Certificate. The Authority agrees to execute and deliver in connection with the issuance of the Bonds a *Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986*, or similar document containing additional representations and covenants pertaining to the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, which representations and covenants are incorporated as though expressly set forth herein.

Section 5.08 Local Obligations. The Trustee, as assignee of the Authority rights pursuant to Section 4.01, shall (subject to the provisions of this Indenture) promptly collect all amounts due as principal and interest on Local Obligations from the City and, subject to the provisions hereof, shall enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of all of the rights of the Authority thereunder and for the enforcement of all of the obligations of the City thereunder.

Section 5.09 Further Assurances. The Authority shall cause to be collected and paid to the Trustee all Revenues as such Revenues become due and payable. The Authority will adopt, make, execute and deliver any and all such further resolutions, 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 the rights and benefits provided in this Indenture.

Section 5.10 Immunity. The Authority is not entitled to any immunity, sovereign or otherwise, from any legal proceedings to enforce or collect upon this Indenture or the Bonds. To the extent that the Authority has or hereafter may acquire any right to immunity, the Authority hereby waives such rights for itself in respect of its obligations arising under this Indenture and the Bonds.

Section 5.11 No Acceleration. The principal of the Bonds shall not be subject to acceleration hereunder. Nothing in this Section shall in any way prohibit the prepayment or redemption of Bonds or the defeasance of the Bonds and discharge of this Indenture.

ARTICLE VI

THE TRUSTEE

Section 6.01 Appointment of Trustee. [TRUSTEE], in Los Angeles, California, is hereby appointed Trustee by the Authority for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Indenture. The Authority agrees that it will maintain a Trustee having a corporate trust office in the State, with a combined capital and surplus of at least Seventy Five Million Dollars

(\$75,000,000), and subject to supervision or examination by federal or State authority, so long as any Bonds are Outstanding. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section 6.01 the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee is hereby authorized to pay the principal of and interest and redemption premium (if any) on the Bonds when duly presented for payment at maturity, or on redemption or purchase prior to maturity, and to cancel all Bonds upon payment thereof. The Trustee shall keep accurate records of all funds administered by it and of all Bonds paid and discharged.

Section 6.02 Acceptance of Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default and after curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default hereunder has occurred (which has not been cured or waived), the Trustee may exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill and diligence in their exercise, as a prudent person would use in the conduct of its own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder. The Trustee may conclusively rely on an opinion of counsel as full and complete protection for any action taken or suffered by it hereunder.

(c) The Trustee shall not be responsible for any recital herein or in the Bonds, or for any of the supplements hereto or thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Authority hereunder.

(d) The Trustee may become the Owner of Bonds secured hereby with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidences of indebtedness of the Authority with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Bonds, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Bonds then Outstanding.

(e) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action

taken or omitted to be taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Bond or to take any action at his request unless the ownership of such Bond by such person shall be reflected on the Registration Books.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a Certificate of the Authority as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default hereunder of which the Trustee has been given notice or is deemed to have notice, as provided in Section 6.02(h) hereof, shall also be at liberty to accept a Certificate of the Authority to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the Authority to file with the Trustee any document required by this Indenture to be so filed subsequent to the issuance of the Bonds, unless the Trustee shall be specifically notified in writing of such default by the Authority or by the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Corporate Trust Office, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default hereunder except as aforesaid.

(i) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, accountants and representatives, shall have the right (but not the duty) fully to inspect all books, papers and records of the Authority pertaining to the Bonds, and to make copies of any of such books, papers and records such as may be desired but which is not privileged by statute or by law.

(j) 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 hereof.

(k) Notwithstanding anything elsewhere in this Indenture with respect to the execution of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, as may be deemed desirable for the purpose of establishing

the right of the Authority to the execution of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking the action referred to in Section 8.02, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default in connection with any such action.

(m) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law.

(n) The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

Section 6.03 Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees (including expenses) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon the occurrence of an Event of Default hereunder, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment of any Bond upon the amounts held hereunder for the foregoing fees, charges and expenses incurred by it respectively. The Trustee's right to payment of its fees and expenses shall survive the discharge and payment or defeasance of the Bonds and termination of the Indenture, and the resignation or removal of the Trustee.

Section 6.04 Notice to Bond Owners of Default. If an Event of Default hereunder occurs with respect to any Bonds of which the Trustee has been given or is deemed to have notice, as provided in Section 6.02(h) hereof, then the Trustee shall promptly give written notice thereof by first-class mail to the Owner of each such Bond, unless such Event of Default shall have been cured before the giving of such notice; provided, however, that unless such Event of Default consists of the failure by the Authority to make any payment when due, the Trustee may elect not to give such notice to the Bond Owners if and so long as the Trustee in good faith determines that such Event of Default does not materially adversely affect the interests of the Bond Owners or that it is otherwise not in the best interests of the Bond Owners to give such notice.

Section 6.05 Intervention by Trustee. In any judicial proceeding to which the Authority is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of any of the Bonds arising under this Indenture, the Trustee may intervene on behalf of such Bond Owners, and subject to Section 6.02(l) hereof, shall do so if requested in writing by the Owners of at least twenty-five percent (25%) aggregate principal amount of such Bonds then Outstanding.

Section 6.06 Removal of Trustee. The Owners of a majority in aggregate principal amount of the Outstanding Bonds may at any time, or the Authority may (and the Authority, at the request of the City shall) so long as no Event of Default shall have occurred and then be

continuing, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee at least thirty (30) days prior to the effective date of such removal, whereupon the Authority or such Owners, as the case may be, shall appoint a successor or successors thereto; provided that any such successor shall be a bank or trust company meeting the requirements set forth in Section 6.01.

Section 6.07 Resignation by Trustee. The Trustee and any successor Trustee may at any time give thirty (30) days' written notice of its intention to resign as Trustee hereunder, such notice to be given to the Authority and the City by registered or certified mail. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee.

Section 6.08 Appointment of Successor Trustee. In the event of the removal or resignation of the Trustee pursuant to Sections 6.06 or 6.07, respectively, with the prior written consent of the City, the Authority shall promptly appoint a successor Trustee. In the event the Authority shall for any reason whatsoever fail to appoint a successor Trustee within ninety (90) days following the delivery to the Trustee of the instrument described in Section 6.06 or within ninety (90) days following the receipt of notice by the Authority pursuant to Section 6.07, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 6.01 hereof. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by the Authority purporting to appoint a successor Trustee following the expiration of such 90-day period.

Any resignation or removal of the Trustee pursuant to Section 6.06 or Section 6.07 and appointment of a successor Trustee shall become effective upon written acceptance of appointment by the successor Trustee. Upon such acceptance, the Authority shall cause notice thereof to be given by first-class mail, postage prepaid, to the Bond Owners at their respective addresses set forth on the Registration Books.

Section 6.09 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 that such company shall meet the requirements set forth in Section 6.01, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 6.10 Concerning any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Authority an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the request of the Authority, or of the Trustee's successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in

writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority.

Section 6.11 Appointment to Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in the case of litigation under this Indenture, and in particular in case of the enforcement of the rights of the Trustee on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section 6.11 are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vested in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any instrument in writing from the Authority be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. In case any separate trustee or co-trustee, or a successor to either, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

Section 6.12 Indemnification; Limited Liability of Trustee. The Authority further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees harmless against any loss, costs, claims, expense and liabilities which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability, but excluding any and all losses, costs, claims, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents or employees. No provision in this Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder if it is not assured to its satisfaction that repayment of such funds or adequate indemnity against such liability or risk is not assured to it. The Trustee shall not be liable for any action taken or omitted to be taken by it in accordance with the direction of the Owners of a majority in aggregate principal amount of Bonds Outstanding relating to the time, method and place of conducting any proceeding or remedy available to the Trustee under this

Indenture. The obligations of the Authority under this paragraph shall survive the resignation or removal of the Trustee under this Indenture or any defeasance of the Bonds.

ARTICLE VII

MODIFICATION AND AMENDMENT OF THE INDENTURE

Section 7.01 Amendment Hereof.

(a) This Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture which shall become binding upon execution by the Authority and the Trustee and upon prior written consent of the City, without consent of any Bond Owners, to the extent permitted by law but only for any one or more of the following purposes:

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

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in any other respect whatsoever, as the Authority may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the Bond Owners in the opinion of Bond Counsel;

(iii) to modify, amend or supplement the Indenture in such manner as to permit the qualification of this Indenture 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; or

(iv) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds.

(b) Except as set forth in the preceding paragraph of this Section 7.01, this Indenture and the rights and obligations of the Authority and of the Owners of the Bonds may only be modified or amended at any time by a Supplemental Indenture which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding are filed with the Trustee. No such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Authority to pay the principal, interest or premiums (if any) at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

(c) The Trustee shall be provided an opinion of Bond Counsel that any such Supplemental Indenture entered into by the Authority and the Trustee complies with the provisions of this Article VII and the Trustee may conclusively rely upon such opinion.

Section 7.02 Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Outstanding Bonds, as the case may be, 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 Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 7.03 Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as hereinabove provided, the Authority may determine that the Bonds shall bear a notation, by endorsement in form approved by the Authority, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Corporate Trust Office, a suitable notation as to such action shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as, in the opinion of the Authority, shall be necessary to conform to such Bond Owners' action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the Corporate Trust Office, without cost to each Bond Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

Section 7.04 Amendment by Mutual Consent. The provisions of this Article VII shall not prevent any Bond Owner from accepting any amendment as to the particular Bond held by him, provided that due notation thereof is made on such Bond.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.01 Events of Default. The following events shall be Events of Default hereunder:

(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, by proceedings for redemption or otherwise.

(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) Failure by the Authority to observe and perform any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, other than as referred to in the preceding clauses (a) and (b), for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied has been given to the Authority by the Trustee, or to the Authority and the Trustee by the Owners of the Bonds of not less than

twenty-five percent (25%) in the aggregate principal amount of the Bonds at that time Outstanding, provided, however, that if in the reasonable opinion of the Authority, provided to the Trustee in writing, the failure stated in such notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Authority within such thirty (30) day period and diligently pursued until such failure is corrected.

(d) The filing by the Authority of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Authority, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or 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 whole or any substantial part of its property.

Section 8.02 Remedies Upon Event of Default. Upon the occurrence and during the continuance of an Event of Default, the Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest and premium (if any) on the Bonds, and to enforce any rights of the Trustee under or with respect to this Indenture.

If an Event of Default shall have occurred and be continuing, the Trustee may, if requested so to do by the Owners of a majority in aggregate principal amount of Outstanding Bonds, and indemnified as provided in Section 6.02(1), the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article VIII, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bond Owners.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bond Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bond Owners hereunder or now or hereafter existing at law or in equity.

No delay or omission to exercise any rights or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein; such right or power may be exercised from time to time as often as may be deemed expedient.

Section 8.03 Application of Revenues and Other Funds After Default. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of this Indenture shall be applied by the Trustee in the following order upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid, or upon the surrender thereof if fully paid.

First, to the payment of the fees, costs and expenses of the Trustee in declaring such Event of Default and in carrying out the provisions of this Article VIII, including reasonable compensation to its agents, attorneys and counsel and any outstanding fees and expenses of the Trustee; and

Second, to the payment of the whole amount of interest on and principal of the Bonds then due and unpaid, with interest on overdue installments of principal and interest to the extent permitted by law at the net effective rate of interest then borne by the Outstanding Bonds; provided, however, that in the event such amounts shall be insufficient to pay in full the full amount of such interest and principal, then such amounts shall be applied in the following order of priority:

- (a) first, to the payment of all installments of interest on the Bonds then due and unpaid,
- (b) second, to the payment of all installments of principal of the Bonds then due and unpaid,
- (c) third, to the payment of the redemption price (including principal and interest accrued to the redemption date, but excluding any premium) of the Bonds to be redeemed pursuant to this Indenture, and
- (d) fourth, to the payment of interest on overdue installments of principal and interest on the Bonds.

Section 8.04 Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in aggregate principal amount of the Outstanding Bonds, opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation. Any suit, action or proceeding which any Owner of Bonds shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is hereby appointed (and the successive respective Owners of the Bonds issued hereunder, by taking and holding the same, shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners of the Bonds for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact.

Section 8.05 Appointment of Receivers. Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bond Owners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Revenues and other amounts pledged hereunder, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 8.06 Non-Waiver. Nothing in this Article VIII or in any other provision of this Indenture, or in the Bonds, shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, out of the Revenues and other moneys herein pledged for such payment.

A waiver of any default or breach or duty or contract by the Trustee or any Bond Owners shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission of the Trustee or any Owner of any of the Bonds to exercise any right or power accruing upon any default or breach shall impair any such right or power or shall be construed to be a waiver of any such default or breach or an acquiescence therein; and every power and remedy conferred upon the Trustee or Bond Owners by the Bond Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Bond Owners, as the case may be.

Section 8.07 Right to Institute Suit, Action or Proceeding. No Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; (d) 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 (e) no direction inconsistent with such written request has been given to the Trustee during such sixty (60) day period by the Owners of 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; 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 enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and interest and premium (if any) on such Bond as herein provided or to institute suit for the enforcement of any such payment, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section 8.07 or any other provision of this Indenture.

Section 8.08 Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been

determined adversely, then and in every such case, the Authority, the Trustee and the Bond Owners shall be restored to their former positions and rights hereunder, respectively, with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

ARTICLE IX

MISCELLANEOUS

Section 9.01 Limited Liability of Authority. Notwithstanding anything contained in this Indenture, the Authority shall not be required to advance any moneys derived from any source of income other than the Revenues for the payment of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants herein contained (except to the extent any such covenants are expressly payable hereunder from the Revenues). The Authority may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Authority for such purpose without incurring indebtedness.

The Bonds shall be revenue bonds, payable exclusively from the Revenues and other funds as in this Indenture provided. The general fund of the Authority is not liable, and the credit of the Authority is not pledged, for the payment of the interest and premium (if any) on or principal of the Bonds. The Owners of the Bonds shall never have the right to compel the forfeiture of any property of the Authority. The principal of and interest on the Bonds, and any premiums upon the redemption of any thereof, shall not be a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or upon any of its income, receipts or revenues except the Revenues and other funds pledged to the payment thereof as in this Indenture provided.

Section 9.02 Benefits of Indenture Limited to Parties. Nothing in this Indenture, expressed or implied, is intended to give to any person other than the Authority, the City, the Trustee, and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Trustee, the City and the Owners of the Bonds.

Section 9.03 Discharge of Indenture. The Authority may pay and discharge any or all of the Outstanding Bonds in any one or more of the following ways:

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

(b) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, altogether with the available amounts then on deposit in the funds and accounts established with the Trustee pursuant to this Indenture, is fully sufficient to pay such Bonds, including all principal, interest and premiums (if any); or

(c) by irrevocably depositing with the Trustee or any other fiduciary, in trust, Federal Securities in such amount as an Independent Accountant shall determine will, together

with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the Trustee pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If the Authority shall have taken any of the actions specified in (a), (b) or (c) above, and if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been mailed pursuant to Section 2.02(f) or provision satisfactory to the Trustee shall have been made, for the mailing of such notice, then, at the election of the Authority, and notwithstanding that any of such Bonds shall not have been surrendered for payment, the pledge of the Revenues and other funds provided for in this Indenture with respect to such Bonds, pledge of Revenues and all other pecuniary obligations of the Authority under this Indenture with respect to all such Bonds, shall cease and terminate, except only the obligation of the Authority to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose as aforesaid, and all expenses and costs of the Trustee. Any funds held by the Trustee following any payments or discharge of the Outstanding Bonds pursuant to this Section 9.03, which are not required for said purposes, shall be paid over to the Authority.

Section 9.04 Is Deemed Included in All References to Predecessor. Whenever in this Indenture or any Supplemental Indenture the Authority is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions, with respect to the management, administration and control of the affairs of the Authority, that are presently vested in the Authority, and all the covenants, agreements and provisions contained in this Indenture by or on behalf of the Authority shall bind and inure to the benefit of its successors whether so expressed or not.

Section 9.05 Content of Certificates. Every certificate with respect to compliance with a condition or covenant provided for in this Indenture shall include (a) a statement that the person or persons making or giving such certificate have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate made or given by an officer of the Authority may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters, on information with respect to which is in the possession of the Authority, or upon the certificate or opinion of or representations by an officer or officers of the Authority, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon

which his certificate, opinion or representation may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

Section 9.06 Execution of Documents by Bond Owners. Any request, consent or other instrument required by this Indenture to be signed and executed by Bond Owners may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bond Owners in person or by their 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, 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 9.06.

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 affidavit of a witness of such execution or 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 or writing acknowledged to him the execution thereof.

The ownership of Bonds shall be proved by the Registration Books. Any request, consent or vote of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of any 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 pursuance of such request, consent or vote. In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Bond Owners upon such notice and in accordance with such rules and obligations as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

Section 9.07 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 City or the Authority (but excluding Bonds held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, provided, however, that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned or held shall be disregarded.

Section 9.08 Waiver of Personal Liability. No officer, agent or employee of the Authority shall be individually or personally liable for the payment of the interest on or principal of the Bonds; but nothing herein contained shall relieve any such officer, agent or employee from the performance of any official duty provided by law.

Section 9.09 Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in this Indenture on the part of the Authority (or of the Trustee) to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreements or portions thereof and shall in no way affect the validity of this Indenture or of the Bonds; but the Bond Owners shall retain all rights and benefits accorded to them under the Bond Law or any other applicable provisions of law. The Authority

hereby declares that it would have entered into this Indenture and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 9.10 Destruction of Canceled Bonds. Whenever in this Indenture provision is made for the surrender to the Authority of any Bonds which have been paid or canceled pursuant to the provisions of this Indenture, the Trustee shall destroy such Bonds and deliver a certificate of destruction to the Authority.

Section 9.11 Funds and Accounts. Any fund or account required by this Indenture to be established and maintained by the Authority or the Trustee may be established and maintained in the accounting records of the Authority or the Trustee, as the case may be, either as a fund or an account, and may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account. All such records with respect to all such funds and accounts held by the Authority shall at all times be maintained in accordance with generally accepted accounting principles and all such records with respect to all such funds and accounts held by the Trustee shall be at all times maintained in accordance with industry practices; in each case with due regard for the protection of the security of the Bonds and the rights of every Owner thereof. Any fund or account required by this Indenture to be established and maintained by the Authority or the Trustee may be established and maintained in the form of multiple funds, accounts or sub-accounts therein.

Section 9.12 Payment on Business Days. Whenever in this Indenture any amount is required to be paid on a day which is not a Business Day, such payment shall be required to be made on the Business Day immediately following such day, provided that interest shall not accrue from and after such day.

Section 9.13 Notices. Any notice, request, complaint, demand or other communication under this Indenture shall be given by first-class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile or other form of electronic communication, at its number set forth below. Notice shall be effective either (a) upon transmission by telecopy or other form of telecommunication, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Authority, the City, or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the Authority:	Cathedral City Public Financing Authority c/of City of Cathedral City 68-700 Avenida Lalo Guerrero Cathedral City, California 92234 Attention: Chairman
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If to the City: City of Cathedral City
68-700 Avenida Lalo Guerrero
Cathedral City, California 92234
Attention: City Manager

If to the Trustee: [TRUSTEE]
TO COME

If to City National Bank: [to come]

Section 9.14 Unclaimed Moneys. Anything in this Indenture to the contrary notwithstanding, subject to the laws of the State, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when such Bonds or any interest thereon have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Trustee at such date, or for two (2) years after the date of deposit of such moneys if deposited with the Trustee after said date when such Bonds become due and payable, shall be repaid by the Trustee to the Authority, as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the Authority for the payment of such Bonds; provided, however, that before being required to make any such payment to the Authority, the Trustee shall, at the expense of the Authority, cause to be mailed to the Owners of all such Bonds, at their respective addresses appearing on the Registration Books, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than thirty (30) days after the date of mailing of such notice, the balance of such moneys then unclaimed will be returned to the Authority.

Section 9.15 Governing Law. This Indenture shall be construed and governed in accordance with the laws of the State of California.

Section 9.16 Execution of Counterparts. This Indenture may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the CATHEDRAL CITY PUBLIC FINANCING AUTHORITY has caused this Indenture to be signed in its name and [TRUSTEE], in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

CATHEDRAL CITY PUBLIC FINANCING
AUTHORITY

By: _____
Chairperson

ATTEST:

By: _____
Secretary

[TRUSTEE], as Trustee

By: _____
Authorized Officer

EXHIBIT A
FORM OF BOND

No. R-_____

\$_____

BY POSSESSION OF THIS BOND, THE OWNER OR, IN THE CASE OF A BOOK-ENTRY BOND, THE BENEFICIAL OWNER CERTIFIES THAT IT IS A “QUALIFIED INSTITUTIONAL BUYER” OR AN “ACCREDITED INVESTOR” AS DEFINED IN AND TO THE EXTENT REQUIRED BY THE INDENTURE. THIS BOND OR, IF THIS BOND IS A BOOK-ENTRY BOND, THE BENEFICIAL INTEREST IN THIS BOND MAY ONLY BE TRANSFERRED IN THE MANNER AND SUBJECT TO THE CONDITIONS SET FORTH IN THE INDENTURE.

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF RIVERSIDE
CATHEDRAL CITY PUBLIC FINANCING AUTHORITY
LOCAL AGENCY REVENUE BONDS, 2015 SERIES A

RATE OF INTEREST	MATURITY DATE	DATED DATE	CUSIP
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	September 2, ____	_____, 2015	
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REGISTERED OWNER: City National Bank

PRINCIPAL AMOUNT:

The CATHEDRAL CITY PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the “Authority”), for value received, hereby promises to pay (but only out of the Revenues and other moneys and securities hereinafter referred to) to the Registered Owner identified above or registered assigns (the “Registered Owner”), on the Maturity Date identified above, the Principal Amount identified above in lawful money of the United States of America; and to pay interest thereon at the Rate of Interest identified above in like money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before an Interest Payment Date and after the fifteenth calendar day of the month preceding such Interest Payment Date occurs, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or prior to [February 15, 2016], in which event it shall bear interest from the Dated Date identified above; provided, however, that if, at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest hereon has previously been paid or made available for payment), payable semiannually on March 2 and September 2 in each year, commencing [March 2, 2016] (each, an “Interest Payment Date”), until payment of such Principal Amount in full. The Principal Amount hereof is payable upon presentation hereof at the corporate trust office (the “Corporate Trust Office”) of [TRUSTEE], as trustee (the “Trustee”) or such other place as designated by the Trustee. Interest hereon is payable by check

of the Trustee mailed by first-class mail on each Interest Payment Date to the Registered Owner hereof at the address of the Registered Owner as it appears on the Registration Books of the Trustee as of the first calendar day of the month in which such Interest Payment Date occurs; except that at the written request of the owner of at least \$1,000,000 in aggregate principal amount of outstanding Bonds filed with the Trustee prior to the fifteenth calendar day of the month preceding any Interest Payment Date, interest on such Bonds shall be paid to such owner on such Interest Payment Date by wire transfer of immediately available funds to an account in the continental United States designated in such written request. Notwithstanding any other provision herein to the contrary, so long as this Bond shall be registered in book-entry-only form, the payment of the principal of, and redemption premium, if any, and interest on, this Bond shall be paid in immediately available funds in such manner as determined by the Authority, the Trustee and the Owner.

It is hereby certified that all things, conditions and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California and by the Act, and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or statutes of the State of California or by the Act.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been manually signed by the Trustee.

This Bond is one of a duly authorized issue of bonds of the Authority designated the "Cathedral City Public Financing Authority Local Agency Revenue Bonds, 2015 Series A" (the "Bonds"), limited in principal amount to \$_____, secured by an Indenture of Trust, dated as of September 1, 2015 (the "Indenture"), by and between the Authority and the Trustee. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the Revenues (as that term is defined in the Indenture), of the rights, duties and immunities of the Trustee and of the rights and obligations of the Authority thereunder; and all of the terms of the Indenture are hereby incorporated herein and constitute a contract between the Authority and the Registered Owner hereof, and to all of the provisions of which Indenture the Registered Owner hereof, by acceptance hereof, assents and agrees.

The Bonds are authorized to be issued pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act"). The Bonds are special obligations of the Authority and, as and to the extent set forth in the Indenture, are payable solely from and secured by a first lien and pledge of the Revenues and certain other moneys and securities held by the Trustee as provided in the Indenture. All of the Bonds are equally secured by a first pledge of, and charge and lien upon, all of the Revenues and such other moneys and securities, and the Revenues and such other moneys and securities constitute a trust fund for the security and payment of the principal of and interest and premium (if any) on the Bonds. The full faith and credit of the Authority is not pledged for the payment of the principal of or interest or redemption premiums (if any) on the Bonds. The Bonds are not

secured by a legal or equitable pledge of, or charge, lien or encumbrance upon, any of the property of the Authority or any of its income or receipts, except the Revenues and such other moneys and securities as provided in the Indenture.

The Bonds have been issued to provide funds to be applied by the Authority to (i) purchase of bonds of City of Cathedral City (Riverside County, California) Limited Obligation Improvement Bonds, Assessment District No. 2001-01 Series 2001, Limited Obligation Improvement Bonds, 35th Avenue Assessment District No. 2003-01, Limited Obligation Improvement Bonds City of Cathedral City, Dream Homes Assessment District No. 2004-01 and Limited Obligation Improvement Bonds, City of Cathedral City, Cove Improvement District No. 2004-02, and (i) redeem the Authority's Local Agency Revenue Bonds, 2004 Series A (Limited Obligations) as more particularly described in the Indenture.

The Bonds are subject to redemption prior to their maturity date, at the option of the Authority on any date on or after September 2, 20__, as a whole or in part from such maturities as selected by the Authority and by lot within a maturity, from any available source of funds at the redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

The Bonds maturing on September 2, 20__ are subject to mandatory redemption in part by lot, on September 2 in each year commencing September 2, 20__, from mandatory sinking payments made by the Authority as provided in the Indenture, at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest thereon to the date of redemption in the aggregate principal amounts and on September 2 in the respective years as set forth in the following schedules; provided, however, that (i) in lieu of redemption thereof, such Bonds may be purchased by the Authority and tendered to the Trustee, and (ii) if some but not all of such Bonds have been redeemed pursuant to the redemption provisions described above or below, the total amount of all future mandatory sinking payments will be reduced by the aggregate principal amount of such Bonds so redeemed, to be allocated among such mandatory sinking payments on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as determined by the Authority.

Bonds Maturing on September 2, 20__

<u>Sinking Fund</u> <u>Redemption Date</u> <u>(September 2)</u>	<u>Principal Amount</u> <u>to be Redeemed</u>
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The Bonds shall also be subject to mandatory redemption prior to maturity on any date on or after September 2, 20__, in whole or in part from such maturities as selected by the Authority and by lot within a maturity, from the redemption of Local Obligations from amounts constituting prepayments of assessments at the following redemption prices (expressed as a percentage of the principal amount of Bonds to be redeemed) together with accrued interest thereon to the redemption date.

<u>Redemption Dates</u>	<u>Redemption Prices</u>
September 2, 20__ through September 1, 20__	
September 2, 20__ and thereafter	

IN WITNESS WHEREOF, the Authority has caused this Bond to be executed in its name and on its behalf by the manual signatures of its Chairperson and Secretary all as of the Dated Date identified above.

CATHEDRAL CITY PUBLIC FINANCING
AUTHORITY

By: _____
Chairperson

Attest: _____
Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture and registered on the registration books of the Trustee.

Dated: _____, 2015

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

By: _____
Authorized Signatory

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and hereby irrevocably constitute(s) and appoint(s) _____, attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Signature:

Note: Signature(s) must be guaranteed by an eligible guarantor institution.

Note: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within registered Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT B

FORM OF INVESTOR LETTER

[Closing Date]

Cathedral City Public Financing Authority [TRUSTEE]
c/of City of Cathedral City
68-700 Avenida Lalo Guerrero
Cathedral City, California 92234
Attention: Chairman

City of Cathedral City
68-700 Avenida Lalo Guerrero
Cathedral City, California 92234
Attention: City Manager

Ladies and Gentlemen:

City National Bank (the “Investor”) hereby acknowledges receipt of the \$[Par Amount] Cathedral City Public Financing Authority Local Agency Revenue Bonds 2015 Series A (the “Bonds”) in the aggregate principal amount of \$[Par Amount]. This letter is being delivered by the Investor pursuant to the requirements of the Indenture, dated as of September 1, 2015 (the “Indenture”), between the Cathedral City Public Financing Authority (the “Authority”) and [TRUSTEE], as trustee. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Indenture.

In connection with the purchase of the Bonds by the Investor, the Investor hereby makes the following representations on which you may rely:

1. The Investor has authority to purchase the Bonds and to execute this letter, and any other instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds. The undersigned is a duly appointed qualified and acting officer of the Investor and is authorized to execute this letter on behalf of the Investor.
2. The Investor has sufficient knowledge and experience in financial and business matters with respect to the evaluation of the financial position of public agencies such as the Authority and the City of Cathedral City, California (the “City”) to be able to evaluate the risk and merits of the investment represented by the Bonds. The Investor is able to bear the economic risks of such investment.
3. The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements, documents relating to the Bonds and other financial information, to which a reasonable investor would attach significance in making investment decisions. The Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Authority and the City, the use

of proceeds of the Bonds and the security therefor so that, as a reasonable investor, the Investor has been able to make its decision to purchase the Bonds.

4. The Investor is an Accredited Investor or Qualified Institutional Buyer.
5. The Investor acknowledges that the Bonds mature and bear interest as provided in Section 2.02 of the Indenture.
6. The Investor acknowledges that it is purchasing the Bonds for investment for its own account and not with a view toward resale or the distribution thereof, and the Investor intends to hold the Bonds for its own account.
7. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale or remarketing prior to maturity may not be possible. The Investor acknowledges and agrees that it may transfer the Bonds only in accordance with the Indenture and applicable securities laws.
8. The Investor understands that (a) the Bonds are payable solely from funds and moneys pledged and assigned under the Indenture, and that the liabilities and obligations of the Authority with respect to the Bonds are expressly limited as set forth in the Indenture, (b) the Bonds shall be payable from Revenues, and (c) that the liability of the Authority with respect to the Bonds is subject to limitations as set forth in the Bonds and the Indenture. The Investor further understands that all Revenues are limited as set forth in Fiscal Agent Agreements and that the liability of the City with respect to Revenues is subject to limitations as set forth in the Fiscal Agent Agreements.
9. The Investor understands that the Bonds are not registered under the Securities Act of 1933, as amended, and that such registration is not legally required as of the date hereof; and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will not carry a rating from any rating agency and (d) will be delivered in a form that is not readily marketable or in book-entry only form. The Investor agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

CITY NATIONAL BANK, as Investor

By: _____
Title: _____

Schedule A

Local Obligations

1. Limited Obligation Refunding Bonds (Property Secured Only – No Issuer Liability, City of Cathedral City, Districts No. 85-1, 86-1, 86-5, 88-2 and 88-3, Series 1996
2. City of Cathedral City (Riverside County, California) Limited Obligation Improvement Bonds, Assessment District No. 2001-01 Series 2001
3. City of Cathedral City Limited Obligation Improvement Bonds, 35 th Avenue Assessment District No. 2003-01
4. Limited Obligation Improvement Bonds City of Cathedral City, Dream Homes Assessment District No. 2004-01
5. Limited Obligation Improvement Bonds, City of Cathedral City, Cove Improvement District No. 2004-02

